



Federal Awards Reports in Accordance with the Single
Audit Act and OMB Circular A-133
September 30, 2015

Sisseton-Wahpeton Oyate
of the Lake Traverse Reservation
Governmental Programs Department

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Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Tribal Council
Sisseton-Wahpeton Oyate
Agency Village, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major governmental fund of the Governmental Programs Department of the Sisseton-Wahpeton Oyate (the “Department”), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Department’s basic financial statements, and have issued our report thereon dated June 30, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Department’s internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not yet been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Fargo, North Dakota
June 30, 2016



Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by *OMB Circular A-133*

Honorable Tribal Council
Sisseton-Wahpeton Oyate
Agency Village, South Dakota

Report on Compliance for Each Major Federal Program

We have audited the Governmental Programs Department of the Sisseton-Wahpeton Oyate ‘s (the “Department”) compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Department’s major federal programs for the year ended September 30, 2015. The Department’s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on the compliance for each of the Department’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Department’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Department’s compliance.

Opinion on Each Major Federal Program

In our opinion, the Department complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended September 30, 2015.

Report on Internal Control over Compliance

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Department's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities and each major governmental fund of the Governmental Programs Department of the Sisseton-Wahpeton Oyate, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements. We issued our report thereon dated June 30, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Fargo, North Dakota
June 30, 2016

Sisseton-Wahpeton Oyate
Governmental Programs Department
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2015

Federal Grantor/ Pass-Through Grantor/Program Title	Agency or Pass Through Number	Federal CFDA Number	Expenditures
U.S. Department of Interior			
Direct Programs			
Aid to Tribal Government		15.021	\$ 47,174
Cooperative Extension		15.021	21,875
Tribal Agriculture		15.021	64,046
Johnson O'Malley		15.021	36,983
Fish, Wildlife, Parks and Recreation		15.021	84,659
Judicial Services		15.021	80,463
Aid to Tribal Government		15.021	198,898
Cooperative Extension		15.021	8,401
Tribal Agriculture		15.021	94,904
Johnson O'Malley		15.021	36,832
Judicial Services		15.021	299,888
Subtotal 15.021			\$ 974,123
Aid to Tribal Government		15.024	38,434
Cooperative Extension		15.024	4,682
Indian Law Enforcement Services		15.024	151,589
OJS Adult Detention		15.024	36,579
Johnson O'Malley		15.024	10,209
Fish, Wildlife, Parks and Recreation		15.024	12,856
Judicial Services		15.024	46,132
Aid to Tribal Government		15.024	16,155
Cooperative Extension		15.024	1,271
Tribal Child Welfare		15.024	62,492
Fish, Wildlife, Parks and Recreation		15.024	455
Judicial Services		15.024	18,200
Subtotal 15.024			399,054
Tribal Child Welfare		15.025	300,711
Judicial Services		15.029	39,137
OJS Adult Detention		15.030	224,779
Law Enforcement Services		15.030	809,093
Subtotal 15.030			1,033,872
Police Traffic Services		15.033	29,413
Forestry Climate Change Project		15.035	2,433
Water Resource Management		15.037	42,660
Real Estate Appraisals		15.040	14,000
Indian Employment, Training and Related Services		15.108	1,281,052
Tribal Child Welfare		15.113	140,222
Tribal Child Welfare		15.144	71,188
Education Assistance		15.151	119,517
Land Buy-Back Program		15.152	152,368
Passed Through Inter-Tribal			
Buffalo Council			
Intertribal Buffalo Council	2015-ITBC	15.039	5,100
Passed Through the Fish and Wildlife Service			
National Park Service	PA15AF00165	15.904	55,292
Total U.S. Department of Interior			\$ 4,660,142

Sisseton-Wahpeton Oyate
Governmental Programs Department
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2015

Federal Grantor/ Pass-Through Grantor/Program Title	Agency or Pass Through Number	Federal CFDA Number	Expenditures	
U.S. Department of Transportation				
Direct Program				
Highway Planning and Construction		20.205	74,963	
Road Maintenance		20.205	46,194	
Road Projects		20.205	6,545,384	
Transportation Funds		20.205	985,574	
Transportation Projects		20.205	71,744	
Long Hollow Asphalt Surfacing		20.205	431,904	
Enemy Swim Project		20.205	379,141	
Enemy Swim Pathways		20.205	8,480	
BIA-Equipment		20.205	38,822	
Safety Funds Grant - Education		20.205	31,650	
Safety Funds Grant - Law Enforcement		20.205	404	
Subtotal 20.205			<u>8,614,260</u>	
Total U.S. Department of Transportation				8,614,260
U.S. Department of Education				
Direct Program				
Infant and Toddler Program		84.027A	350,229	
Infant and Toddler Program		84.181A	<u>396,861</u>	
Total U.S. Department of Education				747,090
U.S. Department of Health and Human Services				
Direct Programs				
Tribal Elderly Title VI		93.047	124,121	
Tribal Elderly Title VI		93.054	57,904	
Medicare Improvements for Patients & Providers		93.071	3,560	
Special Diabetes Program For Indians		93.237	634,235	
Injury Prevention Part I Basic		93.284	51,775	
Pregnancy Health Survey		93.307	7,161	
Sanford Research		93.307	<u>63,952</u>	
Subtotal 93.307			71,113	
I.H.S Alcohol Program		93.441	1,980,436	
I.H.S Community Health Education		93.441	341,414	
I.H.S Community Health Representative		93.441	852,333	
I.H.S Maternal and Child Health		93.441	321,671	
I.H.S Human Services Administration		93.441	541,888	
Cavity Free in 2-0-1-3		93.441	<u>53,796</u>	
Subtotal 93.441			4,091,538	
SWO Diabetes Prevention Project		93.442	221,271	
Finley Heights Storage		93.445	43,150	
Individual Sanitation Facilities		93.445	41,868	
Individual Sanitation Facilities		93.445	356	
Agency Village Sanitary Sewer Rehabilitation		93.445	79,618	
Well Abandonment of Existing Community Wells		93.445	3,249	
Individual Sanitation Facilities		93.445	189,515	
Individual Sanitation Facilities		93.445	56,769	
Individual Sanitation Facilities		93.445	96,672	
Community Sanitation Facilities Construction		93.445	181,568	
Long Hollow Water Storage		93.445	<u>2,634</u>	
Subtotal 93.445			695,399	
Child Welfare Services-Title IVB		93.556	71,039	
Child Support Enforcement Tribal		93.563	809,293	

Sisseton-Wahpeton Oyate
Governmental Programs Department
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2015

Federal Grantor/ Pass-Through Grantor/Program Title	Agency or Pass Through Number	Federal CFDA Number	Expenditures
Community Services Block Grant		93.569	54,618
Family Violence Prevention & Services		93.671	55,583
Headstart		93.600	1,365,533
Early Headstart		93.600	345,658
Subtotal 93.600			1,711,191
Enemy Swim Tank Repair - ARRA		93.722	2,889
Good Health and Wellness		93.762	8,153
Passed Through State of South Dakota			
Department of Social Services			
Nutrition Program for the Elderly	15-0832-627 & 16-0832-625	93.045	13,103
Nutrition Program for the Elderly	15-0832-627 & 16-0832-625	93.053	3,010
Direct Program			
USDA Meal Reimbursement		93.053	31,348
Subtotal Nutrition Program for the Elderly (Cluster)			47,461
Child Protection		93.667	201,225
Total U.S. Department of Health and Human Services			8,912,368
U.S. Department of Agriculture			
Direct Program			
Office of Advocacy and Outreach		10.443	39,479
Forestry Climate Change Project		10.684	38,622
Rural Development Community Facilities Direct Loan		10.766	2,881,781
Passed Through State of South Dakota			
Child and Adult Nutrition Services	2015IS504043	10.567	392,291
Total U.S. Department of Agriculture			3,352,173
U.S. Environmental Protection Agency			
Direct Programs			
Air Pollution Control		66.038	72,769
General Assistance Program		66.605	179,542
Clean Water Act		66.605	172,444
Subtotal 66.605			351,986
Underground Storage Tank		66.804	25,151
Brownfields Tribal Response Program		66.817	156,500
Total U.S. Environmental Protection Agency			606,406
U.S. Department of Justice			
Direct Programs			
Court Enhancement Program		16.608	65,134
Sex Offender Registry		16.750	173,324
Smart Grant		16.750	2,993
Subtotal 16.750			176,317
Total U.S. Department of Justice			241,451
U.S. Department of Commerce			
Direct Program			
District Planning Grant		11.302	48,500
Total federal financial assistance			<u>\$ 27,182,390</u>

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Governmental Programs Department of the Sisseton-Wahpeton Oyate (the “Department”) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. The Department received federal awards both directly from federal agencies and indirectly through pass-through entities.

Note B – Significant Accounting Policies

Governmental fund types account for the Department’s federal grant activity. Therefore, expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis – when they become a demand on current available financial resources. The Department’s summary of significant accounting policies is presented in Note 1 in the Department’s basic financial statements.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 §.510(a):	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Rural Development Community Facilities Direct Loan	10.766
Highway Planning and Construction	20.205
Indian Self-Determination	93.441

Dollar threshold used to distinguish between type A and type B programs:	\$ 815,472
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Material Weakness in Internal Control over Compliance
Significant Deficiency in Compliance

2014-001 Davis-Bacon Act

Federal program information:

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Program Title</u>	<u>Contract Number</u>	<u>Award Year</u>
Department of Agriculture	10.766	ARRA-Rural Development Community Facilities Direct Loan	N/A	2012

Condition – The Department failed to obtain certified payroll reports on a weekly basis.

Status – The Department has established policies and procedures to ensure timely receipt of weekly certified payroll reports.

Auditor's Response – Implemented as of September 30, 2015.