



Oneidas 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

BUSINESS COMMITTEE



P.O. Box 365 • Oneida, WI 54155
Telephone: 920-869-4364 • Fax: 920-869-4040



UGWA DEMOLUM 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.

October 13, 2008

RE: Oneida Housing Authority Audit Report

Dear Member:

The Oneida Business Committee (OBC) became aware of problems arising from the Oneida Housing Authority and its programs at the end of 2006. Subsequently, the OBC scheduled and held a General Tribal Council meeting to hear concerns by Tribal citizens regarding allegations of inappropriate actions by members of the Oneida Housing Authority. As a result of the meeting, the OBC looked to the Audit Committee to conduct an audit, and the OHA to look at its own actions and programs.

In February 2007, the OBC became aware of a letter from HUD regarding the concerns about the expenditure of Local Funds. The OBC asked the Liaison to look into the matter, requested a legal opinion regarding the authority of the OBC over the OHA, and asked the Audit Committee to prioritize its audits that would look into further specific issues.

The OBC has finalized its review of the Oneida Housing Authority. We are writing to you as a result of our very early commitment to keep you informed about these issues. We appreciate the time you have given us to complete this matter. Attached is a report issued by an outside auditor, RSM McGladrey, regarding the activities of the Board of Commissioners of the Oneida Housing Authority from 2006 to 2007.

This report reviews all of the internal audits that were conducted as well as the subsequent measures taken to correct accounting issues. The OBC requested this report be developed to provide you with information regarding activities, but without jeopardizing the individual rights of those persons involved. This is a difficult balancing act as they were public officials and should be subject to greater public discussion.

The report identifies actions of the Tribe occurring as of May 2008. Additional steps have been taken since that date.

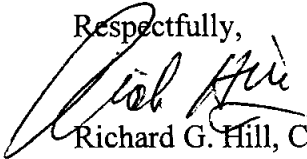
1. *Criminal Actions.* In accordance with Resolution # BC-01-29-93-A the OBC filed a complaint with the U.S. Department of Justice. We have received correspondence from Assistant U.S. Attorney Roach and in his opinion although the actions 'seem reprehensible' that he believed it would be difficult to prove intent to 'permanently deprive the Tribe and federal government' of funds in light of the payback agreements. As such, no criminal charges will be

filed. The OBC has determined to continue to pursue criminal actions would be costly and would likely not be effective.

2. *OIG Audit.* The Office of Inspector General for HUD concluded their review of OHA. There were six findings identifying accounting and calculation 'errors' as determined by the OIG. The ONAP-Chicago office responded to the OIG audit by requiring Oneida to have completed full implementation and verification for all but one of the six recommendations pertaining to the single audit finding issued by OIG. This requirement is due by March 31, 2009.
3. *OHA Ordinance.* The OBC finalized the emergency actions regarding the Oneida Housing Authority by Resolution # BC-06-30-08-A. The Oneida Housing Authority is now a program of the Tribe responsible for federal housing programs and the prior ordinance is repealed. The position to hire a permanent director over the program is expected to be posted within the next 30 days.
4. *Individual Balances.* The report identifies individual balances owed to the Tribe as of May 2008. These balances have been finalized and may differ from that shown in the report. The OBC will be directing collection of these balances to be made through the General Manager's office.

As indicated at the beginning of this letter, this has been a very lengthy process to afford the Oneida Tribe and all individuals concerned due process. We are confident that this process, although lengthy, has been thorough and professional at every level. Corrective actions have been taken. Since the onset of this problem we have had a transition in elected government. As newly elected leaders we are still committed to this process and providing leadership with integrity.

Respectfully,



Richard G. Hill, Chairman
Oneida Business Committee

Enc.

RSM McGladrey Audit

Note – Appendices A and B are not included in the document. Appendix A is the resume of the auditor. Appendix B is a list of documents which contains a list of names. We have not included Appendix B in an attempt to maintain individual confidentiality.

Letter from Oneida Tribe to the U.S. Attorney General

Letter from the Assistant U.S. Attorney General to the Oneida Tribe.

RSM McGladrey

Oneida Tribe of Indians of Wisconsin
Oneida Business Committee
Oneida Audit Committee



**Activity Report
Summary**

**Expenditures of the Oneida Housing Authority
Board of Commissioners**

Michael L. Zimmerman, Sr.
CFE, MCJ, MBA, CICA
Manager

RSM McGladrey, Inc.

May 15, 2008

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Appendix A	Curriculum Vitae of Michael L. Zimmerman, Sr.
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1. INTRODUCTION

We have been retained to conduct a review of findings noted by the Oneida Internal Audit Department, an external audit firm, the Office of the Inspector General (OIG) of the U.S. Department of Housing and Urban Development (HUD), and the office of the Oneida Controller. The external audit firm contracted to conduct the audit for the Oneida Housing Authority is McGladrey & Pullen, LLP. McGladrey & Pullen, LLP (M & P) is owned by Partners who are Certified Public Accountants and this firm conducts fiscal financial audit services for many concerns, domestic and foreign. RSM McGladrey, Inc. is the sister consulting economic unit and a wholly owned subsidiary of H & R Block Company. This firm conducts tax and consulting services only and is not involved in financial audit services. Michael Lee Zimmerman, Sr. is a Manager of Consulting, Forensic Accounting and Investigative Services with RSM McGladrey, Inc. and is a remote employee assigned to the Duluth, MN office. This assignment is due to the fact that the Duluth office has a strong Native American client base in which Mike has extensive experience. He has provided technical assistance to M & P only for Minimum Internal Controls Standards reviews and has not been involved with any financial audit services to the Oneida Tribe of Indians of Wisconsin either for the Casino operations or the Oneida Housing Authority nor any other Native American client or Native American business entity. He is a Certified Fraud Examiner (CFE) and a Certified Internal Controls Auditor (CICA) as well as obtaining a Masters of Science in Criminal Justice (MCJ) and a Master of Business Administration (MBA). His credentials are attached in the form of his curriculum vitae in Appendix A. RSM McGladrey, Inc.'s compensation is not affected by the opinions we express or the outcome of this matter.

We have acquired knowledge and an understanding of the matter through a review of documents produced by individuals and entities during the course of our services, discussions with the Oneida Business Committee, Oneida Audit Committee, the Law Office, the Controller, and the General Manager. A list of the documents that we have relied upon in this matter is included in Appendix B of this report.

We reserve the right to amend or supplement this report upon the receipt and review of any additional documentation or information that has not been produced as of the date of this report. We may be called to testify at trial regarding documents produced and testimony taken after the date of this report. We may also be called to testify in rebuttal to any matters or issues presented in the above said matter. In testimony at trial, we may utilize, as exhibits, certain documents produced in this matter and described in Appendix B to this report. We may also rely upon documents produced and testimony taken after the date of this report. In addition, we may utilize appropriate exhibits in response to matters or issues presented in this matter.

This report is being generated in order to provide the necessary information to be presented to the Tribal membership through the Oneida Business Committee at the next possible opportunity. An additional report is being generated regarding potential criminal activity noted during the review.

RSM McGladrey, Inc.

The project objectives are as follows:

1. Develop an Executive Summary of the findings concluded by the Oneida Internal Audit Department on the Oneida Housing Board's expenditure history.

2. Determine existence of criminality and, in the event of existence, provide law enforcement officials with necessary evidence to effectuate a positive prosecution effort.

2. METHODOLOGY FOR ANALYSIS

Based on the project objectives outlined above, the methodology we employed consisted of the following phases in order to accomplish the goals of the project.

Phase 1 – Preliminary Discussions

We began with a review of background information, which included:

- Conference call with the Oneida Audit Committee team.
- Records provided at meeting to discuss objectives of the project.
- Meeting with Oneida Audit Committee, Law Office and others to determine objectives of project.
- Reviewed preliminary report developed by the Law Office, Controller, and General Manager.

Phase 2 – Fieldwork

During fieldwork we reviewed detailed documentation from reports developed by the Oneida Internal Audit Department, the Controller, an external audit firm report from 2006, and a report from the OIG of HUD. The purpose of the review was to determine if the content was such that the information could be formatted into a medium to be communicated to the Tribal membership from the Oneida Business Committee following a recommendation from the Oneida Audit Committee.

3. RECORDS PROVIDED AND RELIED UPON

The Oneida Internal Audit Department reports, fiscal report from an external audit firm from 2006, the OIG of HUD report and other documents have been provided to us, as listed in Appendix B of this report. Those records included spreadsheets utilized for tracking expenditures as well as additional documentation.

A complete list of documents relied upon is attached hereto as Appendix B.

4. HISTORICAL PERSPECTIVE

On April 20, 1963, the Oneida Tribal Council passed a tribal ordinance establishing the Oneida Housing Authority (OHA). The mission of the OHA is to develop, maintain, and operate affordable housing in safe, sanitary, and healthy environments on the Oneida Tribe of Indians of Wisconsin Reservation for occupancy by low-income Oneida families and elderly/disabled residents. On March 26, 1998, the Oneida Business Committee designated the Oneida Housing Authority as the tribally designated housing entity for the purpose of receiving assistance under the Native American Housing Assistance and Self-Determination Act (NAHASDA) of 1996.

The OHA developed, maintained, and operated low-rent and Mutual Help program units assisted under the U.S. Housing Act of 1937, as amended. On October 1, 1997, NAHASDA reorganized the system of housing assistance provided to Native Americans by the U.S. Department of Housing and Urban Development (HUD), eliminating several separate programs of assistance, and replaced them with a NAHASDA Indian Housing Block Grant program. For those units previously assisted under the 1937 Housing Act, the NAHASDA program provided for continued operating and maintenance assistance.

The OHA used the NAHASDA program funds to operate and maintain low-rent units and rehabilitate Mutual Help units that were previously assisted under the 1937 Housing Act. In fiscal year 2007, the OHA had 194 low-rent and 67 Mutual Help units. Regulations at 24 CFR (Code of Federal Regulations) 1000.62(a) govern how rents collected from low-rent units and proceeds of sale from Mutual Help units are allocated between the NAHASDA program income and the OHA as non-program income. The regulation states that NAHASDA program income does not include any amounts generated from the operation of 1937 Housing Act units unless the units are assisted with NAHASDA funds and the income is attributable to such assistance. Public and Indian Housing (PIH) Notice 2000-18 provides guidance on accounting for program income generated by the use or disbursement of NAHASDA funds.

However, revenues, labor and expenses from the 1937 Housing Act construction were to be "tracked" to specific units, aside from the NAHASDA expenditures. Proper accounting systems and controls were to be in place to assist with this effort. This "tracking" effort actually divides the revenue streams into program and non-program funds. Each fund has its own level of control and compliance with regard to Federal Regulation(s). However, neither fund is "free" or "unrestricted" from control. Neither fund is "discretionary". In 2005, the Oneida Housing Authority began to lose focus of its purpose and developed a "double-entry" accounting process which completely destroyed any control over accounting for funds, program or otherwise. The Board of Commissioners decided to treat the program (NAHASDA) and the non-program (1937 Housing Act) funds as two distinct and separate funding sources. This action provided an environment whereby the Board of Commissioners assumed that non-program dollars could be spent at "management discretion" and without regard or compliance with Federal Regulation(s). This decision and the consequential actions following its implementation proved to be detrimental to the continued existence of the Board of Commissioners as well as devastating to the funding base of the Oneida Housing Authority program for the Tribal members.

5. OHA STRUCTURE

The Oneida Housing Authority (OHA) was originally structured under the Oneida Housing Ordinance to be a separate government entity and to have a seven (7) member Board of Commissioners, an Executive Director, a Finance Director, Assistant Executive Director, Accounting Staff, and other personnel to assist with program requirements. The seven (7) member Board of Commissioners were appointed by the Oneida Business Committee. The purpose of OHA is to construct and maintain Indian housing and provide rental assistance to low income persons. The primary funding source is from the U.S. Department of Housing and Urban Development (HUD) under the Housing Act of 1937 as well as proceeds from the Indian Housing Block Grant Program derived from the Native American Housing Assistance and Self-Determination Act of 1996 which provides for rental units and a homeownership program.

6. TIMELINE OF EVENTS

In August 2006, a petition was submitted by a Tribal member calling for a response from the General Tribal Council regarding the Oneida Housing Authority's youth programs. A meeting was scheduled for December 2006, but there was no quorum at this meeting, and a community meeting was held as an alternative. Tribal members began raising questions and concerns about the activities of the Oneida Housing Authority Board of Commissioners. As a result, Councilman Delgado, Audit Committee Chair, submitted an audit request to the Internal Audit Department to examine the activities of the Oneida Housing Authority Board of Commissioners.

In January 2007, the Oneida Business Committee then became aware of the management letter submitted by external auditors Hawkins, Ash & Baptie, PLLC in connection with their audit of the FY2006 financial statements for the Oneida housing Authority. This management letter covered the FY2006 records of the Oneida Housing Authority and raised concerns about the Board's expenditures. Councilman Dela Rosa on behalf of the Oneida Business Committee and the Audit Committee contacted Kevin Fitzgibbons, Director of the Eastern Woodlands Office of Native American Programs of the U.S. Department of Housing and Urban Development, to discuss the audit findings and assess the impact on the Tribe and the Oneida Housing Authority.

The management letter submitted in connection with the external audit report for FY2006 submitted by Hawkins, Ash & Baptie, PLLC contained two glaring problems regarding Local Fund Expenses and Per Diem Reporting. The following issues were noted as problematic:

1. Local Fund Expenses
 - a. "...aware of an abusive situation involving the use of local funds. Government Auditing Standards states abuse "involves behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances"
 - i. The abuse in use of local funds consists of excessive board meetings and training sessions, and travel and lodging costs for meetings and conventions at locations which

- ii. There were also instances of excessive per diem payments, payment of hotel costs for days with no business activities, room upgrades, and vehicle upgrades that did not appear proper.
 - b. The total amount that appears to be abusive is \$60,000 to \$100,000.
 - c. There were also activities which may have been abusive, but we were unable to quantify the actual amount.
 - i. These included personal use of company cell phones, individual vehicle rentals when multiple people could have shared a rental vehicle, and upgrades to larger rental vehicles.
2. Per Diem Reporting
- a. "...we discovered the Housing Authority may not be in compliance with Internal Revenue Service (IRS) reporting requirements for per diem payments."
 - i. The Housing Authority is currently paying a per diem amount in excess of what is allowed by the IRS for an acceptable plan. Under this type of plan any per diem in excess of what is allowed by the IRS maximum rate must be included in the employees W-2 if the employee does not substantiate the actual cost of meals and incidentals. For independent contractors (individuals receiving compensation who are not employees) any amounts paid in excess of the IRS allowable per diem should be included on a Form 1099 along with any other compensation paid.

In March 2007, the Audit Committee took formal action to direct the Internal Audit Department to implement the audit of the Board and the Oneida Housing Authority and to give that audit priority over other tasks. The delay occurred as a result of the Board working with the Oneida Business Committee to respond to the external audit concerns raised by Hawkins, Ash & Baptie, PLLC.

In March 2007, the Oneida Internal Audit Department embarked upon the first of a three phase approach of reviewing and testing a litany of elements involved in the expenditures attributable to the Board of Commissioners of the Oneida Housing Authority. An in-depth review and analysis of findings was conducted over time and produced for review by the Oneida Audit Committee as well as the Law Office of the Tribe.

In July 2007, the Oneida Audit Committee submitted the Audit Report produced by the Oneida Internal Audit Department to the Oneida Business Committee. A Special Business Committee meeting was held on July 18, 2007 to address the Audit Committee's report. The Audit Committee identified three overall concerns:

1. The financial records of the Oneida Housing Authority were in significant disarray such that it was difficult to complete audits or begin other audits.
2. The responses of the Board did not result in sufficient corrective actions or cooperation to develop corrective actions.
3. Immediate action was necessary to protect the funds of the Oneida Housing Authority and begin correcting the accounting records and procedures of the Oneida Housing Authority.

The Oneida Business Committee took formal Emergency Action and adopted Resolution #BC-07-18-07-A that amended the Oneida Housing Ordinance on an emergency basis to remove the Board of Commissioners from the ordinance and to dissolve the current Board. The Oneida Business Committee reviewed the audit reports and found that "significant concerns regarding management of the funds of the Oneida Housing Authority exist such that taking no action to amend the Oneida Housing Ordinance to remove the "independence" of the Oneida Housing Authority

and to apply the stringent standards of the Tribe regarding accounting and record keeping may result in continued misuse or abuse of funds of the Oneida Housing Authority..." The resolution further directed assistance to be provided by the Tribe's accounting personnel, and that an interim program manager be appointed who would report directly to the General Manager. In addition, the Controller was tasked with developing additional detailed findings based upon initial work accomplished by the Internal Audit Department with specific attention paid to credit card usage and outstanding receivables owed by members of the Oneida Housing Board of Commissioners. At this point, the Oneida Housing Authority came under direct supervision of the Tribe and immediate action to correct the financial records was implemented.

Following implementation of this change and over the next four months, the General Manager's assessment identified personnel with insufficient skill sets acting to the best of their ability to meet the high standards of the Tribe and that program and financial records were in greater disarray than originally identified in the audits conducted by the Internal Audit Department. As a result of the emergency action in July 2007, the Audit Committee took action to discontinue further audits under the comprehensive audit project. The audit reports identified comprehensive concerns that were generally felt to encompass the entire Oneida Housing Authority activities. Rather than continue to audit these past actions, the Audit Committee has determined to rely on the transition to, and oversight by, the General Manager.

In August 2007, the Office of Inspector General for the U.S. Department of Housing and Urban Development (HUD) had requested its Office of Inspector General (OIG) to conduct a nation wide series of audits of Tribal Housing authorities. The purpose of these audits were to determine the accuracy of the calculations made to allocate funds from the 1937 Housing Act unit income between program and non-program accounting. The Oneida Tribe was selected to participate in this audit. The Eastern Woodlands Office of Native American Programs (ONAP) was assigned with developing corrective actions based upon the findings of the OIG audit.

In November 2007, Oneida Legislative Operating Committee took action to determine that the Oneida Housing Ordinance would be amended to recreate the Oneida Housing Authority as an internal program of the Tribe. The Tribally Designated Housing Entity (TDHE) status would revert to the Tribe and the independent nature of the Oneida Housing Authority would be dissolved. It is anticipated that legislation to finalize this decision will be presented for Public Hearing in late April with the final ordinance being presented for adoption in June 2008.

In February 2008, the Office of the Inspector General (OIG) in association with the Eastern Woodlands Office of Native American Programs submitted audit report # 2008-SE-1002 to the Oneida Business Committee. The findings of the OIG audit on the OHA are:

- The OHA could not properly account for NAHASDA Indian Housing Block Grant Program Income
 - The OHA did not implement its accounting policies and procedures for allocating income from 1937 Housing Act properties receiving NAHASDA program assistance between its local and NAHASDA programs.
 - The OHA failed to track NAHASDA rehabilitation or capital expenses for each property and restrict non-program income from its Mutual Help program.
 - Current OHA officials (under the emergency resolution) reported that this condition occurred because prior OHA officials did not ensure that policies and procedures for determining program income and its use were implemented.
 - As a result, more than \$2.2 million in combined low-rent and Mutual Help housing receipts were inappropriately classified as non-program income during the period July 1, 2002 through June 30, 2007, and the proceeds from the sale of Mutual Help units were not restricted to eligible uses.

- For the period July 2002 through June 2007, the OHA collected more than \$2.4 million in gross income from its low-rent units and more than \$1.2 million from sales of Mutual Help units. Based on the update calculation, the OHA classified as non-program income \$990,950.00 from the low-rent program and over \$1.2 million from the Mutual Help program for a total of more than \$2.2 million.
 - During the period July 1, 2002 through June 20, 2007, the OHA classified as non-program income more than \$1.2 million of proceeds of sale from the Mutual Help program. HUD established restrictions on the use of proceeds of sale from Mutual Help units in the NAHASDA Notice of Revised Transition Requirements, published April 1, 1999, on page 15778 of the Federal Register. HUD restricted the use of these funds to housing activities, community facilities, or economic development activities that benefit the community. However, after classification as non-program income, the OHA commingled the \$1.2 million in restricted use non-program income with unrestricted non-program income.
- A review of OHA records identified abusive expenditures that were consistent with the findings of the independent external auditor.
 - \$120,000 was paid in stipends for Board meetings and Board member participation in appeals, interviews, bids, screenings, and training during calendar year 2006. There were a total of 987 stipends paid to the seven (7) Board members during the year, and average of 11 meetings per month.
 - During calendar year 2006 training in Honolulu, Hawaii, Board members were paid \$ 200 a day per diem for meals and incidental expenses, twice the federal rate of \$100.
 - During calendar year 2006 training in Honolulu, Hawaii, six Board members stayed an extra three days, at OHA expense, when no training was conducted.
 - Four of the five Board members that attended calendar year 2006 ethics training in New England rented cars. The costs ranged from \$216 to \$1,067 for a premium automobile.

In response to the finding by the OIG, the response from the Controller is, "The Authority recognizes that its prior Board of Directors and staff may not have properly maintained all appropriate accounting systems to segregate program from non-program income. We concur that after the initial development of the accounting procedures and calculation for the program income was established, resulting from the ONAP monitoring review dated April, 2002; that the continuation of tracking labor costs specific to the 1937 Act units was not maintained. However, once the Oneida Business Committee, the governing body of the Tribe, became aware of the potential accounting problem, it took specific actions to correct any failings. To that end, in June 2007 a consultant has been retained by the Authority to ensure that proper accounting procedures are utilized in the future and a process to track labor costs by unit became effective July 1, 2007. We disagree with the implied violation of the proceeds from the sale of Mutual Help units not being restricted to eligible uses and contend that these funds have not been transferred to the non-program funds and remain unused."

There remains an outstanding issue for ONAP to resolve and that is the determination of whether or not the "local funds" are to be considered government funds, under which the normal program restrictions would apply. A 120-day period from the date of issue of the findings has been given to ONAP to render a decision. This decision remains undecided as of the date of this report.

In April 2008, RSM McGladrey, Inc. was engaged to conduct a review of all findings and develop a report to document occurrences and identify problematic issues for resolution by the Oneida Business Committee. The scope of this project involved providing the following services:

1. Review all findings documented in the audit reports authored by the Oneida Internal Audit Department on the Oneida Housing Board's expenditures;
2. Review contents of audit reports to determine elements of criminality and the extent of such activity; and
3. In the event that criminality is noted, all precautions will be taken to preserve evidence, maintain chain of custody, and document all parties involved to expedite potential prosecution efforts.

The following information is provided in an encapsulated format to provide necessary information to all stakeholders. Due to the technical intricacies surrounding criminal prosecution elements resulting from this investigative process, no details can be provided regarding individual involvement in order to maintain the individuals' civil rights for due process.

A supplemental report has been developed for the Oneida Audit Committee with regard to potential criminal activity of the OHA Board of Commissioners. The detailed contents of that report are not included here.

7. FINDINGS

The following information is derived from multiple reports of audits conducted by the Oneida Internal Audit Department, the Controller's office, and other entities, internal and external, which encapsulates and emphasizes the instances which occurred within the Oneida Housing Authority. The audit dates covered in this data are from 2005 through April 2007. A complete review was conducted of the work product and concurrence was achieved for conclusions drawn in this report. All methodologies and applications are within the Generally Accepted Auditing Standards (GAAS) as well as guidelines published by the Institute of Internal Auditors (IIA). The data from which no conclusions were drawn is not included in the following disclosures.

Following each finding section, an explanation of occurrences and issues will be found. These explanations attempt to place proper focus on the impacts of the occurrences and the decision-making processes from which they resulted. All of the information contained in this section has been thoroughly reviewed by the Oneida Audit Committee prior to finalization and subsequent presentation to the Oneida Business Committee and then to Tribal membership. Conclusions are based upon the content of the findings, impact of the activity on the housing department as well as the Oneida community, and behavior of the Board of Commissioners in accordance with the Oneida Tribal Code of Ethics as well as normal business management practices.

Applicable Doctrines and Definitions

- o Oneida Tribe of Indians of Wisconsin Code of Ethics
 - Adopted – Oneida Business Committee minutes, 10-21-91
 - Adopted – BC-11-23-94-A
 - Emergency Amendment – BC-04-12-06-JJ

- Amended – BC-09-27-06-E (adoption of emergency amendment)
 - 3.1-1 Policy and Purposes
 - “It is the policy of the Oneida Tribe of Indians of Wisconsin to promote the highest ethical conduct in all of its elected and appointed officials, and employees. This Code of Ethics represents a beginning, it is the very minimum standard of conduct which is expected. This Code is intended to create a base from which all persons are expected to work upwards and strive to work toward improving the health, safety and welfare of the Oneida Nation, citizens of the Nation, employees of the Tribe, and persons living in and around the jurisdiction of the Oneida Tribe of Indians of Wisconsin.”
 - 3.2-1 Definitions
 - “Government Official. A “government official” includes all persons who are elected or appointed to serve on the Oneida Business Committee and any board, committee, or commission created by the Oneida Business Committee or Oneida General Tribal Council.”
 - 3.2-3 Program
 - “A “program” includes all activities of the Oneida Tribe of Indians of Wisconsin not expected to create revenue for the Tribe or those activities not expected to make a profit at any time. Further, this includes those persons that are employees of the Tribe working in these areas. Examples of, but are not limited to, governmental services include the Tribal School, Health Works, Maintenance, Multi-Purpose Center, Oneida Community Library.”
 - 3.3-1 Government
 - “All government officials shall be subject to the Code of Ethics as set forth herein and to the intent of the code as set forth above.”
 - 3.3-2
 - “The Code of Ethics shall be as set out below, recognizing that the concept of ethical conduct encompasses action as well as inaction, and represents an area of self-regulation. Provided further, that it is the policy of government officials to demonstrate the highest standards of personal integrity, truthfulness, honesty, and fortitude in all public activities in order to inspire public confidence and trust in the governmental officials of the Oneida Tribe of Indians of Wisconsin.”
 - 3.3-3 “The following shall govern the interaction between government officials and their constituents, co-officials, and employees:
 - (a) A government official shall create and maintain an independent and honorable political system, and shall observe high standards of conduct toward achieving this goal, including but not limited to
 - (1) encouraging separation between departments or entities of tribal government, and should avoid contact or duty that violates such a separation.
 - (2) avoid participation in action or decision making (except where participation is in accordance with the traditions of the Tribe) that would present an appearance of conflict of interest or an actual conflict of interest.

- (b) A government official should respect and comply with the law and tradition of the Tribe and should at all times act in a manner that promotes public confidence in the honesty and impartiality of government officials, including but not limited to
 - (1) Influence of family, social or other personal relationships influencing conduct
 - (2) using prestige of the office to advance private interests of others
 - (3) conveying use of special influence or being specially influenced."
- 3.3-7
 - "A government official should maintain a distance in financial dealings that would tend to reflect an influence for personal gain, including, but not limited to
 - (a) dealings that tend to reflect on their impartiality, interference with performance of governmental duties, or exploit the governmental office
 - (b) involvement in businesses that have financial impact or other influence on tribal businesses or actions
 - (c) exceptions are allowed for laws and policies that directly allow the participation of a governmental official, or where the traditions of the Tribe allow participation
 - (d) granting, giving, or influencing the gift, bequest or loan of tribal services, property or monies outside of normal and traditional procedures."
- 3.4-1 Program
 - "The Code of Ethics set forth in this Article shall govern the management and employees involved in Tribal Programs."
- 3.5-1 Enterprise
 - "The enterprises of the Oneida Tribe of Indians of Wisconsin shall follow the Code of Ethics as listed in this Article."
- 3.5-3
 - "Enterprise employees are expected to have a commitment to integrity, which includes, but is not limited to
 - (b) Integrity towards the Tribe. An enterprise employee is expected to:
 - (1) Be honest with the Tribe's time and property
 - (2) Reporting to work as scheduled
 - (3) Doing full day's work
 - (4) Keeping absences to minimum and documented
 - (5) Handle customer contacts with the highest standards of professionalism and courtesy
 - (6) Avoid outside activity that could adversely affect the independence and objectivity of your judgment, interfere with the timely and effective performance of your duties and responsibilities, or that could discredit the Tribe or conflict, or appear to conflict, with the Tribe's best interests
 - (7) Preventing the loss, damage, misuse or theft of tribal property is part of every employee's job. Tribal property should be protected through safeguards such as ...avoidance of waste and excess...

- Enterprise employees are expected to, both on and off the job, to support the Tribe's efforts to succeed in the world-wide market place.
- (c) Integrity to themselves. Each enterprise employee is responsible for his or her actions. For each, integrity is a personal responsibility. No one may justify an illegal act by claiming it was ordered by someone higher in management. No one, regardless of rank, is ever authorized to direct an employee to commit an illegal or unethical act.
 - (1) The Tribe expects any employee to report any violation of the Code of Ethics, as well as any other dishonest or illegal acts of which they become aware in the workplace. The Tribe will not tolerate reprisals against any employee who, in good faith, makes such reports. Employees who report actions are protected by the laws of the Oneida Tribe.
 - (3) When spending tribal money, or your own for reimbursement later, or when requesting services on the Tribe's behalf, make sure that the Tribe receives the proper value in return and that the expenditure is for a legitimate business purpose. Every employee who has control over company funds is personally accountable for them."
- 3.6-1 Enforcement
 - "This code shall be enforced according to the following:
 - (a) Government officials may be subject to either removal, if elected, or termination. If appointed, for a violation of any portion of this ethics code as it applies to them.
 - (b) Programs and Enterprises shall be removed according to the procedures set out in the Oneida Personnel Procedures and Policies Manual. Provided that, suspension while investigation or termination is an appropriate action, and one offense is sufficient for termination. Provided further that any suspension shall be without pay."
- 3.7-1 Gifts and Gratuities
 - "Notwithstanding any provision of this law, no governmental official, administrative staff, employee of a program or enterprise, or a program or enterprise may accept a gift or gratuity of any value for the privilege of doing business with the Oneida Tribe of Indians of Wisconsin."
- 3.7-2
 - "Further, any person or entity listed in section 7-1 is required to report gifts and gratuities with a value of \$50.00 or more which is given:
 - (a) For activities participated in or organized by the Oneida Tribe; or
 - (b) To the person or entity listed in section 7-1 on behalf of the Oneida Tribe.
 - Those gifts or gratuities with a value of \$50.00 or more shall be documented on form CE-1 and forwarded to the Property management Office within the Accounting Department of the Oneida Tribe."
- 3.7-3

- "All gifts or gratuities having a value of \$49.99 or less need not be documented on form CE-1. However, no individual may retain any gift or gratuity meeting the definition in section 7-2 for personal gain."
- "Financial Mismanagement is management that, deliberately or not, is handled in a way that can be characterized as "wrong, bad, careless, inefficient or incompetent" and that will reflect negatively upon the financial standing of a business or individual. "
(Retrieved from http://en.wikipedia.org/wiki/Financial_mismanagement, 24 April 2008).
- Personal Ethics – "Everyone deals with stuff differently. Some detach themselves from the asset so they don't care about it or they detach themselves too much so they feel like the rightful owners. This is an attitude that doesn't necessarily change from work to home. An ethical person doesn't put a dollar amount on respecting the property of others. He or she always makes a moral connection between property, ownership, and responsibility. Becoming too attached or familiar with company property creates a problem as well. If you use something every day, you may become desensitized to its appropriate professional use. Beware of "messing with the money or stuff" because ethical situations involving company assets, no matter how small, are rarely smoothed over with an apology. There's always a smoking gun that does not leave gray areas for rationalization or explanation. Most industries deal with asset abuse or misuse with disciplinary action or termination on the first offense. Business ethics boils down to the day-to-day choices you make no matter who you are or what responsibilities you have. From the minute you step from the parking lot into your workplace, see the things around you in proper context."
(Retrieved from http://humanresources.about.com/cs/businessethics/a/ethicsassets_2.htm, 24 April 2008).
- Company Assets – "Every employee from the janitor to the executive controls some kind of asset every time he or she shows up for work. Most people don't give company assets a second thought until they are lost, stolen or broken. Herein lies the problem. Employees must understand that ethical behavior is demonstrated not only in how they act but also in how they treat property that doesn't belong to them. The key to success is understanding who owns what and what boundaries exist for its use."
(Retrieved from <http://humanresources.about.com/cs/businessethics/a/ethicsassets.htm>, 24 April 2008).
- Business Ethics – "Business ethics can be defined as written and unwritten codes of principles and values that govern decisions and actions within a company. In the business world, the organization's culture sets standards for determining between good and bad decision making and behavior. In the most basic terms, a definition for business ethics boils down to knowing the difference between right and wrong and choosing to do what is right. The phrase, "business ethics" can be used to describe the actions of individuals within an organization, as well as the organization as a whole."
(Retrieved from http://business.lovetoknow.com/wiki/A_Definition_for_Business_Ethics, 24 April 2008).
- Ethical Behavior – "conforming to accepted standards of conduct."
(Retrieved from <http://www.merriam-webster.com>, 24 April 2008).
- Cavalier – "marked by or given to off-hand and often disdainful dismissal of important matters."
(Retrieved from <http://www.merriam-webster.com/dictionary>, 30 May 2008).

These doctrines and definitions have been applied to the conclusion aspects of the following findings and explanations.

Summary of Activity

The Oneida Housing Authority was operating under the misperception that this entity was not under any oversight authority by the Oneida Business Committee or the Oneida Audit Committee, especially regarding the "local funds". This misperception did not surface until late in 2005 and continued through to July of 2007 when the Board of Commissioners was dissolved. The OHA Commissioners, acting as Management for OHA, provided a repetitive response to the Internal Audit Department findings to the effect that local funds were under the sole discretion of management and outside the Tribe's or HUD's restrictions and controls. There was a total lack of compromise or understanding on the part of the Commissioners when this issue was presented to them by the Oneida Business Committee. The attitude projected by the Commissioners is cavalier.

- The Oneida Housing Authority Board of Commissioners in late 2005 created a mindset and operating practice in which they believed that "local funds" were completely unrestricted from any control and expendable at the sole discretion of management, without exception.
- The perpetuation of this operating "philosophy" became detrimental to the credibility of the Commissioners as well as the trust relationship Tribal membership had previously held with the Oneida Housing Authority right up until the Board of Commissioners was dissolved.
- In effect, by separating the local funds from the NAHASDA funds, the OHA Commissioners created a "free-fund" for their misuse and abuse.
- Accounting for expenditures became problematic and never recovered until the Tribe's Controller was empowered to correct these issues.
- The 2006 audit by an external audit firm as well as the Office of Inspector General for the U.S. Department of Housing and Urban Development (HUD) highlighted abuses and programmatic issues.
- The Oneida Internal Audit Department conducted a comprehensive review of expenditure activities and responses from the Board of Commissioners were of a defensive nature and noted a definite unwillingness to comply with any controls.
- A lack of active oversight on the part of the Oneida Business Committee and the Oneida Audit Committee resulted in undetected extravagant expenditures as well as financial and program mismanagement by the Board of Commissioners.
- A cavalier attitude on the part of the Commissioners developed that placed their decision making "beyond reproach" and indicated their unwillingness to change which caused the Oneida Business Committee to take remedial action in the form of an Emergency Resolution to dissolve the Board and bring the OHA under the Tribe's umbrella until a permanent solution could be reached.

The bottom line is that should the ONAP determine that federal monies were subjected to abuse and misuse, the Tribe will be held responsible for any financial mishandling.

The following detailed findings are presented for review and consideration:

Finding No. 1 – Credit Card Issues

- Personal Expenses
 - \$ 32,607.01 for 8 Commissioners
 - Amounts charged to individual and generic charge cards
- Personal Cash Advances
 - \$ 9,185.23 for 4 Commissioners
 - Amounts charged to individual and interchanged with individuals
- Expense Documentation
 - 817 Total transactions – 22% documented (180)
- Finance/Service Fees
 - \$ 700 on 34 statements for late payments
- Credit Limits
 - \$ 3,000 for each Commissioner
 - \$ 5,000 for Staff
 - \$10,000 for Executive Director
 - \$25,000 for generic charge card

The amounts noted in the Personal Expenses and Personal Cash Advances are included in the amounts contained in a section entitled Individual Commissioner Balances.

Explanation:

- Personal Expenses – items purchased by Commissioners for personal use: skin products, tickets to events, cable television products, family trips, food expense not associated with per diem, clothing, gift shop merchandise, hotel rooms for family members, etc.
- Personal Cash Advances:
 - One Commissioner – 10 transactions for \$ 3,104.97 from March 2006 to November 2006
 - One Commissioner – 5 transactions for \$ 2,461.00 in December 2006
 - One Commissioner – 15 transactions for \$ 2,764.28 from August 2006 to December 2006
 - One Commissioner – 3 transactions for \$ 854.98 in August 2006
- Expense Documentation – unable to locate many documents to justify expenditures
- Finance/Service Fees – late payment fees due to untimely payments
- Credit Limits – unusual amounts for users – no justification for development and use

Conclusions:

- Personal Expenses and Personal Cash Advances which are not properly tracked and controlled become serious problems and have implications of potential criminal activity. This unethical practice is indicative of cavalier attitudes on the part of the Commissioners, financial mismanagement, potential program mismanagement, and a total disregard for fiscal responsibility.
- Missing documentation to support expenditures is a basic violation of Generally Accepted Accounting Principles (GAAP) in that all expenditures must be supported by associated receipts and justification documents. Missing receipts for these expenditures automatically become the sole responsibility of the individual incurring the expense. There should be no reimbursement for expenses that cannot be supported. This activity is indicative

of ineffective supervision of the OHA Accounting Department, financial mismanagement and a total disregard for fiscal responsibility.

- Finance/Service Fees should not have been incurred and indicate a substantial flaw in the processing of payments to vendors. It is difficult to justify a position whereby late fees are paid to a Vendor when other payments are readily made with far less urgency or justification. This activity is indicative of ineffective supervision of the OHA Accounting Department, financial mismanagement and a total disregard for fiscal responsibility.
- Credit Limits - these credit limits should be directly related to budgetary line items for continued use. If no relationship to a budget can be determined, then the use of these credit cards is indicative of financial mismanagement. Since there was no budget for "local funds", this point has even more impact. The continued unethical use of these cards for personal expenses and personal cash advances is indicative of the cavalier attitudes on the part of the Commissioners, financial mismanagement, as well as a total disregard for fiscal responsibility.

Finding No. 2 – Individual Commissioner Balances

- Eight (8) Commissioners have outstanding Accounts Receivable to the OHA:
 - \$ 18,271.84
 - \$ 12,488.89
 - \$ 11,332.45
 - \$ 14,807.52
 - \$ 1,923.00
 - \$ 4,221.13
 - \$ 5,473.06
 - \$ 267.63
 - Total owed to OHA is \$ 68,785.72
- One Commissioner had a credit balance of \$12.15.

Explanation:

- These amounts reflect cash advances made by four (4) Commissioners, personal purchases made by eight (8) Commissioners, and additional expenditures from calculations by the Controller.
- Examples of additional expenditures include:
 - Airline tickets purchased for family and friends;
 - Meals charged to hotel and credit cards in addition to per diem received;
 - Unreasonable expenditures for unnecessary off-site training;
 - Hotel stays beyond length of conference/training;
 - Stipends paid in error;
 - Miscellaneous items charged to hotel.

Conclusions:

- The Commissioners utilized the charge cards issued to them as well as the "generic" card as their personal credit cards, without restraint or regard for controls.
- The continuous practice of making purchases for themselves as well as for the benefit of family members and friends is indicative of utilizing the "local funds" of the OHA as those of their personal bank.

- Accounts Receivable continued to grow without much reduction in the form of payback from stipends or any other means.
- The only Accounts Receivable amount that should exist would be for travel in that amounts are advanced for travel which initiates the Accounts Receivable amount. Upon return from travel, the traveler submits receipts for expenditures which are applied to the amounts advanced, thus resulting in settlement of the Accounts Receivable. In this case, the Accounts Receivable remains open only for the period of travel and not prolonged over time.
- Due to the fact that the Commissioners also controlled the number of meetings/trainings/conferences held and, in effect, the amount of stipends to be received, these amounts are clearly indicative of abuse.
- The amounts reflected for some of the Commissioners may never be collected and will result in a "write-off" of bad debt.

This unethical activity is indicative of potential dishonest behavior, cavalier attitudes on the part of the Commissioners, ineffective supervision of the OHA Accounting Department, financial mismanagement and a total disregard for fiscal responsibility.

A comprehensive review of the methodology and calculations utilized by the Controller in determining the amounts owed to the OHA by the Commissioners was conducted and concurrence with the results has been accomplished and is within the parameters set forth by Generally Accepted Accounting Principles (GAAP).

Finding No. 3 – Petty Cash Issues

- Expenditures
 - \$13,700 from Program Funds for food, gifts, incentives, parties, etc.
 - Some stipends paid from Petty Cash accounts
- Policy and Procedure
 - No policy or procedure located for use of Petty Cash
- Recording on Books
 - The general ledger entries for recording expenses from petty cash were in gross amounts and provided no details or categorization for expense account distribution
- Receipts
 - \$14,500 of transactions – no receipts located
- Reimbursements
 - \$1,650 of transactions – did not match receipt amounts
- Signatures
 - \$11,500 of transactions – lack of consistency
- Commingling of Funds
 - \$3,100 of commingling between program and local fund petty cash
- Receipt Book
 - Many receipts removed from book without explanation
- Accounting for Petty Cash
 - Physical count did not result in balancing to established amount.

Explanation:

- Expenditures – Program Funds are completely restricted from use for any purpose other than what is specified in Federal Regulations. Use of these funds for purchases of food, gifts, employee incentives, stipends to Commissioners and other such items is not allowed. The dollar amount of expenditures from this fund is excessive.
- Policy and Procedure – the fact that no policy or procedure could be located does not excuse the activity which took place.
- Recording on Books – General ledger entries in gross amounts only continues to “cloud” the actual activity which took place.
- Receipts – No payment should have been made without a corresponding receipt to justify the payment.
- Reimbursements – No reimbursement should be made without a corresponding receipt to justify the reimbursement payment.
- Signatures – A signature should always accompany the documentation for payment from Petty Cash.
- Commingling of Funds – Federal Regulations strictly prohibit the commingling of funds, regardless of size or purpose and commingling of funds is considered a major problem with internal control.
- Receipt Book – missing receipts are problematic when reconciliation is attempted and only adds to the number of questions which arise.
- Accounting for Petty Cash – reconciliation has not been accomplished to established amounts.

Conclusions:

- Expenditures from Program Funds, regardless if from Petty Cash fund or another source, are restricted to costs associated with specific program uses. There is no exception to the restriction. Payment of stipends, purchasing of gifts, utilizing funds for employee incentives, food purchases and other similar expenditures is indicative of abuse and ineffective supervision of the OHA Accounting Department, financial mismanagement, program mismanagement and a total disregard for fiscal responsibility.
- Policy and Procedure is required whenever financial assets are considered. The lack of such documentation is no excuse for unethical abuse and is truly indicative of financial mismanagement and a total disregard for fiscal responsibility.
- Recording on Books or the general ledger of amounts without detail is outside the boundaries of Generally Accepted Accounting Principles (GAAP). The detailed amounts are necessary to properly account for expenses and revenues. Booking only “gross” amounts only “hides” the real activity behind the numbers. It is extremely difficult to properly account for specifics in this case, especially when receipts are not available to assist with the classification of expenditures. This activity is indicative of ineffective supervision in the OHA Accounting Department, financial mismanagement, and a total disregard for fiscal responsibility.
- Receipts must accompany any expenditure as support and justification for the expenditure, without exception. This activity is indicative of improper supervision of the OHA Accounting Department, financial mismanagement, and a total disregard for fiscal responsibility.
- Reimbursements made which do not match the corresponding receipt(s) should not be made, without exception. Petty Cash can not be properly replenished without complete documentation of expenditures. This activity is indicative of potential dishonest behavior, ineffective supervision of the OHA Accounting Department, financial mismanagement, and a total disregard for fiscal responsibility.
- Signatures are required for any expenditure made, regardless of use of Petty Cash funds or any other funding source. Missing signatures on disbursements are indicative of potential dishonest behavior, ineffective supervision of the OHA Accounting Department, financial mismanagement, and a total disregard for fiscal responsibility.

- Commingling of Funds should never occur, especially with federal funds. There are specific federal regulations prohibiting this activity. Exchanging funds from Program Funds Petty Cash and Local Funds Petty Cash is not a good practice. This activity alone is indicative of ineffective replenishment practices ineffective supervision of the OHA Accounting Department, financial mismanagement, program mismanagement, and a total disregard for fiscal responsibility.
- Receipt Book which is missing pages is an unacceptable practice and is indicative of potential dishonest behavior, ineffective supervision of the OHA Accounting Department, financial mismanagement, and a total disregard for fiscal responsibility.
- Accounting for Petty Cash should be a normal activity and reconciliation to an established balance in the General Ledger should not be problematic. The inability to balance the Petty Cash funds to the amounts recorded in the General Ledger is unacceptable and is indicative of ineffective supervision of the OHA Accounting Department, financial mismanagement, potential program mismanagement, and a total disregard for fiscal responsibility.

Petty Cash funds are to be used for expenses that are incurred and require immediate payment that cannot await the process of requesting a check to be processed for payment. Examples of these types of expenditures are; postage due, delivery fees, postage stamps, maintenance supplies for immediate needs, etc. Amounts of Petty Cash funds vary according to business type, but usually are less than \$1,000.00. Replenishment of these funds is usually conducted monthly with expenses categorized in the general ledger followed by a reconciliation of the fund.

Finding No. 4 – Stipends Issues

- Volume
 - 2004 \$ 29,075
 - 2005 \$ 79,471
 - 2006 \$134,525
 - 2007 \$ 38,300 (4 months only)
- Duration (Example)
 - 10/31/06 Meeting
 - 11:00 – 11:45 Training Paid \$150 each for 45 minutes
 - 11:45 – 12:15 Meeting Paid \$100 each for 30 minutes
- Attendance
 - Commissioners listed as present – not signed in
 - Commissioners signed in – listed as excused
 - Commissioners signed in – not listed as present
 - Commissioners listed as excused – not signed in – noted 10 days later that they were present
 - 6 times Commissioners paid when not signed in
 - One Commissioner signed all other Commissioners in for 6 meetings from April to October 2006
 - Sign in sheet for 7/19/06 – no minutes and no stipend paid – example of advance sign-in
- Established Stipend Amounts
 - Tribal Comprehensive Policy Governing Boards, Committees and Commissions establishes meeting stipend at \$50, and travel of \$100 for each full day at event.
 - Undated Board resolution in 2005 increased stipends:

- \$100 Regular/Special Meetings
- \$75 Administrative Stipends
- \$150 Appeals Meetings
- \$75 Half-day interviews/bids/screening
- \$150 Full-day interviews/bids/screening
- \$75 Half-day Training
- \$150 Full-day Training
- No Training Reports located
 - Board meeting minutes of 10/5/04 "...to receive the stipend, Board members must be in attendance for all the scheduled training, and submit a report."
 - Only one report located after this date
- Administrative Stipends
 - Oneida Business Committee Resolution 5-04-05-CC: "...members of boards, committees and commissions shall not be paid stipends for the performance of administrative, clerical, or other employee functions for the board, committee, or commission for which they sit..."
 - \$9,675 in Administrative Stipends paid in 2006 – no documentation for support – located a notation "per phone call/e-mail".
- Frequency/Number of Meetings
 - 6 to 25 meetings/trainings/seminars per month
 - For 19 months, 303 meetings/trainings – average 15.9/month
 - 13 different occasions when two (2) scheduled same day – total paid \$20,000
 - 11/22/06, three (3) meetings/trainings same day – paid \$ 2,800
- Stipend Disbursements
 - 2006 – 300 checks for stipends, average 10 checks/Commissioner
 - Checks also covered "prepaid" stipends for future meetings
 - Advances of meeting stipends made many times
 - Stipend checks were split with no explanation (ie.: \$100 of a \$150 stipend on one check and the remaining \$50 on another check)
 - One Commissioner had reached the limit under Disability Guidelines and opted to obtain cash advances when stipends were no longer received. This issue has been referred by the IRS to another federal agency for follow-up.
- Use of Stipends by Commissioners
 - Minutes approving the NAIHC training in Hawaii in May 2006 state "Any Board member wanting to bring family or friends, will have to sign a pay back agreement with KC, to cover any additional amount or hotel or airfare not less than \$150.00 per month out of the individual's stipend"
 - Some agreements for less than \$150.00 per month
 - Many paybacks not made at the \$150.00 minimum per month
 - Instances of many months without payments
- Justification
 - Block Party 8/9/06 – each Commissioner paid \$100
 - 2 instances of conferencing in for meetings by phone and paid stipends
 - State of Nation Address on 7/20/06 - \$1,300 total stipends
 - Each Commissioner paid \$100 each for a total of \$700

- Preceded by an OHA meeting with six (6) Commissioners paid \$100 each for a total of \$600
 - Indian Summer , Sept. 2006, for three (3) days by Commissioners – paid as training stipends @ \$450.00 each for a total of \$2,400
 - “Sub-Committee” meetings were paid stipends @ \$75/meeting
 - When no quorum, \$75 Administrative Stipend paid
 - 2 meetings in 2007 were changed from regular to training meetings by Chairman which increased stipends from \$100 to \$150 with no explanation.
- Accounting for Stipends
 - Training stipends were expensed as Travel in 2005

Explanation:

- Volume – amounts for 2005 and 2006 are excessive in that number of meetings exceeded need and, consequentially, stipends were excessive. The trend for 2007 was in line with 2006.
- Duration – meetings lasting less than 1 hour were paid at full rate.
- Attendance – inaccurate sign-in, non-existent sign-in, advance sign-in, and other irregularities were commonplace.
- Established Stipends Amounts – The OHA Board of Commissioners established a separate stipend policy by resolution resulting in varying rates for varying activities. OHA Board meeting minutes from October 5, 2004 indicate that training reports are to be submitted in order for a stipend to be paid. Only one training report was discovered after this date, even though many training stipends were paid after this date.
- Frequency/Number of Meetings – average number of meetings is excessive for a Board this size and responsibility. Multiple meetings scheduled for the same day is indicative of abuse of the stipend process, even though self-designed.
- Stipend Disbursements – Commissioners received advances of future meeting stipends. Some stipends were split between two separate checks. One Commissioner had reached the limit for income according to applicable federal program guidelines and began obtaining cash advances to cover this vacancy in income.
- Use of Stipends by Commissioners – Board minutes for NAIHC Conference in Hawaii in 2006 indicate the Commissioners authorizing travel for family and friends with the option of a payback agreement utilizing meeting stipends for source of payback at rate of not less than \$150.00 per month. Agreements were not uniform nor were they executed on a monthly basis at the stated minimum rate.
- Justification – Commissioners received stipends for attending Tribal events and OHA sponsored events. Sub-committee meetings and meetings when no quorum could be obtained resulted in administrative stipends. Meeting types changed by Chairperson without explanation resulting in increased stipend amounts.
- Accounting for Stipends – interviews of staff disclosed that Commissioners put a policy in place in 2005 to treat Training stipends as Travel expense.

Conclusions:

- Volume of meetings and the corresponding stipend payments were excessive for 2005, 2006, and trending in 2007 to be like those of 2006. Similar sized Housing Boards usually experienced 3 to 4 meetings per month inclusive of trainings, etc. Stipend amounts usually amount to approximately \$40,000.00 per year. The unethical practice of having meetings for meetings sake is indicative of abuse, financial mismanagement, and a total disregard for fiscal responsibility.

- Duration of meetings of less than 1 hour in length with a full session stipend paid is also abusive and unethical. This activity is a result of financial mismanagement and a total disregard for fiscal responsibility.
- Attendance is the control element to determine who was present and who was absent from meetings/trainings/conferences, etc. Commissioners signing in for others, advance sign-ins, conferencing in, and those signed-in but not present are indicative of dishonest and unethical behavior. This continued activity is the result of financial mismanagement and a total disregard for fiscal responsibility.
- Established Stipend Amounts were created by the Commissioners and they developed their own structured stipend policy. Coupled with the lack of training reports to justify training stipends, this activity is indicative of cavalier attitudes on the part of the Commissioners and their unethical actions are indicative of financial mismanagement and a total disregard for fiscal responsibility.
- Administrative Stipends were paid when Commissioners were conducting other than Board functions, which is prohibited by the Oneida Business Committee Resolution. Coupled with the lack of documentation to justify this type of stipend, this activity is indicative of cavalier attitudes on the part of the Commissioners and their unethical actions are indicative of financial mismanagement and a total disregard for fiscal responsibility.
- Frequency/Number of Meetings is excessive for a Board of this size and responsibility. Refer to the conclusion comment under Volume.
- Stipend Disbursements which were advanced should never be allowed. This practice is wrought with potential for dishonest activity from the issuer to the receiver. The split payments may have some legitimacy, but on the whole are indicative of potential dishonest activity. Stipend income limits for those applicable Commissioners must be held steadfast, without exception. In the event the limit is reached, the receiver should have been notified of this fact and a decision made for future action. By utilizing cash advances to cover the variance, the Commissioner performed a dishonest act to cover intentional use of non-recognized income. This matter has been referred by the IRS to another federal agency for investigation. This unethical activity is indicative of ineffective supervision of the OHA Accounting Department, financial mismanagement, and a total disregard for fiscal responsibility.
- Use of Stipends by Commissioners regarding payback for expenses incurred for friends and relatives for the trip to Hawaii is both unethical and misleading. This practice allows the Commissioners to utilize "local funds" as their personal "bank" funds and these payback arrangements become interest-free loans. The misleading portion is that these "loans" will most-likely never be repaid in their entirety. This activity is indicative of ineffective supervision of the OHA Accounting Department, financial mismanagement, and a total disregard for fiscal responsibility.
- Justification for payment of stipends for Tribal events and OHA sponsored events is indicative of abuse and further portrays the cavalier attitudes on the part of the Commissioners. The practice is unethical and is indicative of financial mismanagement and a total disregard for fiscal responsibility.
- Accounting for Stipends as Travel expense and not earnings is not in compliance with IRS Regulations for Earnings and is indicative of the cavalier attitudes on the part of the Commissioners, ineffective supervision of the OHA Accounting Department, financial mismanagement, potential program mismanagement, and a total disregard for fiscal responsibility.

Any stipends that were overpaid to Commissioners are included in the amounts contained in a section entitled Individual Commissioner Balances.

Finding No. 5 – Gifts and Gift Card Issues

- Gifts to Commissioners

- \$ 9,361.38 in gifts to Commissioners
 - Gift cards (\$25, \$50, \$75, \$100, \$150, \$250)
 - Miscellaneous items from Bear Paw Keep Sakes
 - Nine (9) Pendleton Blankets on 8/29/06 for \$1,690
 - Three Commissioners received tote/carry-on bags for \$524
 - One Commissioner received a roller- briefcase for \$202.87
- Gifts to Staff
 - 2006 Xmas Party for Staff
 - Prizes totaling \$9,633
 - Food and Entertainment expenses
 - Numerous gift cards, prizes and \$1,210 in chocolates
 - 2005 Xmas Party for Staff
 - Prizes totaling \$2,728
 - Food and Entertainment expenses
 - Employee picnic gifts and prizes totaled \$5,143 plus food and entertainment
 - Other direct employee gifts
 - \$6,365
 - \$20 gift cards and candies on holidays
 - Gifts to 2 employees with special needs totaling \$2,400

Handling of Gifts as Income:

IRS Publication 525 "....if your employer gives you cash, a gift certificate or similar item that you easily can exchange for cash, you include the value of that gift as extra salary or wages regardless of the amount involved."

- None of the recipients received W-2's with this information included or Form 1099's with similar information.
- Gifts to Others
 - \$7,397 were received by Oneida groups, clients and others.
- Promotional Items
 - Pens, refrigerator magnets, golf tees, etc. totaling \$11,665 were purchased

Explanation:

- Gifts to Commissioners - cash equivalent gift cards, various items of merchandise, food, entertainment for parties and picnic, prizes, and chocolates are examples of items received by Commissioners. The cash equivalent items are considered income by IRS Publication 525 and were not handled as such by the OHA Accounting Department.
- Gifts to Staff – cash equivalent gift cards, various items of merchandise, food entertainment for parties and picnic, prizes, and chocolates are examples of items received by Staff. The cash equivalent items are considered income by IRS Publication 525 and were not handled as such by the OHA Accounting Department.
- Gifts to Others – the OHA Commissioners presented various gifts to Oneida groups, OHA clients, and unidentified individual recipients.
- Promotional Items – the OHA can only provide services to specific qualified housing clientele. Therefore, the need for promotional items is extremely questionable. Items such as pens with the OHA

address and phone number given to clients as well as refrigerator magnets with similar information may be justified, but golf tees and other similar items are contestable.

Conclusions:

- Gifts to Commissioners are not allowed under program funds and are considered as "undue personal enrichment" with regard to those items received by the Commissioners. IRS Publication 525 was not adhered to by the OHA Accounting Department with regard to cash equivalency items and, therefore, no one received a correct W-2 or Form 1099 for 2005 and 2006. These issues are being addressed by the Controller for correction for 2005, 2006, and 2007. The unethical behavior of Commissioners receiving gifts of any kind is indicative of dishonest behavior and a blatant example of the cavalier attitudes on the part of the Commissioners. This activity is indicative of ineffective supervision of the OHA Accounting Department, financial mismanagement, and a total disregard for fiscal responsibility.
- Gifts to Staff are not allowed under program funds and are considered as "undue personal enrichment" with regard to those items received by Staff. IRS Publication 525 was not adhered to by the Accounting Department with regard to cash equivalency items and, therefore, no one received a correct W-2 or Form 1099 for 2005 and 2006. These issues are being addressed by the Controller for correction for 2005, 2006, and 2007. The unethical behavior of Commissioners bestowing gifts of any kind on Staff is indicative of dishonest behavior and a blatant example of the cavalier attitudes on the part of the Commissioners. This activity is indicative of ineffective supervision of the OHA Accounting Department, financial mismanagement, and a total disregard for fiscal responsibility.
- Gifts to Others whom cannot be identified is indicative of potential dishonest behavior. Housing Department clients, Oneida groups, and others receiving cash equivalent gifts should be issued a Form 1099 at year-end. Due to the fact that some recipients cannot be identified, the purpose of the gift comes into question. This activity is indicative of financial mismanagement and a total disregard for fiscal responsibility.
- Promotional Items purchased to advertise the purpose of OHA, implied or direct, is ethically questionable from the standpoint that the clients served by OHA must meet specific qualification criteria. No one else is considered a client. The purchase of golf tees and other similar items become suspect. This activity is indicative of financial mismanagement and a total disregard for fiscal responsibility.

Finding No. 6 – Donation Issues

- Policy
 - No policy located
 - 4/20/06, motion made for donation policy
 - 5/8/06, donation policy discussed again
- Amount
 - FY2005 - \$9,993.32

▪ \$ 2,904.32	Sports
▪ \$ 2,800.00	School
▪ \$ 2,100.00	Cultural
▪ \$ 2,189.00	Local Benefits
▪ \$ 0.00	Miscellaneous
 - FY2006 - \$9,831.55

▪ \$ 6,231.00	Sports
▪ \$ 644.55	School

- \$ 2,050.00 Cultural
- \$ 906.00 Local
- \$ 0.00 Miscellaneous
- FY2007 - \$10,175.00 thru 6/07
 - \$ 6,825.00 Sports
 - \$ 1,000.00 School
 - \$ 1,550.00 Miscellaneous
 - \$ 600.00 Cultural
 - \$ 200.00 Local Benefits
- 30 out of 50 donation checks made payable to the requestor, not the organization
- 2005 – of 25 recipients – no receipts
- 2006 – of 27 recipients – only one receipt
- 2007 – of 24 recipients – no written report

Federal Publication A-87 for program monies, "...contributions or donations, including cash, property, and services, made by the governmental unit, regardless of the recipient, are unallowable."

Explanation:

- Policy – although discussed on two separate occasions, no formal policy regarding Donations was located.
- Amount – Federal Publication A-87 prohibits donations from program funds. Although by classification the donations may not seem out of line, some checks were written in name of the requestor and not the organization, and that there is a tremendous lack of documentation, all become suspect. In some instances, Commissioners sponsored themselves for events.

Conclusions:

- Policy documentation that does not exist is not an excuse for unethical abuse and is truly indicative of financial mismanagement and a total disregard for fiscal responsibility.
- Amount of donations may not seem problematic, but by issuing checks to the requestor and not the organization thereby raises the question of whether or not the OHA is receiving credit as the donator versus the requestor receiving recognition as the donator. In addition, the requestor may be utilizing this "gap" to their personal advantage with regard to a tax deduction, to which they are not entitled. This activity is indicative of potential dishonest behavior, ineffective supervision of the OHA Accounting Department, financial mismanagement, and a total disregard for fiscal responsibility.

Finding No. 7 – Cellular Telephone Issues

- Costs
 - 2004 \$ 8,285
 - 2005 \$ 11,846
 - 2006 \$ 15,194
 - 2007 \$ 8,871 (Oct. 06 – Apr. 07)
 - State and County taxes paid of \$1,269.70

- Policy
 - No policy located
- Minutes/Time
 - 8 of the 24 lines were under 120 minutes per month
 - Top 5 users had 77% of time billed, 170,697 minutes
 - 2 Commissioners no longer with OHA
 - Top 3 users
 - 4,752 minutes/month
 - 3,565 minutes/month
 - 1,729 minutes/month
 - One Commissioner – 150 hours in one month
- Additional Issues
 - Calls placed after business hours
 - Calls placed on weekends
 - Calls placed to other states
 - Cellular internet access
 - E-mail access
 - "walkie-talkie" style use
 - Text messaging

Explanation:

- Costs – these costs appear to be excessive for 2005 and 2006. The partial year of 2007 is trending toward the level reached in 2005. State and county taxes should have been recouped by OHA.
- Policy – no formal cellular telephone policy was located.
- Minutes/Time – 24 cellular phone lines seems a bit extreme for the size of this organization. Five (5) users accounted for 77% of the time billed. The three (3) top users spent a total average of 167 hours on the phone each month. One Commissioner used 150 hours in one month.
- Additional Issues – phone accessories, additional add-on services, message type, and out-of-area calls were commonplace.

Conclusions:

- Costs of cellular phone service for the OHA appear to be excessive. State and county taxes should be exempted for the OHA. This activity is indicative of abuse, ineffective supervision of the OHA Accounting Department, financial mismanagement, and a total disregard for fiscal responsibility.
- Policy documentation that does not exist is not an excuse for unethical abuse and is truly indicative of financial mismanagement and a total disregard for fiscal responsibility.
- Minutes/Time for some Commissioners is indeed excessive. Three (3) Commissioners using a total of 167 hours of phone time and one (1) Commissioner using 150 hours of phone time is extremely abusive and excessive. If these people are using this time for OHA business, then there is obviously more problems with this organization than are outlined in this report. This unethical use of phone time is indicative of personal abuse, ineffective supervision of the OHA Accounting Department, financial mismanagement, potential program mismanagement, and a total disregard for fiscal responsibility.
- Additional Issues regarding phone accessories, additional add-on services such as e-mail, internet access, text messaging, etc. need to be justified prior to purchase and their need is highly questionable for Commissioners. This activity is indicative of personal abuse, potential dishonest behavior, ineffective supervision of the OHA Accounting Department, financial mismanagement, and a total disregard for fiscal responsibility.

Finding No. 8 – Contract Issues

- Purchase orders
 - None located
- Policy
 - OHA Procurement Policy dated 4/2/02 – Not followed
- Type
 - 4 local contracts were sole source valued at \$15,000
 - Awarded to two (2) relatives of two Commissioners
 - No justification for awards
 - Related Commissioners did not vote on these awards
 - One contract was actually only a proposal and a plan to pay twice the amount – only one payment made, in advance – no service provided
 - 4 contracts overpaid by \$95,093 – no justification
 - Of 18 Vendors, only 3 on the Tribal Licensed Vendor list
 - 10 Contracts not signed or containing a “stamped facsimile of signature”
 - One contract paid by verbal instruction of a Commissioner

Explanation:

- Purchase Orders – no purchase orders were located by the Oneida Internal Audit staff.
- Policy – an OHA Procurement Policy dated April 2, 2002 was located, but was not being followed by the OHA regarding competitive bid process.
- Type – Four (4) local contracts were sole-source, two (2) were awarded to relatives of two Commissioners without justification, related Commissioners did not vote on these awards. One contract was only a proposal with notes indicating a plan to pay twice the amount, only one payment was made in advance and no service provided. Four (4) contracts were overpaid without justification documentation. Tribal Licensed Vendors not used by the OHA. One contract paid by verbal authorization from a Commissioner to staff. Ten (10) contracts not signed or “stamped”.

Conclusions:

- Purchase Orders are the control element for procuring items in the business environment. These documents indicate the price of the items to be purchased, the quantity to be purchased, a description of the items, and the date of the purchase. Without this information, the OHA Accounting Department is unable to match purchasing documents to corresponding invoices. Without purchase orders, vendors can invoice for any amount and merely await payment, regardless if the items/services were provided to OHA. This practice is indicative of ineffective supervision of the OHA Accounting Department, financial mismanagement, potential program mismanagement, and a total disregard for fiscal responsibility.
- Policy documentation that does not exist is not an excuse for unethical abuse and is truly indicative of financial mismanagement, potential program mismanagement, and a total disregard for fiscal responsibility.
- Type of contracts becomes problematic when they are sole-source contracts and there is no justification for them. Payment of contracts when no services are provided, overpaying contracts, not signing contracts, using proposals as contracts, and failing to utilize Tribal Licensed Vendors are indicative of potential dishonest activity, cavalier attitudes on the part of the Commissioners, ineffective supervision of the OHA Accounting Department, financial mismanagement, and a total disregard for fiscal responsibility. Awarding contracts to relatives of

Commissioners, even when those related Commissioners did not vote, is perceived as a conflict of interest and embraces favoritism. This is indicative of unethical behavior.

Finding No. 9 – Travel and Training Issues

- Documentation
 - Car rentals are documented by credit card statement only
- Policy
 - OHA Board of Commissioners Travel Policies (6/15/06 and 2/2/07) require documentation for the travel voucher "Upon return, the traveler shall turn in the credit card along with all pertinent receipts that may need to be reconciled. Receipts not turned in by the traveler will be the responsibility of the traveler."
- Rates
 - Oneida Travel and Expense Policy "all tribal travel requiring an overnight stay must be requested at Government Rates according to the Federal Register. Anything above that rate will need Tribal Treasurer, CFO, and/or the General Manager or Gaming Manager approval on expense voucher." This requirement did not apply to the OHA because of their independence from other Tribal entities.
- Costs

○ January 20-21, 2006	Indian Housing Law	\$ 20,693.70
○ March 17-19, 2006	Retreat	\$ 8,554.65
○ May 21-26, 2006	NAIHC - Hawaii	\$ 41,277.48
○ June 13-14, 2006	Wis. Indian Hsg. Summit	\$ 3,058.00
○ June 16, 2006	Contractor Travel	\$ 423.00
○ July 7-8, 2006	Training – Wis. Dells	\$ 13,354.84
○ August 24-26, 2006	Ethics Training. – CT	\$ 14,023.89
○ September 8-10, 2006	Indian Summer Festival	\$ 7,862.00
○ September 15-17, 2006	Retreat	\$ 9,312.85
○ November 27-29, 2006	Drug End. Child. Conf.	\$ 7,008.71
○ December 6-8, 2006	Hearing Proc. Training	\$ 9,895.76
○ March 13-15, 2007	Great Lakes Indian Hsg.	\$ 9,894.77
	Total	\$ 145,629.65
- Per Diem (Examples)
 - March 6-8, 2006 – GLIHA - One Commissioner was paid \$375.00 per diem and charged \$275.40 in meals to credit card
 - March 17-19, 2006 – Retreat – Commissioners claimed \$1,575.00 per diem and charged \$394.00 in food to hotel meeting fee
 - March 27-30, 2006 – Indian Housing Mgmt. – One Commissioner claimed \$600.00 per diem and charged \$160.00 in meals to credit card
 - July 7-8, 2006 – Training – Commissioners claimed \$1,575.00 in per diem and charged \$342.84 in food to hotel meeting fee
 - September 15-17, 2006 – Retreat – Commissioners claimed \$1,575.00 in per diem and charged \$451.95 in food to hotel meeting fee
 - Oneida Travel Policy "travelers cannot claim business expense and per diem."
- Mileage

- No documentation for mileage expenses
 - There are 45 claims for mileage between 6/16/06 when policy required forms and 2/2/07 when policy eliminated forms
- \$5,258.65 paid in mileage

Explanation:

- Documentation – travel expenses that do not have complete documentation should never have been processed for payment. Whenever a traveler stays beyond the length of the conference/training/meeting, etc., the costs are to be borne by the traveler and not OHA. Costs incurred for family travel is to be borne by the traveler and not OHA.
- Policy – OHA Board of Commissioners Travel Policy was not followed by those who designed the policy.
- Rates – the OHA should have followed the Continental U. S. (CONUS) rates for hotels and per diem.
- Costs – some of these costs seem to be excessive and should have been prohibitive when making decisions to attend. Some costs were incurred as a result of renting off-site space for training when space was readily available at the OHA.
- Per Diem – at no time when per diem is received, are meals to be charged to a hotel bill or credit card and subsequently paid by the OHA. This defeats the purpose for per diem.
- Mileage – the correct mileage rate was utilized, however there is no documentation for justification for payment.

Conclusions:

- Documentation is necessary to determine if travel was actually conducted and to classify the associated expenses. The lack of documentation and the practice of allowing for family travel expenses to be paid by the OHA is indicative of potential dishonest behavior, ineffective supervision of the OHA Accounting Department, cavalier attitudes on the part of the Commissioners, financial mismanagement, and a total disregard for fiscal responsibility.
- Policy that is designed by the Board of Commissioners and not followed by these creators is indicative of cavalier attitudes on the part of the Commissioners, ineffective supervision of the OHA Accounting Department, financial mismanagement, potential program mismanagement, and a total disregard for fiscal responsibility.
- Rates that exceed those listed for CONUS travel or the Tribal Travel Rates were not pre-approved and the fact that a substantial amount of overnight travel exceeded government rates is indicative of a cavalier attitude on the part of the Commissioners, ineffective supervision of the OHA Accounting Department, financial mismanagement, potential program mismanagement, and a total disregard for fiscal responsibility.
- Costs for training/conferences/meetings and the like should be considered when making the decision to attend. In some cases, the costs associated with certain events should have been deemed prohibitive. However, when family and friends are allowed to accompany at the expense of the OHA, it is apparent that no consideration was given to costs. Renting space off-site for training when space is readily available at the OHA and excessive costs are indicative of cavalier attitudes on the part of the Commissioners, ineffective supervision of the OHA Accounting Department, financial mismanagement, potential program mismanagement, and a total disregard for fiscal responsibility.
- Per Diem was paid to Commissioners for meals and these same Commissioners also charged meals to their hotel bills and credit cards which, in turn, were also paid by the OHA. Per diem amounts were not routinely returned by any of the Commissioners. This activity is indicative of dishonest behavior, ineffective supervision of the OHA Accounting Department, financial mismanagement, cavalier attitudes on the part of the Commissioners, and a total disregard for fiscal responsibility.

- Mileage should have never been paid without documentation to justify the actual travel. Odometer readings or a form requiring a signature attesting to the fact that travel was conducted suffices for proper documentation. The OHA Commissioners decided to eliminate the requirement for a mileage form in February 2007. This action is indicative of the cavalier attitudes on the part of the Commissioners, ineffective supervision of the OHA Accounting Department, financial mismanagement, and a total disregard for fiscal responsibility.

The excessive amounts charged to credit cards are included in the amounts contained in a section entitled Individual Commissioner Balances.

Finding No. 10 – Food Issues

- \$22,744.00 in food purchases
 - \$19,324.00 in cash or check
 - \$ 3,420.00 in credit card purchases

Explanation:

- Food Purchases – these amounts seem excessive and also include meals charged to credit cards and hotel bills. Some food was purchased from Petty Cash and also checks were written for food purchases.

Conclusions:

- Food Purchases are excessive and not contained in any budget developed by the OHA. This activity is indicative of the cavalier attitudes of the Commissioners, ineffective supervision of the OHA Accounting Department, financial mismanagement, potential program mismanagement and a total disregard for fiscal responsibility.

Individual food charges are included in the amounts contained in a section entitled Individual Commissioner Balances.

Finding No. 11 – General Procurement

- No defined process located
 - Management response indicated that there were procurement processes in place, but no evidence was provided to justify the statement which had no merit or substance – mere words, which set the tone for lack of understanding and unwillingness to change.

Explanation:

- General Procurement – the OHA did not have a formal procurement process developed to purchase goods and services from “local funds.”

Conclusions:

- General Procurement processes must be developed in order to dissuade dishonest behavior on the part of vendors and ensure proper handling on the part of management. Merely mentioning that a process is in place, does not make it so. This lack of process activity is indicative of the cavalier attitudes on the part of the Commissioners, ineffective supervision of the OHA Accounting Department, financial mismanagement, potential program mismanagement, and a total disregard for fiscal responsibility.

Finding No. 12 – Special Event Issues

- Costs
 - \$ 95,744 for 18 special events
 - \$ 33,487 in gifts to Commissioners, employees and unidentified participants
 - \$ 16,541 in transactions for Indian Summer Festival
 - \$ 16,280 Site related costs – space rental for trainings/meetings/etc.
 - \$ 15,340 Entertainment costs
 - \$ 7,500 Carnival Ride sponsorship at non-Tribal event

Explanation:

- Costs – these amounts appear excessive and not continuously targeted toward housing clientele.

Conclusions:

- Costs associated with special events seem to be for the benefit of the OHA Commissioners, staff, and some unidentified participants, but not consistently for the OHA clientele. This activity is indicative of the cavalier attitudes on the part of the Commissioners, ineffective supervision of the OHA Accounting Department, financial mismanagement, potential program mismanagement, and a total disregard for fiscal responsibility.

Finding No. 13 – Expenses, Advances and Repayment Issues

- Costs
 - Excess Travel Expense \$ 65,716.37
 - Unsupported Business Expense \$ 37,406.00
 - Total \$103,122.37
- Policy
 - Travel Policy of 6/15/06 from OHA Board of Commissioners “OHA owned credit cards shall be used for business purposes only and not for personal use.”
 - 5 cardholders were making personal charges in November 2006 thru March 2007
- Interest-free Loans
 - One OHA Commissioner received an OHA MEPA home improvement loan and used \$1,800 of the \$2,500 to pay off the outstanding balance of personal expenses at OHA.

Explanation:

- Costs – these amounts were noted in the body of the report compiled by the Oneida Internal Audit Department. These figures are preliminary of final adjustments made by the Controller's Office.
- Policy – designed by the Commissioners, yet not followed by them.
- Interest-free Loans – proceeds from a specific funding source were used to pay down an unrelated debt within the OHA.

Conclusions:

- Costs noted by the Oneida Internal Audit Department are both excessive and non-supported. This activity is indicative of potential dishonest behavior, ineffective supervision of the OHA Accounting Department, financial mismanagement, potential program mismanagement, and a total disregard for fiscal responsibility.

- Policy was designed by the Board of Commissioners on June 15, 2006 which prohibits personal use of credit cards from OHA. Numerous personal purchases were made by Commissioners on these credit cards, well after June 15, 2006. This activity is indicative of the cavalier attitudes on the part of the Commissioners, financial mismanagement, and a total disregard for fiscal responsibility.
- Interest-free Loans obtained by a Commissioner for a stated purpose and then utilized for a totally different purpose is unethical and may become problematic for future potential borrowers from OHA funds. The fact that a Commissioner received a loan from the OHA which was approved by other Commissioners is ethically questionable. This activity is also indicative of financial mismanagement and program mismanagement.

Finding No. 14 – Income Eligibility for Clients and Applicants

- Recurring per capita payments are not included as income for eligibility
- One-time per capita payments have been excluded from income eligibility by the Oneida Business Committee

Explanation:

- Recurring Per Capita Payments – these payments are considered as other income and must be considered for eligibility purposes for OHA clientele and applicants.

Conclusions:

- Per Capita Payments were not part of the income eligibility criteria considered for OHA applicants and present clientele. This activity is indicative of the cavalier attitudes on the part of the Commissioners, financial mismanagement, program mismanagement, and a total disregard for fiscal responsibility.

Finding No. 15 – Former Commissioners and Employees as Tenants

- Discovered that two former Commissioners were renters in OHA elderly housing prior to their appointment to the OHA Board and did not use their positions for influential purposes.
- Discovered that some former Commissioners owned OHA homes prior to their appointment to the OHA Board and did not use their positions for influential purposes.

Explanation:

- Commissioners who are home owners and renters held this status prior to their appointment to the OHA Board of Commissioners.

Conclusions:

- The former Commissioners did not use their position for personal gain in obtaining housing, rental or purchase.

Finding No. 16 – Educational Benefits Issues

- Tuition Payments
 - Commissioner was paid \$990.00 in October 2006 for a math class at Concordia University toward a Bachelors of Arts degree.

- Commissioner was paid \$179.00 for an LSAT test in January 2007 – the test lists for \$123.00.
- Commissioner was paid \$409.60 for a Business Law class at Northeast Wisconsin Technical College in July 2006.
- No record of grades or other documentation on file.
- These people are not employees of OHA and should not have received this benefit through OHA.

Explanation:

- Tuition Payments – three (3) Commissioners received financial assistance for education purposes from the OHA. There is no documentation to indicate that attendance at these courses actually occurred.

Conclusions:

- Tuition Payments are allowed for employees of the OHA. Commissioners are not employees of the OHA. Some of the Commissioners are employees of the Tribe, but in other departments. They have access to financial assistance for education through other sources. The OHA is not responsible for paying education benefits for non-employees. This unethical activity is indicative of the cavalier attitudes on the part of the Commissioners, financial mismanagement, and a total disregard for fiscal responsibility.

Finding No. 16 – Time Abuse Issues

- Several Commissioners were also Tribal employees and, as a result, received stipends for meetings/trainings as well as pay from their regular employment.
 - One Commissioner owes the Tribe 168 hours
 - One Commissioner owes the Tribe 88.5 hours
 - One Commissioner owes the Tribe 8 hours
 - One Commissioner owes the Tribe 112 hours
 - One Commissioner owes the Tribe 41.5 hours

Explanation:

- Time Abuse – some of the Commissioners are also Tribal employees, working in various departments and entities. Time spent on OHA business was to be other than scheduled work time (as an employee). Employees are not allowed to receive regular wages and meeting stipends simultaneously. OHA Commission work during regular scheduled work time would have required a request for vacation or personal time off.

Conclusions:

- Time Abuse is problematic when Tribal employees are allowed to hold offices such as Commissioners or Committee members due to the fact that there can exist times at which Commission or Committee meetings are necessary at other than times beyond the employee's regular work schedule. However, these instances should be rare and the fact that the OHA Commissioners developed their own meeting schedule, they also took advantage of this authority and often scheduled meetings during normal work hours. This activity resulted in applicable Commissioners receiving meeting stipends and work pay simultaneously. This unethical activity is indicative of the cavalier attitudes on the part of the Commissioners, financial mismanagement, and a total disregard for fiscal responsibility. These hour discrepancies are being addressed by the Managers of the departments in which these applicable employees work.

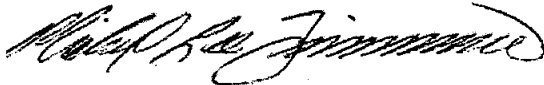
8. CLOSING STATEMENT

An additional responsibility arising from this process involves the Oneida Business Committee communicating these issues to the General Tribal Membership. It is the intent of the Oneida Business Committee to communicate the issues and allow the membership the opportunity to draw from this information any conclusion they may reach as individuals or as a whole.

Unfortunately, due to the severe lack of documentary evidence, the potential for criminal prosecution has been greatly compromised. Due to the sensitivity of this issue and in keeping with protecting the individual civil rights of those involved, details of individual involvement with regard to potential criminal activity are not being released, but have been reported separately to the Oneida Audit Committee.

It is extremely important to point out that the Oneida Business Committee is intent upon demanding and obtaining repayment of outstanding Accounts Receivable amounts from all previous Commissioners to the Oneida Housing Authority.

RSM McGladrey, Inc.

A handwritten signature in black ink, appearing to read "Michael Lee Zimmerman".

Michael Lee Zimmerman, Manager

APPENDIX A
CURRICULUM VITAE OF MICHAEL L. ZIMMERMAN

Mike Zimmerman, Sr., CFE, MCJ, MBA, CICA
Manager, Forensic Accounting and Investigative Services
612.376.9202
mike.zimmerman@rsmi.com

Summary of Experience

Mike Zimmerman is a consulting services manager with the casino gaming group of RSM McGladrey. In this role, Mike works closely with Native American Tribes in both the governmental and gaming environments to assist in the development of internal controls and other measures necessary to achieve the goals of the tribes and RSM McGladrey. Mike is also a manager for the forensic accounting and investigative services team of RSM McGladrey. In this role, he manages, investigates, and supervises staff on projects for clients throughout the country. He has extensive background in loss prevention/security in the retail, corporate, and government/military environments.

Prior to joining RSM McGladrey in 2005, Mike was a field auditor with the National Indian Gaming Commission in St. Paul, Minnesota, tribal manager for the Grand Traverse Band of Ottawa and Chippewa Indians, tribal operations officer for the Pokagon Band of Potawatomi Indians, Acting Chairman for the Pokagon Band of Potawatomi Indians, and the vendor licensing manager for the Saginaw Chippewa Indian Tribe's Gaming Commission for the Soaring Eagle Casino & Resort.

Business and Professional Affiliations

Mike has been a member of the Association of Certified Fraud Examiners (ACFE) since 1997 and was the first Native American to obtain the Certified Fraud Examiner (CFE) designation. He also co-founded a chapter of the CFE in Northern Indiana and recertified in July 2006.

Mike obtained the designation of Certified Internal Controls Auditor (CICA) from The Institute for Internal Controls (IIC) in December 2006.

He is a contributing author to The Ultimate Security Survey (1st ED), 1994, by James Schaub and Ken Biery, Jr., published by Butterworth-Heinemann. In addition, contributing author to The Ultimate Computer Security Survey (1st ED), 1995, by Schaub and Biery, published by Butterworth-Heinemann and The Ultimate Financial Security Survey (1st ED), 1995, by Schaub and Biery, published by Butterworth-Heinemann. He is also a coauthor of A Basic Technology Guide for Computer Incident Investigations – an Investigative Reference for: Email Harassment, Online Personal Information Theft, Fraudulent Online Businesses, and Tracking Online Child Predators, 2005, published by CafePress.com.

Community Involvement

For the past 10+ years, Mike has volunteered for the Niles Haunted House Scream Park to benefit underserved charities and community programs.

Education

Mike has a bachelors of science degree in business administration with distinction, a master of science degree in criminal justice administration with highest distinction, and a masters in business administration with distinction from Ferris State University.



Oneidas 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

BUSINESS COMMITTEE



P.O. Box 365 • Oneida, WI 54155
Telephone: 920-869-4364 • Fax: 920-869-4040



UGWA DEMOLUM 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.

June 3, 2008

COPY

U.S. Attorney General
205 Doty Street, 3rd Floor
Green Bay, Wisconsin 54301

RE: Complaint - Misuse of Federal/Tribal Funds by Public Officials

Dear Sir:

The Oneida Business Committee is filing this complaint regarding misuse of federal and tribal funds by public officials of the Oneida Housing Authority. We have attached a copy of a report from an external auditing firm, RSM McGladrey, regarding these activities.

In late 2006 we were notified of problems occurring with the Oneida Housing Authority regarding allegations of misuse of housing funds for personal benefit. We received a copy of the Single Audit Act report of the housing authority by Hawkins, Ash & Baptie, external auditors, which identified concerns with the management activities of the Board of Commissioners. This was followed by correspondence from Kevin Fitzgibbins, Director of Department of Housing and Urban Development, Eastern Woodlands-ONAP. As a result of this series of information, we began conducting a series of audits in 2007 regarding the housing authority's Board of Commissioners and the accounting at the housing authority itself.

The findings from these audits resulted in our dissolving the Oneida Housing Authority Board of Commissioners. We took action in July of 2007 to amend the Housing Ordinance on an emergency basis to repeal the creation of the Board of Commissioners and the responsibility for oversight of the program was transferred to the Oneida Tribe's General Manager.

The Audit Committee has completed its review of the audited activities and the corrective actions that have occurred at the housing authority. As a result of a report submitted by the Audit Committee to the Oneida Business Committee, we believe that federal and Tribal funds may have been misused for personal gain by the officers of the Board of Commissioners.

The attached report provides summary information and conclusion of our auditor. In accordance with Resolution # BC-1-29-93-A, we are filing this complaint with your offices for review and action.

We are unable to conclude our internal governmental actions until such time as your offices have acted upon our complaint. We would request that you contact us as soon as possible regarding this matter if you have further questions or have made a determination regarding the complaint.

Sincerely,

A handwritten signature in black ink, appearing to read "Gerald L. Danforth", written over the printed name.

Gerald L. Danforth, Chairman
Oneida Tribe of Indians of Wisconsin

Enc.



U.S. Department of Justice

United States Attorney
Eastern District of WI--Green Bay Division

205 Doty Street
Green Bay, WI 54301

920-884-1066
fax: 920-884-2997

WILLIAM J. ROACH, Assistant U.S. Atty.
Direct line (920) 884-1067

September 4, 2008

Ms. Jo Anne House
Chief Counsel
Oneida Law Office
N7210 Seminary Road
P.O. Box 109
Oneida, WI 54155

RECEIVED

SEP 08 2008

ONEIDA LAW OFFICE

Dear Ms. House:

Thank you for meeting with Federal Bureau of Investigation Special Agent Robert Molina and I regarding the complaint sent to my office by the Oneida Tribe of Indians of Wisconsin concerning the misuse of Federal/Tribal Funds by the now dissolved Oneida Housing Authority Board of Commissioners (hereinafter "Commissioners"). The essence of the complaint is that Commissioners used, without authorization, Tribal credit cards to obtain personal cash advances and other goods or services. Federal funds were then used to pay these personal credit card transactions.

As I stated at our meeting, I have thoroughly reviewed the materials forwarded to our office, in particular, the independent audit conducted by RSM McGladrey detailing the specific cash advances and purchases made by some Commissioners. And, prior to our meeting today, I have met with SA Molina to discuss with him the information he gathered through his investigation of this matter.

In the end, I conclude that the government can not prove a theft or embezzlement charge beyond a reasonable doubt, the required burden of proof in criminal cases. As I understand, despite federal funds being initially used to pay the unauthorized personal expenditures of Commissioners, the Commissioners were recording these personal advances via an Accounts Receivable tracking sheet. They were not hiding or concealing these transactions in a way that would suggest a fraudulent scheme was at hand. And the Commissioners were making payments on those receivable amounts making it extremely difficult to prove an intent on their part to permanently deprive the Tribe and federal government of such funds. The Commissioners actions sure seem reprehensible and a blatant violation of the procedures in place for proper use of Tribally issued credit cards. But their actions do not arise to the level of violating federal criminal law.

Please call should you have any further questions about this matter.

Sincerely,

William J. Roach
Assistant United States Attorney