Northern Arapaho Tribe

2024 Audit Findings

Management Responses and Corrective Action Plan

FINDING #2024-001 - Reconciliations & Financial Close

Management Response / Corrective Action

Management agrees with the finding. The Finance Department has undertaken a reorganization and modernization of its accounting and financial reporting processes to strengthen reconciliations, financial close, and the reliability of financial information.

- A dedicated position has been assigned responsibility for bank reconciliations and reports to the Controller. Bank accounts are being reconciled monthly.
- Finance has added staff, reassigned responsibilities, and cross-trained personnel to strengthen accounting capacity, continuity, and segregation of duties.
- Dedicated bank accounts are being established by award to reduce commingling of funds and improve the ability to reconcile individual awards.
- Interfund balances and related accounting processes are being reviewed and corrected as part of the overall financial systems restructuring.
- Financial Policies and Procedures are being updated to reflect the revised processes and control structure.

Two significant components of the corrective action remain in process. Finance is developing a formal monthly financial close process and implementing a three-segment accounting structure within MIP to identify CFDA/Assistance Listing, Award, and Other accounting attributes. Implementation has required additional time because the interfund configuration within MIP is more complex than originally anticipated. Management will complete the remaining MIP configuration and testing, implement the formal monthly close process, document the related review and approval procedures, and incorporate the revised processes into the Tribe's Financial Policies and Procedures.

Responsible: AFO; Controller; Financial Systems & Workflow Manager

Anticipated Completion Date: September 30, 2027

FINDING #2024-002 - Journal Entries

Management Response / Corrective Action

Management agrees with the finding. The Finance Department has strengthened controls over the preparation, approval, and posting of journal entries to establish appropriate segregation of duties and documented management review.

- Duties for preparing, reviewing, approving, and posting journal entries have been segregated.
- System access has been restricted based on assigned responsibilities to prevent inappropriate combinations of journal-entry functions.
- Internal review and approval controls are in place, and evidence of review and approval is retained.
- Management performs periodic independent review of journal-entry activity as an additional monitoring control.
- MIP/Microix workflow and permission controls have been substantially implemented to support segregation of duties and required approvals.

Certain system controls associated with interfund transactions remain in process because the MIP interfund configuration requires additional development and testing. Financial Policies and Procedures are also being updated to formally document journal-entry preparation, approval, posting, monitoring, and retention requirements. Finance is in the process of recruiting a dedicated employee to support policy and procedure development, implementation, and staff training.

Responsible: Financial Systems & Workflow Manager; Controller; AFO

Anticipated Completion Date: September 30, 2027

FINDING #2024-003 - Cash Receipts

Management Response / Corrective Action

Management agrees with the finding. The Finance Department has implemented strengthened controls over federal and non-federal cash receipts to ensure transactions are supported, reviewed, approved, properly recorded, and retained with appropriate documentation.

- Federal drawdown confirmations are retained and matched to the corresponding bank activity and accounting entry.
- Non-federal cash receipts are supported by appropriate source documentation, including invoices or other receivable documentation, and are matched to the related cash receipt.
- Cash receipts are subject to documented review and approval through internal checks and balances before or as part of the accounting process.
- Supporting documentation is attached to the related accounting transaction to establish a complete audit trail.
- Finance has implemented procedures to evaluate the appropriate accounting period in which revenue is earned, including year-end cutoff, so that revenue recognition is supported independently of the date cash is received.
- Cash-receipt activity is incorporated into the reconciliation and financial-close process to support completeness and accuracy of financial reporting.

The Finance Department will continue formalizing these controls through updated Financial Policies and Procedures, staff training, and periodic monitoring to ensure the procedures are applied consistently.

Responsible: Treasury & Cash Flow Manager; Drawdowns & Cash Receipts Manager; Accounts Receivable & Deposits Specialist; Controller

Anticipated Completion Date: September 30, 2027

FINDING #2024-004 - IT Policies & Disaster Recovery

Management Response / Corrective Action

Management agrees with the finding. The Tribe will strengthen information technology controls over systems supporting financial reporting, including disaster recovery, privileged system access, monitoring of administrator activity, and system change management.

- Develop, document, approve, and periodically test a formal disaster recovery plan covering systems significant to financial reporting.
- Review all administrator and privileged-access accounts within MIP/Microix and determine whether access remains appropriate based on assigned responsibilities and business need. Currently, access is restricted to four senior staff and the CFO
- Restrict administrator access to the minimum number of personnel necessary to support the accounting system. CFO AFO, Controller, Treasury & Cash Flow Manager, and System & Workflow Manager.
- Establish procedures for logging and periodically reviewing administrator and other privileged-user activity.
- Establish documented responsibility for independent review of privileged-user activity.
- Develop and implement a formal change-management process between Finance and IT for significant accounting-system configuration and access changes.
- Update applicable Financial and IT Policies and Procedures and provide staff training on the revised controls.

A formal disaster recovery plan has not yet been completed or tested. The remaining access, monitoring, change-management, and policy status items require confirmation before the response is finalized.

Responsible: IT Manager; Financial Systems & Workflow Manager

Anticipated Completion Date: September 30, 2027

FINDING #2024-005 - Late Filing of Audit

Management Response / Corrective Action

Management agrees with the finding. The Finance Department is implementing a more proactive and structured audit-preparation process designed to improve the timeliness of the annual Single Audit and maintain the Tribe in an audit-ready position throughout the year.

- The current Finance team was not responsible for the prior audit cycles that contributed to the existing backlog. Since assuming responsibility, the team has been working proactively to bring prior-period accounting and audit requirements current while simultaneously preparing for future audits.
- Monthly bank reconciliations and the financial-close improvements described under Finding 2024-001 are being used as the primary controls for maintaining an audit-ready general ledger.
- A designated individual is responsible for coordinating the audit request/PBC process, tracking outstanding requests, and following up with responsible personnel.
- Finance meets periodically with the external auditors during the audit process to identify outstanding documentation, accounting issues, and potential delays.
- Finance has begun developing a formal annual audit-preparation calendar with assigned responsibilities and milestone dates.
- Supporting schedules and documentation are increasingly being assembled and provided throughout the audit process rather than waiting until the end of the audit cycle; however, this process is still being standardized.
- The current Finance team has developed a stronger understanding of Single Audit requirements and is applying that knowledge proactively to the 2025 audit.
- Preparation for the 2025 audit has already begun, including work on the Schedule of Expenditures of Federal Awards (SEFA), rather than waiting for completion of the year-end audit process.

Management will continue formalizing the annual audit calendar, PBC tracking procedures, document-retention requirements, and internal review responsibilities so that financial statements and the Single Audit can be completed and submitted within required federal deadlines.

Responsible: AFO; Controller; Grants Financial Supervisor

Anticipated Completion Date: September 30, 2027

FINDING #2024-006 - Check Gaps / Voided Checks

Management Response / Corrective Action

Management agrees with the finding. The Finance Department has strengthened controls over check issuance, check-number sequencing, voided checks, and reconciliation of the check register to bank activity.

- Accounts Payable is reviewing check-number sequences and investigating check gaps to determine the disposition of missing or unused check numbers.
- Cleared checks are reconciled to the check register as part of the monthly bank reconciliation process.
- Monthly bank reconciliations are independently reviewed by the Controller.
- Supporting documentation related to voided checks is retained by Finance, although it is not currently attached within MIP/Microix. Implementation of digitally uploading copies of stamped, voided checks into MIP/Microix have been discussed and that process is being put into effect. A hard copy will still be maintained as a matter of record as well and kept by Accounts Payable.
- Finance is evaluating a broader transition from paper checks to ACH payments in order to reduce manual check-processing risk and improve payment controls.

Management will formalize procedures governing check stock, check issuance, voided checks, check-number gaps, document retention, and independent review as part of the updated Financial Policies and Procedures.

Responsible: Accounts Payable; Treasury & Cash Flow Manager; Controller

Anticipated Completion Date: September 30, 2027

FINDING #2024-007 - Cash Disbursements

Management Response / Corrective Action

Management agrees with the finding. The Finance Department has established a controlled cash-disbursement process through Microix. All payments are required to proceed through the Microix approval workflow before a check can be issued.

- All cash disbursements are processed through Microix prior to payment.
- Microix requires approval before a check can be issued.
- Microix retains an electronic record identifying the approver and the approval activity.
- Invoices and other supporting documentation are retained for disbursements.
- Copies of issued checks are retained as part of the payment documentation.
- Supporting documentation is maintained within Microix and, where applicable, in supporting Finance records.
- Finance has implemented segregation of duties and internal review controls within the disbursement process.
- Financial Policies and Procedures are being updated to formally document approval authority, segregation of duties, supporting-documentation requirements, payment release, and record retention.

Management will continue to formalize the Accounts Payable workflow and periodically monitor compliance to ensure that approval documentation and supporting records are consistently maintained and readily available for audit.

Responsible: Accounts Payable; Controller; Financial Systems & Workflow Manager; AFO

Anticipated Completion Date: September 30, 2027

FINDING #2024-008 - Payroll

Management Response / Corrective Action

Management agrees with the finding. The Tribe uses Payroll Change Notices as the formal source documentation for employee wage-rate changes. Payroll personnel enter approved wage-rate changes into the payroll system, and an independent review is performed and documented before payroll is finalized.

- Payroll Change Notices continue to serve as the supporting documentation for authorized wage-rate changes. All wage-rate changes require an approved Payroll Change Notice before any changed can be made to the system.
- Payroll personnel are responsible for entering approved wage-rate changes into the payroll system.
- Wage-rate changes are subject to independent review before payroll is finalized.
- Evidence of the independent review is documented and retained.
- Existing payroll policies and procedures are being reviewed and strengthened to provide clearer requirements for wage-rate changes, supporting documentation, review, and correction of discrepancies. These procedures will also address any discrepancy or correction processes that may need to be modifies or put into place.
- Finance and management are evaluating the use of a third-party payroll provider, including Paycom, as a potential means of strengthening payroll processing, workflow controls, documentation, and system-based approvals.

Management will further formalize procedures requiring wage-rate changes to be supported by approved Payroll Change Notices, establish consistent procedures for investigating and correcting discrepancies, and incorporate the revised procedures into the Tribe's Financial Policies and Procedures.

Responsible: Payroll; Controller; AFO

Anticipated Completion Date: September 30, 2027

FINDING #2024-009 - Federal Reporting

Management Response / Corrective Action

Management agrees with the finding. The Finance and Grants functions have strengthened controls over the preparation, review, submission, reconciliation, and retention of required federal reports.

- A centralized federal reporting calendar has been established by individual award to identify required reports and due dates.
- Responsibility for preparing federal reports has been assigned to specific personnel.
- Required federal reports are subject to management review and documented approval prior to submission.
- Submitted reports and related supporting documentation are retained centrally to provide an auditable record of the amounts and information reported.
- For the 477 Cluster, required financial expenditure and statistical reports are being retained with supporting documentation.
- For SLFRF Assistance Listing 21.027, quarterly Project and Expenditure Reports are being retained and reconciled to the Tribe's accounting records prior to submission.
- Finance and Grants will continue to monitor reporting requirements, reconcile reported amounts to the general ledger and applicable supporting schedules, and retain evidence of review and submission.

Responsible: Grants Financial Supervisor; AFO; applicable Program Management

Anticipated Completion Date: September 30, 2027

FINDING #2024-010 - Allowable Costs, Supporting Documentation & Payroll

Management Response / Corrective Action

Management agrees with the finding. The Finance Department has strengthened front-end controls over expenditures charged to federal awards and is continuing to improve supporting-documentation retention, centralized receiving, and monitoring procedures.

- The front-end POR approval process has been reinstated so that funding source, authorization, and federal allowability are reviewed before obligations are incurred.
- Federal expenditures are reviewed for allowability, allocability, and reasonableness before being charged to an award.
- Payroll Change Notices are reviewed for completeness and accuracy before payroll costs are charged to federal awards.
- Controls are in place to ensure payroll costs are charged to the appropriate payroll period and funding source.
- Finance and Grants perform periodic reviews of federal expenditures after posting to verify compliance with award requirements and applicable policies.
- Supporting documentation is currently retained manually while Finance and IT work to increase server capacity to support expanded electronic document retention.
- Centralized receiving is being implemented to strengthen verification that goods and services received agree with approved purchasing documentation before payment.
- Finance and IT are expanding electronic storage capacity so invoices, contracts, PORs/POs, approvals, receiving documentation, and other supporting records can be stored electronically and made readily available for monitoring and audit.
- The documentation in question has been located. It was overlooked and was not uploaded to the auditors.

Management will continue strengthening front-end approval, documentation, receiving, and monitoring controls to ensure that federal expenditures are fully supported, properly authorized, and charged to the appropriate award and accounting period. These requirements will also be incorporated into updated Financial Policies and Procedures and staff training.

Responsible: AFO; Grants Financial Supervisor; Centralized Receiving Coordinator; Financial Systems & Workflow Manager; applicable Finance personnel

Anticipated Completion Date: September 30, 2027

FINDING #2024-011 - Vocational Rehabilitation Matching

Management Response / Corrective Action

Management agrees with the finding. The Tribe continues to use the value of building space as an in-kind contribution toward the required match for the Vocational Rehabilitation program and has strengthened the documentation supporting the calculation.

- The square footage allocated to the Vocational Rehabilitation program is documented.
- The fair rental value or rate per square foot used in the match calculation is supported by external market information, including realtor or comparable market data.
- A written calculation is prepared showing how the documented square footage and applicable rate support the required in-kind match.
- The documentation in question has been located. It was overlooked and was not uploaded to the auditors.

Management will continue to formalize procedures requiring annual retention of valuation support, documented management review and approval of the match calculation, and retention of the complete calculation and supporting documentation with the applicable grant records.

Responsible: Grants Financial Supervisor; applicable Program Management; AFO

Anticipated Completion Date: September 30, 2027

FINDING #2024-012 - Procurement, Suspension & Debarment

Management Response / Corrective Action

Management agrees with the finding. The Tribe has strengthened its procurement approval and documentation process through the Microix purchasing workflow and is continuing to develop a formal suspension and debarment verification process for federally funded procurements.

- Procurement transactions are routed through Microix for purchase-order approval and review by the appropriate personnel.
- Competitive bids, quotes, sole-source justifications, evaluations, and related procurement documentation are retained as applicable to the procurement method and dollar threshold.
- Procurement method and approval requirements are reviewed through the Microix process by the responsible Finance and management personnel.
- Procurement activity is subject to management review within the Microix workflow.
- Financial and procurement policies are being updated to further formalize documentation, approval, and retention requirements.
- Vendor suspension and debarment status is not currently verified as a required step before engagement, and evidence of such verification is not yet retained as part of the procurement file.
- Management is evaluating the use of a third-party vendor screening solution and will implement a formal process requiring suspension and debarment verification before covered transactions are approved.
- The revised process will require documentation of the verification and integration of the control into the purchasing and vendor-approval workflow.

Responsible: Financial Systems & Workflow Manager; Procurement/Purchasing Personnel; Controller; AFO

Anticipated Completion Date: September 30, 2027

FINDING #2024-013 - Journal Entries / 477 Cluster

Management Response / Corrective Action

Management agrees with the finding. The Finance Department has strengthened segregation of duties and system-access controls over journal entries, including entries affecting the 477 Cluster.

- The same journal-entry controls implemented under Finding 2024-002 apply to the 477 Cluster.
- Duties for preparation, review, approval, and posting are segregated, and system access has been restricted based on assigned responsibilities.
- The 477 Cluster follows the same Finance journal-entry workflow as other programs and does not require a separate Grants-specific journal-entry process.
- Independent review and approval of 477 journal entries is not yet consistently documented and retained as part of the accounting record.

Finance will formalize the documentation requirement within the journal-entry workflow and incorporate the requirement into updated Financial Policies and Procedures. Management will also periodically monitor journal-entry activity to verify that the required segregation of duties and documented approval controls are operating consistently.

Responsible: Financial Systems & Workflow Manager; Controller; AFO

Anticipated Completion Date: September 30, 2027

FINDING #2024-014 - Federal Reporting

Management Response / Corrective Action

Management agrees with the finding. The Finance Department has strengthened controls over federal reporting to support timely preparation, review, submission, and retention of required reports.

- Finance maintains a centralized federal reporting calendar organized by individual award, including applicable reporting requirements and due dates.
- Responsibility for preparation and submission of required reports is assigned to specific personnel.
- Internal reporting deadlines and reminders are established in advance of federal due dates to provide sufficient time for preparation, review, and correction of any identified issues.
- Required reports are subject to management review and approval prior to submission.
- Submitted reports and related supporting documentation are retained as part of the applicable award records.
- Finance monitors reporting deadlines and follows up on upcoming requirements to reduce the risk of late filings.

Responsible: AFO; Grants Financial Supervisor; assigned award personnel

Anticipated Completion Date: September 30, 2027