

Northway Activity Report

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General Information:

There were two visits made through this reporting period. The site visits revealed that there were numerous accounting errors in the books, namely that the ledger and QuickBooks were not reconciled with bank statements since April or May. Also, double entries were found and there were numerous chart of account classifications being used in QuickBooks, as well as not administering payroll in QuickBooks. The Form 941 and ESD (ESC) were late and assistance was provided to get them completed. For the most part both John and Bill did the reconciling part during the visits, and he addressed tax issues while I worked on personnel (payroll) issues.

The audit for calendar year 1999 was started during the second visit. Along with the audit process, calculations and photocopying, payroll and payroll calculations were discussed. In continuing the use of Excel for payroll for the time being, a template was developed to calculate payroll each period and tabulate the taxes. In conjunction with payroll it was identified that paychecks were not being calculated accurately. It was discovered that time and a half was not being calculated for overtime hours. Bill explained this point and included it in the payroll template, stating that any hours over eight hours in a day and/or 40 hours/week needs to be paid at 1.5 times the regular pay rate.

Another hot topic in Northway is the employee handbook. As yet, there is no handbook in place, the current version could not be found, for employees and board members to refer to when dealing with important issues. Other topics included brainstorming ways to decrease outstanding account receivables. It was suggested that Northway look into what other communities do in collecting payments and review other community employee handbooks.

Observations and Recommendations:

Finances – Discussed the use of monthly financial statements to ensure that the council is operating in sync with an annual budget. I have not seen any such reports. A full-scale budget for the council should also be developed and adhered to.

Accounting Systems – Reconciliations need to be kept up to date in order to avoid numerous overdraft notices that Northway experienced in this quarter. Also, the chart of account classifications should to be cleaned up in order to develop sound financial statements/reports.

Tax Problems – During this reporting period Northway did submit the Form 941 and ESC late. John Fischer had to work with an employee to complete the paperwork so it could then be submitted.

Personnel System – The priority in Northway is to develop a personnel handbook addressing policies and procedures. It should address many of the problems identified during the visits (sick and annual leave accrual, travel and per diem, annual performance evaluations, and other basic personnel issues). Example: An annual performance evaluation would greatly enhance the effectiveness of employees by outlining goals and objectives for the coming year.

Organizational Management – The implementation of an employee handbook will improve Northway’s position in dealing with organizational management. As mentioned before, a viable organizational chart will diminish the confusion regarding staff roles and responsibilities.

Leadership/Governance – This quarter had seen a major upheaval with council activity. The council president was removed and replaced. It remains to be seen whether the new leadership will bring the tribal council forward. The new makeup of council members should demand monthly financial statements as well as the establishment of an accountability system.

Operation of Utility – Northway needs to follow the policies and procedures that have been put into place. A meeting was requested to discuss such issues, although time is needed to follow the set procedures and reduce the outstanding balances. Northway should also make use of its water/sewer fund by depositing revenues into that account and not into the general fund; this will greatly enhance the budgeting process once a full-scale budget is approved.

Ranking

1 = Inadequate

4 = Adequate to meet minimum requirements

7 = Exceeds requirements

Category	1	4	7
Finances	X		
Accounting Systems		X	
Tax Problems		X	
Personnel System		X	
Organizational Management	X		
Leadership/Governance		X	
Operation of Utility		X	