



Onondagas bringing several hundred bags of corn to Washington's starving army at Valley Forge, after the colonists had consistently refused to aid them.

# Oneida Tribe of Indians of Wisconsin, Inc.

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ROUTE 4



WISCONSIN  
54115

COPY



UGHA DENOLUN YATEHE  
Because of the help of this Oneida Chief in cementing a friendship between the six nations and the Colony of Pennsylvania, a new nation, the United States was made possible.

SPECIAL MEETING  
June 13, 1980  
3:47 P.M.

**PRESENT:** Chrmn. Purcell Powless, V-Chrmn. Norbert Hill, Secretary, Wanda Webster, Treasurer, Wendell McLester, Mark Powless, Edwin King Jr., Loretta Metoxen, Margaret Doxtater.

**ALSO PRESENT:** Office of Inspector General Auditors: Mr. Gary Michelson, Mr. John Uithoven. Consultant: Mr. Smerud. Auditor, Mr. Roe. Accounting Office: Kathy Hughes, Personnel Manager: Joe Villegomez.

Purpose of the meeting was to meet with the O.I.G. auditors for their exit conference.

Mr. Michelson introduced himself and Mr. Uithoven and explained the reason they were here, which was to perform a review of the Indirect Cost Proposal. The Auditors arrived on Monday, June 9, and they have not completed the close out as there is still some information they need from the Tribe.

First item discussed was the proposal, which was lacking some information as required by the guidelines of publication HEW OASC-10. Some of the information that was lacking was the Contract/Grant Number, the period for the grant, and the agency that awarded the grant. Also, carry forward information was absent, specifically, FY'78 indirect and direct cost which should be broken down by line item. The carry forward adjustment for computation was absent from the proposal. We also did not submit any organizational charts in the proposal. The Tribe did not have any reasons for these inconsistencies in the proposal. Allocation plans, such as space cost and telephone costs were also lacking information. Other inconsistencies in the proposal were: there were two schedules in the proposal that did not correlate when they were intended to. One schedule showed Personnel Manager and the other schedule did not, which it have. The other was a \$68,000 math error in the proposal. The accounting records were not consistently maintained with the proposal. Both the proposal and accounting records should have been kept consistent with each other.

## EFFORTS OF OFFICE OF INSPECTOR GENERAL AUDITOR'S:

Mr. Michelson stated due to the lack of information and some of the inconsistencies in the records and partially do to some of the problems with the accounting system, they had the option to leave early and

cease negotiations, they choose not to, due to the sensitivity of the situation of the Tribe. Records and information which they looked at were incomplete, they felt the record keeping system is lacking and when they asked for 1980 grant/contracts it took three days before they received them.

Mr. Uithoven stated he had to reconstruct the FY 1980 direct cost on information he obtained from the files, which also was a three day process, and Mr. Michelson stated as far as FY'78 is concerned he had broken it down into two different categories. The categories are Direct cost, which is program cost and the Indirect cost which is the indirect cost pool. As far as direct cost, which had to be completely reconstructed, he had to use the information on records provided to him in the period ending 9/30/1979, this information consisted of budget reports, year to date expenses. The total direct cost base which was administrated by the indirect cost pool was \$1,462,460.00. Mr. Michelson stated we are not to consider only the direct cost base, but also to consider those programs which pay indirect cost. The Tribe should consider any and all programs which receive administrative support from the central service pool, regardless of the source or the fact that they pay indirect cost, which means the federal, state, Tribal and other programs are included to base the administrative support of the pool. That was considered when they developed the 1.4 million dollars for the direct cost base.

Indirect Cost Pool for FY'78: the records were inconsistent, there is additional information needed, the adjustments made were to salaries and wages for that period. Duplicate payments were made in some accounts which had to be eliminated, charges were made to indirect cost pool that should have been made directly to the programs.

Mr. Michelson turned the discussion over to Mr. Uithoven, who went into the 1980 indirect cost pool and cost budget. Mr. Uithoven stated again, that he had to re-construct the direct cost base, because he had no idea where the information came from. He recommended the way to go would be total direct cost, less capital expenditures for the base, which would be up to the Tribe to make this decision.

All programs should be included in the central accounting system. The Nursing Home has been approved by the State for 2.7% indirect cost, and they can reimburse the Tribe for administrative services. The Tribe should make every program responsible for their administrative services.

Mr. Uithoven stated he has a tentative figure of \$2,435,000 (2.4 million) cost base, Tribal Government cost needs to be re-classified and put back into the base and be re-classified as direct cost. The indirect cost pool will only pick up a certain percentage of Tribal Government cost, a percentage that can be identified as necessary to the administration of federal programs, such as grants and contracts. The salaries have the largest portion of the pool, all salaries will have to be adjusted, and vacancies will have to be filled. The DLAD study was used to compare salaries. Tribal Government salaries will be compared with other Tribal Governments and set accordingly. The federal government will only pay what they consider reasonable. Mr. Roe stated the Tribe needs to pay high salaries to get qualified:

people. Mr. Michelson stated our fringe benefit rate of 30.06% was the highest he has seen. Loretta commented it is not out of line with this area.

Mr. Michelson stated there needs to be some adjustments made, information needed is: depreciation expense of \$95,000 needs to be verified and also travel adjustments.

Legal cost as stated in OESC-10 cannot be considered an indirect cost item. All the expenses for Tribal Government will have to be adjusted to the percentage that the Office of Inspector General's auditors come up with. All of the adjustments will be explained when everything is completed. The Auditors questioned the Secretary on how the minutes were analyzed, she stated she took the actual minutes item by item and estimated time spent on contracts/grants and Tribal business.

The Office of Inspector General's Office made recommendations for future indirect cost proposals, some of the recommendations are: proper information, how figures were arrived at, an organizational chart, and also Tribal certification. One of the major recommendations was that all programs should be in the Central Accounting System. They stated that the funding of indirect cost is designed for maintenance of the minimum and necessary administration to effectively and efficiently carry out administrative objectives, it was not designed to find new funding, it was designed strictly for maintenance and those costs which are necessary for the administration of central service programs.

Mr. Michelson stated the staff here was very cooperative and they were treated very well. All of the information needed will be sent. The Office of Inspector General's Office will have a negotiated agreement within three (3) weeks, provided they get the information that is needed. They offered assistance in future indirect cost proposal writing

Meeting ended at 4:45 p.m

Respectfully submitted,



Wanda Webster, Secretary  
Oneida Business Committee