

SINTE GLESKA UNIVERSITY
AUDITED FINANCIAL STATEMENTS
For the year ended September 30, 2022

Sinte Gleska University

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITOR'S REPORT

To The Board of Regents, President, and Chief Financial Officer
Sinte Gleska University
Mission, SD

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sinte Gleska University ("University") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the University, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted Management's Discussion & Analysis and Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2023, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Midwest Professionals, PLLC

Gaylord, MI
August 18, 2023

BASIC FINANCIAL STATEMENTS

UNIVERSITY-WIDE FINANCIAL STATEMENTS

Sinte Gleska University
University-Wide Statement of Net Position
As of September 30, 2022

Assets	Governmental Activities	Business Type Activities	Total Primary Government
Current Assets			
Cash and Cash Equivalents (Note 2)	\$ 19,022,334	\$ -	\$ 19,022,334
Investments - Certificates of Deposit (Note 3)	22,712	-	22,712
Account Receivable, net (Note 4)	179,841	-	179,841
Grants Receivable (Note 5)	713,565	-	713,565
Internal Balances (Note 9)	53,275	(53,275)	-
Inventories	14,295	53,275	67,570
Prepaid Expenses	110,118	-	110,118
Total Current Assets	20,116,140	-	20,116,140
Non-Current Assets			
Right to Use Lease Assets, Net (Note 16)	122,964	-	122,964
Net Plant & Equipment (Note 6)	15,369,992	-	15,369,992
Total Assets	\$ 35,609,096	\$ -	\$ 35,609,096
Liabilities			
Current Liabilities			
Accounts Payable & Other Liabilities	\$ 868,326	\$ -	\$ 868,326
Credit Card Payable	10,895	-	10,895
Unearned Revenue (Note 7)	13,373,716	-	13,373,716
Lease Liability (Note 16)	29,467	-	29,467
Compensated Absences (Note 8)	42,160	-	42,160
Total Current Liabilities	14,324,564	-	14,324,564
Long Term Liabilities			
Lease Liability (Note 16)	95,945	-	95,945
Compensated Absences (Note 8)	206,007	-	206,007
Total Long Term Liabilities	301,952	-	301,952
Total Liabilities	14,626,516	-	14,626,516
Net Position			
Net Investment in Capital Assets	15,369,992	-	15,369,992
Unrestricted	5,612,588	-	5,612,588
Total Net Position	\$ 20,982,580	\$ -	\$ 20,982,580

The accompanying notes are an integral part of these financial statements.

Sinte Gleska University
University-Wide Statement of Activities
For the Year Ended September 30, 2022

	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Program Specific	Program Specific	Governmental Activities	Business Type Activities	Total Primary Government
			Operating Grants & Contributions	Capital Grants & Contributions			
Governmental Activities:							
Academic Support	\$ 260,948	\$ -	\$ 304,718	\$ -	\$ 43,770	\$ -	\$ 43,770
Institutional Support	6,855,555	1,963,427	5,666,252	-	774,124	-	774,124
Instruction	2,518,228	164,066	2,940,619	-	586,457	-	586,457
Library Services	368,108	-	429,852	-	61,744	-	61,744
Facilities Management	2,118,236	164,287	1,293,030	-	(660,919)	-	(660,919)
Public Service	1,155,340	272,792	1,294,802	-	412,254	-	412,254
Student Services	8,281,434	264,617	9,670,506	-	1,653,689	-	1,653,689
Total Governmental Activities	21,564,228	2,829,190	21,599,778	-	2,864,740	-	2,864,740
Business-Type Activities:							
Book Store	490,376	215,437	-	-	-	(274,939)	(274,939)
Total Business-Type Activities	490,376	215,437	-	-	-	(274,939)	(274,939)
Total Primary Government	\$ 22,054,604	\$ 3,044,627	\$ 21,599,778	\$ -	2,864,740	(274,939)	2,589,801
General Revenues:							
General Revenues							
Interest Income					180	-	180
Donations					100,901	-	100,901
Total General Revenues and Special Items					101,081	-	101,081
Transfers In / (Out)					(597,945)	597,945	-
Change in Net Position					2,367,876	323,006	2,690,882
Net Position, Beginning					18,614,704	-	18,614,704
Prior Period Adjustment (Note 17)					-	(323,006)	(323,006)
Net Position, Ending					\$ 20,982,580	\$ -	\$ 20,982,580

The accompanying notes are an integral part of these financial statements.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Sinte Gleska University
Balance Sheet - Governmental Funds
As of September 30, 2022

	General Fund	U.S. Dept. of Education	U.S. Dept. of Interior	U.S. Dept. of Health & Human Services	Other Funds	Total
Assets						
Current Assets						
Cash and Cash Equivalents	\$ 5,267,375	\$ 129,027	\$ 12,429,078	\$ 33,762	\$ 781,849	\$ 18,641,091
Investments	22,712	-	-	-	-	22,712
Accounts Receivable, net	179,841	-	-	-	-	179,841
Grants Receivable	-	317,466	-	2,288	393,811	713,565
Inventory	14,295	-	-	-	-	14,295
Prepaid Expenditures	110,118	-	-	-	-	110,118
Due from Other Funds (Note 9)	53,275	-	-	-	-	53,275
Total Assets	\$ 5,647,616	\$ 446,493	\$ 12,429,078	\$ 36,050	\$ 1,175,660	\$ 19,734,897
Liabilities and Fund Balance						
Current Liabilities						
Accounts Payable & Accrued Expenditures	\$ 154,761	\$ 317,466	\$ -	\$ 2,288	\$ 393,811	\$ 868,326
Credit Card Payable	10,895	-	-	-	-	10,895
Unearned Grant Revenue	-	129,027	12,429,078	33,762	781,849	13,373,716
Total Current Liabilities	165,656	446,493	12,429,078	36,050	1,175,660	14,252,937
Fund Balance						
Nonspendable	124,413	-	-	-	-	124,413
Unassigned	5,357,547	-	-	-	-	5,357,547
Total	5,481,960	-	-	-	-	5,481,960
Total Liabilities and Fund Balance	\$ 5,647,616	\$ 446,493	\$ 12,429,078	\$ 36,050	\$ 1,175,660	
Internal Service Funds-net position						381,243
Right to use lease assets and related lease liabilities are not included in the governmental fund financial statements as assets and liabilities due to their non-current nature.						(2,448)
Amounts reported for governmental activities in the statement of net position are different because capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.						15,369,992
Some liabilities, including long-term debt and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.						(248,167)
Net Position of University-Wide Activities						\$ 20,982,580

The accompanying notes are an integral part of these financial statements.

Sinte Gleska University
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2022

	General Fund	U.S. Dept. of Education	U.S. Dept. of Interior	U.S. Dept. of Health & Human Services	Other Funds	Total
Revenues						
Federal Grants & Contracts	\$ -	\$ 9,931,758	\$ 9,601,072	\$ 870,304	\$ 803,686	\$ 21,206,820
Other Grants & Contracts	-	-	-	-	392,958	392,958
Tuition	2,147,607	-	-	-	-	2,147,607
Program Services	348,018	-	-	-	-	348,018
Interest	180	-	-	-	-	180
In-Kind Match	-	-	-	574,913	-	574,913
Bison Sales	1,087	-	-	-	-	1,087
Greenhouse Sales	3,309	-	-	-	-	3,309
Donations	100,901	-	-	-	-	100,901
Miscellaneous	329,169	-	-	-	-	329,169
Total	2,930,271	9,931,758	9,601,072	1,445,217	1,196,644	25,104,962
Expenditures						
Current						
Academic Support	-	149,645	111,303	-	-	260,948
Institutional Support	640,105	2,830,176	952,255	-	429,815	4,852,351
Instruction	53,488	905,192	1,341,206	-	218,342	2,518,228
Library Services	-	-	316,324	-	51,784	368,108
Facilities Management	53,560	2,256	860,223	-	191,260	1,107,299
Public Service	88,934	264,535	-	669,360	85,988	1,108,817
Student Services	86,269	4,645,524	3,490,304	-	59,337	8,281,434
In-Kind Match	-	-	-	574,913	-	574,913
Indirect Costs	-	670,655	1,414,032	200,944	57,497	2,343,128
Lease Service-Principal (Note 16)	28,293	-	-	-	-	28,293
Lease Service-Interest (Note 16)	6,379	-	-	-	-	6,379
Right to Use Lease Outlay (Note 16)	153,705	-	-	-	-	153,705
Capital Outlay (Note 6)	77,432	463,775	1,115,425	-	102,621	1,759,253
Total	1,188,165	9,931,758	9,601,072	1,445,217	1,196,644	23,362,856
Revenue Over (Under) Expenditures	1,742,106	-	-	-	-	1,742,106
Other Financing Sources (Uses)						
Right to Use Lease Revenue (Note 16)	153,705	-	-	-	-	153,705
Transfers In (Out) (see Note 8)	(597,945)	-	-	-	-	(597,945)
Total Other Financing Sources (Uses)	(444,240)	-	-	-	-	(444,240)
Net Change in Fund Balance	1,297,866	-	-	-	-	1,297,866
Fund Balance, Beginning of Year	4,184,094	-	-	-	-	4,184,094
Fund Balance, End of Year	\$ 5,481,960	\$ -	\$ -	\$ -	\$ -	\$ 5,481,960

The accompanying notes are an integral part of these financial statements.

Sinte Gleska University

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the University-Wide Statement of Activities for the Year Ended September 30, 2022

Net Changes in Fund Balances - All Governmental Funds		\$	1,297,866
Right to use lease asset amortization is not an expenditure in the governmental funds.			(30,741)
Lease debt principal payments are expenditures in the governmental funds.			28,293
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of changes in compensated absence liability.			(46,523)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. In the current period these amounts are:			
	Capital Outlay	1,759,253	
	Depreciation/Amortization Expense	<u>(980,196)</u>	779,057
Internal Service Fund revenues and expenditures are combined into the governmental activities on the statement of activities:			339,924
Change in Net Position, University-Wide Statement of Activities		<u>\$</u>	<u>2,367,876</u>

The accompanying notes are an integral part of these financial statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

Sinte Gleska University
Statement of Net Position
Proprietary Funds
As of September 30, 2022

	Business-Type	Governmental-Type
	Enterprise Fund	Internal Service Fund
	Book Store	IDC Pool
Assets		
Current Assets		
Cash and Cash Equivalents	\$ -	\$ 381,243
Inventory	53,275	-
Total Current Assets	<u>53,275</u>	<u>381,243</u>
Total Assets	<u>\$ 53,275</u>	<u>\$ 381,243</u>
Liabilities and Net Position		
Current Liabilities		
Accounts Payable	\$ -	\$ -
Due to Other Funds (Note 9)	53,275	-
Total Current Liabilities	<u>53,275</u>	<u>-</u>
Total Liabilities	<u>53,275</u>	<u>-</u>
Net Position		
Unrestricted	-	381,243
Total	<u>-</u>	<u>381,243</u>
Total Liabilities and Net Position	<u>\$ 53,275</u>	<u>\$ 381,243</u>

The accompanying notes are an integral part of these financial statements.

Sinte Gleska University
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2022

	<u>Business-Type</u>	<u>Governmental-Type</u>
	Enterprise	Internal Service
	Fund	Fund
	Book Store	IDC Pool
Operating Revenue		
Sales	\$ 215,437	\$ -
Indirect Cost Recoveries	-	2,343,127
Total Operating Revenue	<u>215,437</u>	<u>2,343,127</u>
Operating Expenses		
Book Store Sales & Operations	490,376	-
Administration Pool Costs	-	2,003,203
Total Operating Expenses	<u>490,376</u>	<u>2,003,203</u>
Operating Income / (Loss)	(274,939)	339,924
Other Financing Sources (Uses)		
Transfers In (Out) (Note 9)	597,945	-
Total Other Financing Sources (Uses)	<u>597,945</u>	<u>-</u>
Net Profit (Loss)	323,006	339,924
Net Position, Beginning of Year	-	41,319
Prior Period Adjustment (Note 17)	(323,006)	-
Net Position, Ending of Year	<u>\$ -</u>	<u>\$ 381,243</u>

The accompanying notes are an integral part of these financial statements.

Sinte Gleska University
Statement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2022

	<u>Business-Type</u> <u>Enterprise</u> <u>Fund</u> <u>Book Store</u>	<u>Governmental-Type</u> <u>Internal Service</u> <u>Fund</u> <u>IDC Pool</u>
Cash Flows From Operating Activities		
Receipts From Interfund Services Provided	\$ -	\$ 2,343,127
Receipts From Customers	215,437	-
Payments for Payroll (Wages, Fringe & Taxes)	(58,583)	(592,948)
Payments to Suppliers of Goods & Services	(431,793)	(1,410,255)
Net Cash Provided by Operating Activities	<u>(274,939)</u>	<u>339,924</u>
Cash Flows From Noncapital Financing Activities		
Transfers In/(out)	597,945	-
Advances (to)/from other funds	(323,006)	-
Net Cash Provided by (Used) Noncapital Financing Activities	<u>274,939</u>	<u>-</u>
Net Increase(Decrease) in Cash and Cash Equivalents	-	339,924
Cash and Cash Equivalents, Beginning of Year	-	41,319
Cash and Cash Equivalents, End of Year	<u>\$ -</u>	<u>\$ 381,243</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Revenues Over (Under) Expenses	\$ (274,939)	\$ 339,924
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Change in Assets and Liabilities		
Inventory (Prior Period Adjustment - Note 17)	-	-
Total Adjustments	-	-
Net Cash Provided by Operating Activities	<u>\$ (274,939)</u>	<u>\$ 339,924</u>

The accompanying notes are an integral part of these financial statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

Sinte Gleska University
Statement of Fiduciary Net Position
As of September 30, 2022

	Scholarship Endowments Investment Trust Fund
Assets	
Current Assets	
Cash and Cash Equivalents (Note 2)	\$ 373,620
Investments (Note 3)	<u>2,563,070</u>
Total Assets	<u>\$ 2,936,690</u>
Liabilities	
Other	<u>\$ -</u>
Total Liabilities	<u>-</u>
Net Position	
Held in Trust for Scholarships & Endowments	<u>\$ 2,936,690</u>

The accompanying notes are an integral part of these financial statements.

Sinte Gleska University
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2022

	Scholarship Endowments Investment Trust Fund
Additions	
Contributions	\$ 17,870
Investment Income	<u>44,537</u>
Total Additions	<u>62,407</u>
Deductions	
Distributions	15,000
Investment Management Fees	<u>7,318</u>
Total Deductions	<u>22,318</u>
Other Sources (Uses)	
Losses on Investments	<u>(234,608)</u>
Total Other Sources (Uses)	<u>(234,608)</u>
Change in Net Position Held for Scholarships & Endowments	(194,519)
Net Position, Beginning of Year	<u>3,131,209</u>
Net Position, End of Year	<u><u>\$ 2,936,690</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Sinte Gleska University
Notes to the Financial Statements
For the Year Ended September 30, 2022

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

Sinte Gleska University is located in Mission, South Dakota. The University is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the University is not required to pay income taxes. Contributions to the University qualify for the charitable contributions deduction to the extent provided by Section 170 of the Internal Revenue Code.

The University was formed for the following purposes:

- i) To create and establish within the framework of the Rosebud Sioux Tribal Government, an institution for post-secondary and higher education.
- ii) To operate exclusively for non-profit purposes and that no part of the income or assets of the organization shall be distributed to or for the benefit of any individual; and
- iii) The organization shall be for educational, cultural, and humanitarian purposes only.

Reporting Entity

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the University to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the University. There are no agencies or entities which should be presented with the University.

Accounting Policies

The University's accounting policies conform to accounting principles generally accepted in the United States of America applicable to governmental units. The financial statements of the University have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB statements and interpretations constitute GAAP for governments, including University. The following is a summary of significant accounting policies.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the accounting standard, GASB Statement No. 34, Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments. GASB 34 includes requirements for University-wide financial statements, management's discussion and analysis (required supplementary information), and reporting of infrastructure such as roads, bridges and water systems. The basic financial statements of the University include the University-wide and the fund financial statements.

Sinte Gleska University
Notes to the Financial Statements
For the Year Ended September 30, 2022

Note 1 - Organization and Summary of Significant Accounting Policies – Continued

In the GASB 34 reporting model, the focus is on the University as a whole in the University-wide financial statements, while reporting additional and detailed information about the University's major governmental and business-type activities in the fund financial statements.

University-Wide Statements – The statement of net position and the statement of activities present information about the University as a whole. These statements include the financial activities of the overall University, except fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through intergovernmental (Federal) grant and contract revenues and other nonexchange transactions. The statement of activities presents a comparison between direct expenses and program revenues for each function of the University's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenditures are allocated to the Institutional Support function on the Statement of Activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements – The fund financial statements provide information about the University's funds, including its fiduciary funds. Separate statements for each fund category, governmental, proprietary, and fiduciary, are displayed. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The University maintains the following major governmental funds:

- *General Fund* – The General Fund is the University's general operating fund. It is used to account for financial resources not accounted for in other funds. These financial resources tend to be discretionary in nature.
- *Special Revenue Funds* – Special revenue funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Federal grants, received by the University, are accounted for using separate special revenue funds. The following special revenue funds were identified as major governmental funds.

United States Department of Education – This fund accounts for grant resources provided by the United States Department of Education. The dollars are used to support the education costs of the University's operations. This fund also accounts for Student Federal Financial Assistance dollars provided to students.

United States Department of Interior – This fund accounts for grant resources provided by the United States Department of Interior. The dollars are used to support the education costs of the University's operations.

Sinte Gleska University
Notes to the Financial Statements
For the Year Ended September 30, 2022

Note 1 - Organization and Summary of Significant Accounting Policies – Continued

United States Department of Health & Human Services – This fund accounts for grant resources provided by the United States Department of Health & Human Services. The dollars are used to support the health program costs of the University.

- Proprietary Funds – proprietary funds are used to account for activities that receive significant support from fees and charges. There are two types of proprietary funds: enterprise funds (fees and charges are to 3rd parties) and internal service funds (intracompany fees and charges to departments within the University).

Enterprise Funds - Enterprise funds account for business operations of the University. Each enterprise fund charges a fee for goods or services provided to users on a for-profit basis. This fund is comprised of the University's Book Store.

Internal Service Funds – These funds account for the financing of goods or services provided by one department to other departments throughout the University, or to other governmental units, on a cost-reimbursement basis. This fund is comprised of the University's general administrative cost pool (Indirect Cost Pool).

Fiduciary Funds – Fiduciary funds are used to account for assets held by the University in a trustee capacity or as an agent for other funds and/or other governments and individuals. This includes the University's Scholarship Endowments Investment Trust Fund.

Measurement Focus – Basis of Accounting

University-wide, Proprietary, and Fiduciary Fund Financial Statements - These financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place.

Proprietary fund operating revenues result from providing services and producing and delivering goods or services in connection with a proprietary fund's principal ongoing operations. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Operating expenses of proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements – Governmental funds are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A 60- day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on

Sinte Gleska University
Notes to the Financial Statements
For the Year Ended September 30, 2022

Note 1 - Organization and Summary of Significant Accounting Policies – Continued

general long-term debt are recorded as fund liabilities when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the University can fund certain programs using a combination of restricted grant dollars and un-restricted (discretionary) general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the University's policy to first apply cost-reimbursement grant resources to such programs and then general revenues (the order in which amounts are considered to have been spent are restricted, committed, assigned and then unassigned).

Use of Estimates

Basic financial statement preparation in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budgetary Data

Budgets are adopted using the modified accrual basis of accounting, which is consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, and proprietary funds.

Budgetary accounting is used to control expenditures and monitor revenues. Budgetary accounts are established in fund general ledgers as a useful procedural adaptation of the accounting system. Estimated revenues and expenditures adopted in the budget are recorded in those accounts. Information is thus available that allows management to continuously monitor compliance with budgets.

Cash & Cash Equivalents

The University considers all investments with maturity of three months or less to be cash equivalents. The University maintains five accounts at Wells Fargo Bank. One operating checking account, one payroll account, and three other checking accounts that are not used in the day-to-day operations at the University. The majority of transactions occur in the operating and payroll bank accounts. Expenditures are allocated among the grants, contracts, and University activities with a corresponding entry to the "cash position," of the respective ledger. Cash positions are reconciled to actual bank balances and included as part of cash and cash equivalents.

The University also maintains seven investment accounts at Charles Schwab. Charles Schwab cash sweep account balances at September 30, 2022 totaled \$94,462 in the Scholarship Endowments Investment Trust Fund. Charles Schwab money market account balances at September 30, 2022 totaled \$84,467 in the Scholarship Endowments Investment Trust Fund. The cash sweep and money market accounts are considered cash and cash equivalents for reporting purposes.

Sinte Gleska University
Notes to the Financial Statements
For the Year Ended September 30, 2022

Note 1 - Organization and Summary of Significant Accounting Policies – Continued

Investments

Investments are recorded at fair value. Federal grant and contract provisions authorize the University to invest in obligations of the United States or in obligations or securities that are guaranteed or insured by the United States, or mutual (or other) funds registered with the Securities and Exchange Commission and which only invest in obligations of the United States or securities that are guaranteed or insured by the United States. As of September 30, 2022, the majority of the University's investments were invested endowment funds for student scholarships and amounted to \$2,563,070. The remainder of the University's investments were maintained in the General Fund and amounted to \$22,712. See Note 3 to the financial statements for more details on investments. The University has not formally adopted investment policies that limit the University's allowable investments and address the specific types of risk to which the University is exposed.

Grant Receivables

Grant revenue is recognized when appropriate expenditures are incurred on federal grant programs. Where the funding has yet to be received by the University, a grant receivable is recorded to offset incurred grant expenditures. Grant receivable balances at fiscal year-end represent an excess of expenditures over cash received to date.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is used when management has reason to believe that a portion of receivables will be uncollectible. Management has chosen to utilize doubtful accounts for accounts receivable, loan receivables, and payroll advance balances that are unlikely to be collected.

Interfund Receivable/Payable

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. The University maintains central operating checking and payroll checking accounts. The majority of transactions occur out of these accounts. Expenditures are allocated among the programs with a corresponding entry to the "cash position" of the respective ledger. These cash positions are classified as "due from other funds" or "due to other funds" on the balance sheet.

Unearned Revenue

Grant monies received in advance of qualifying expenditures being incurred, are recorded on the University's balance sheet as unearned revenue.

Sinte Gleska University
Notes to the Financial Statements
For the Year Ended September 30, 2022

Note 1 - Organization and Summary of Significant Accounting Policies – Continued

Inventories

Inventories within proprietary fund types and on the university-wide financial statements are recorded using the consumption method. Under the consumption method inventories are capitalized and expensed as consumed. Inventories within governmental fund types are recorded using the purchase method. Under the purchase method inventories are expensed in the period purchased and changes in inventory levels are recorded against an equity account called “Inventory Adjustment”. Inventory balances carried by the University at September 30, 2022 consisted of \$53,275 in Bookstore inventory and \$14,295 in property and supply inventory for a total of \$67,570. Inventories are valued at the lower of cost or market and the FIFO (first-in-first-out) method of inventory valuation is used.

Prepaid Expenses

On the governmental financial statements, prepaid expenses are recorded using the allocation method. Under the allocation method prepaid expenses will appear as an asset and as a nonspendable fund balance on balance sheet, and will be expensed when consumed. At September 30, 2022 prepaid expenses totaled \$110,118 and consisted of prepaid property and general liability insurance premiums.

Capital Assets

Property and equipment are recorded at cost or at estimated cost, based on insurance coverage, if historical cost is not known. University policy has set the capitalization threshold for all capital assets at \$5,000. Capital assets acquired by gift or from federal excess property lists are recorded at their fair market value when received. Current funds are used to acquire equipment or other capital assets, and amounts so provided are accounted for as expenditures. As required by GASB 34, major networks of infrastructure assets acquired since 1980 are reported in the University-wide financial statements. The University does not report infrastructure under the modified approach. Infrastructure assets are depreciated over their useful lives.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings & Improvements	40 to 60 years
Infrastructure	25 to 50 years
Equipment	5 to 15 years
Intangible Assets (Software)	10 years

Impairment of Long-Lived Assets

The University reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flow expected to be

Sinte Gleska University
Notes to the Financial Statements
For the Year Ended September 30, 2022

Note 1 - Organization and Summary of Significant Accounting Policies – Continued

generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. There were no impairment losses recognized for the year ended September 30, 2022.

Equity Classification

Fund Financial Statements

Under GASB 54 the following fund balance classifications must be used on the governmental fund financial statements when applicable:

1. Nonspendable – Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
2. Restricted - Consists of net assets with constraints placed on their use by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (b) law through constitutional provisions or enabling legislation.
3. Committed – Used for a specific purpose pursuant to constraints imposed by formal action (resolution) of the government’s highest level of decisionmaking authority (the Board of Directors).
4. Assigned – Amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.
5. Unassigned – The lowest classification for the general fund. This is fund balance that has not been reported in any other classification. The general fund is the only fund that can report a positive balance in this category.

Government – Wide Statements

Equity on the government-wide financial statements is presented in the following categories:

1. Net Investment in Capital Assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position - Consists of net position with constraints placed on their use by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted net position - All other net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Leave Policy and Compensated Absences

Each employee receives four (4) hours of annual leave per pay period. However, employees who have served continuously for seven (7) years will accrue annual leave at the rate of five (5) hours per pay period. Carry over of 40 hours of leave each contract year is allowed. Anyone with more than 40 hours of unused leave who desires to carry over into the next contract year is required to obtain special permission from the President to do so. The President has the final decision. No more than 320 hours of Annual Leave can be carried over. Annual leave is paid to the employee at the current salary level and is paid only upon

Sinte Gleska University
Notes to the Financial Statements
For the Year Ended September 30, 2022

Note 1 - Organization and Summary of Significant Accounting Policies – Continued

termination or resignation. There is no reimbursement for accumulated sick leave. At September 30, 2022, University employees had accrued 8,187 annual leave hours valued at \$248,167. GASB Statement No. 16 requires disclosure in the financial statements because the annual leave earned relates to services already rendered and eventual payment is probable.

Indirect Cost

Indirect costs represent recoverable overhead costs charged to programs by the University's internal service fund (Indirect Cost Pool) in connection with the administering and accounting for its various programs. The amount charged to each program is determined by a rate(s) negotiated between the University and the United States Department of Education. The negotiated indirect cost rate for the fiscal year ended September 30, 2022 was 31%.

Income Taxes

The University is recognized by the Internal Revenue Service as a non-profit organization under section 501(c) (3) of the Internal Revenue Code. It is subject to income tax only on its unrelated business income. For the year ended September 30, 2022, the University did not conduct business activities unrelated to its main purpose. The University is not required to file an annual return with the IRS because it is an arm of a state or local government (tribal organization).

Subsequent Events

Subsequent events have been evaluated through the date of the audit report, the date the financial statements were available to be issued.

Sinte Gleska University
Notes to the Financial Statements
For the Year Ended September 30, 2022

Note 2 – Cash and Cash Equivalents

Custodial Credit Risk- Custodial credit risk on deposits is the risk that in the event of a bank failure, the organization’s deposits might not be returned to it. The Sinte Gleska University has a bank deposit policy to address custodial credit risk stating that all cash must be deposited in federally-insured/collateralized bank accounts until transferred to qualifying investments (Note 3).

As of September 30, 2022, the University’s carrying amount of deposits and cash-on-hand was \$19,022,334 and the bank balance of deposits was \$19,276,491. Of the bank balance, \$250,000 at Wells Fargo was covered by FDIC (Federal Deposit Insurance Corporation), and the remaining uninsured balance of \$19,026,491 was collateralized through the South Dakota State Treasurer’s Pool.

An additional \$373,620 was carried by Fiduciary Funds (Scholarship Endowments Investment Trust Fund) and related bank balances were \$373,620. Of the bank balance, \$84,467 at Charles Schwab was covered by FDIC, \$94,462 was in sweep accounts at Charles Schwab (funds swept into affiliate banks are eligible for FDIC) and the remaining uninsured balance of \$194,691 was collateralized through the South Dakota State Treasurer’s Pool.

The following schedule details the cash and cash equivalents balances included in the audited financial statements of Sinte Gleska University:

	University Activities	Fiduciary Activities	Memorandum Total
Checking Accounts - Wells Fargo	\$ 19,022,334	\$ 205,409	\$ 19,227,743
Money Market Accounts - Charles Schwab	-	84,467	84,467
Cash Sweep Accounts - Charles Schwab	-	94,462	94,462
Total Reported Cash and Cash Equivalents	<u>\$ 19,022,334</u>	<u>\$ 384,338</u>	<u>\$ 19,406,672</u>

Note 3 – Investments

At September 30, 2022 the University carried \$22,712 in unrestricted General Fund investments and the remaining \$2,563,070 was held in trust for student scholarships (Fiduciary Fund) totaling \$2,585,782.

Interest rate risk is the risk that a change in the interest rate of a debt security will adversely affect the fair value of that investment. The price of a debt security typically moves in the opposite direction of the change in the interest rate. The University does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The following table shows the investments by investment type and maturity at September 30, 2022:

	Fair Value	Investment Maturities in Years			
		Less than 1	1 to 5	6 to 10	More than 10
CMO's & Asset Backed Securities	\$ 1,280,266	\$ -	\$ -	\$ -	\$ 1,280,266
<i>Investments Without Stated Maturity Dates</i>					
Government Bonds (Ginnie Mae)	1,222,576				
Mutual Funds: Common Stock	57,352				
Common stock	25,588				
Total Investments	<u>2,585,782</u>				

Sinte Gleska University
Notes to the Financial Statements
For the Year Ended September 30, 2022

Note 3 – Investments-Continued

Ginnie Mae was established as a GSE (government sponsored enterprise) and remains so today as part of the Department of Housing and Urban development, or HUD. Currently, Ginnie Mae is the only home-loan agency explicitly backed by the full faith and credit of the United States government.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University does not have a formal policy that would limit its investment choices. The following represents the ratings of the University’s investments as of September 30, 2022:

	Total Market Value	S&P Credit Rating	
		D	N/R
CMO's & Asset Backed Securities	\$1,280,266	\$ -	\$ 1,280,266
		\$ -	\$ 1,280,266
Investments Without Ratings			
Government Bonds (Ginnie Mae)	1,222,576		
Mutual Funds: Common Stock	57,352		
Common stock	25,588		
Total investments	<u>\$2,585,782</u>		

Concentration of Credit Risk – The University does not currently have a policy that addresses concentration of credit risk. At September 30, 2022 the University did not have investments in any one issuer (excluding U.S. Treasury securities, those insured by the U.S. government, and mutual funds) that represented 5% or more of the total of the University’s investments.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to the transaction, the University will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The University does not have an investment policy that requires all grant funds from federal and state sources be invested in securities that are insured or guaranteed by the U.S. government.

The University’s investments are categorized to give an indication of the level of custodial credit risk assumed by the University at fiscal-year-end. The categories are described as follows:

Category 1 – Insured or registered, or securities held by the University or its agent in the University’s name.

Category 2 – Uninsured and unregistered, with securities held by the counterparty’s trust department or agent in the University’s name.

Category 3 – Uninsured and unregistered, with securities held by the counterparty, or its trust department or agent but not in the University’s name.

All of the University’s investments are held in the University’s name and fall under Category 1.

Sinte Gleska University
Notes to the Financial Statements
For the Year Ended September 30, 2022

Note 4 – Accounts/Notes Receivable

Accounts receivable as of September 30, 2022 consisted of the following:

Tuition and Fees	\$ 5,776,824
Bookstore Accounts Receivable	84,583
Employee Purchases - Bookstore	8,288
Employee Travel Advances	77,016
Employee Salary Advances	23,078
Other	35,718
Allowance for doubtful accounts	<u>(5,825,666)</u>
Total accounts and loans receivable (net)	<u><u>\$ 179,841</u></u>

Note 5 – Grants Receivable

U.S. DEPARTMENT OF EDUCATION

Dept of Ed-VocEd 2018-2020	\$ 2,881
CARES-HEERF Student Aid - P425E205009	3,500
Title III Dept of Ed-Part A	83,425
Dpt of Ed-NACTEP-IOT 2021-2026	25,406
Dpt of Ed-Sicangu Vocational Rehab Prog	49,637
CARES-Transition to Dist Ed- P425F204018	2,475
Title III - Part F Dept of Ed	<u>150,142</u>

TOTAL U.S. DEPARTMENT OF EDUCATION \$ 317,466

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES

System of Care-TGKP (2) GN#1H79SM063407	\$ 398
DHHS-TGKP SicanguNative Connections Proj	<u>1,890</u>

TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES \$ 2,288

OTHER GOVERNMENTAL FUNDS

USDA Extention Grant-2009	\$ 10
USDA Sage Project #38424-15566-0538424	250
USDA Equity Grant#2006/2007-38421-66907	511
NIHSanfordResearch-Roles of AIUndergrads	2,215
AICF-Rstr& Prsvt Trad Native Art Forms	2,355
USDA Equity Grant FY23-26	2,608
USDA Extension Grant-FY23-26	8,768
USDA IGLUWIYEYA Pathways	19,546
new EPSCoR --5/5/15	25,519
USDA RD2020-Gymlights/LibrRoof/HVAC/W&D	95,069
USDA Equity 2014-38421-21997 (9-1-14)	108,850
USDA RD2019-TechGen/GymFlrCvr/HVAC	<u>128,110</u>

TOTAL OTHER GOVERNMENTAL FUNDS \$ 393,811

TOTAL GRANTS RECEIVABLE \$ 713,565

Sinte Gleska University
Notes to the Financial Statements
For the Year Ended September 30, 2022

Note 6 – Capital Assets

Capital asset activity for the year ended September 30, 2022, is summarized as follows:

	Balance 10/1/2021	Additions	Retirements	Transfers	Balance 9/30/2022
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 68,051	\$ -	\$ -	\$ -	\$ 68,051
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	<u>68,051</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,051</u>
Capital assets, being depreciated/amortized:					
Buildings	22,934,182	-	-	-	22,934,182
Equipment	2,830,291	1,238,420	-	-	4,068,711
Equipment under capital lease	296,764	-	-	-	296,764
Vehicles	767,382	520,833	-	-	1,288,215
Land improvements	581,819	-	-	-	581,819
Infrastructure	1,109,341	-	-	-	1,109,341
Intangible - Licenses	36,234	-	-	-	36,234
Total capital assets being depreciated/amortized	<u>28,556,013</u>	<u>1,759,253</u>	<u>-</u>	<u>-</u>	<u>30,315,266</u>
Less accumulated depreciation/amortization for:					
Buildings	9,902,321	607,935	-	-	10,510,256
Equipment	2,413,403	168,044	-	-	2,581,447
Equipment under capital lease	296,764	-	-	-	296,764
Vehicles	555,494	108,362	-	-	663,856
Land improvements	314,908	45,580	-	-	360,488
Infrastructure	514,005	50,275	-	-	564,280
Intangible - Licenses	36,234	-	-	-	36,234
Total capital assets being depreciated/amortized	<u>14,033,129</u>	<u>980,196</u>	<u>-</u>	<u>-</u>	<u>15,013,325</u>
Total capital assets being depreciated/amortized, net	<u>14,522,884</u>	<u>779,057</u>	<u>-</u>	<u>-</u>	<u>15,301,941</u>
Governmental capital assets, net	<u>14,590,935</u>	<u>779,057</u>	<u>-</u>	<u>-</u>	<u>15,369,992</u>

Depreciation expense totaled \$980,196 for the year ended September 30, 2022 and was charged to facilities management on the statement of activities.

Sinte Gleska University
Notes to the Financial Statements
For the Year Ended September 30, 2022

Note 7 – Unearned Revenue

U.S. DEPARTMENT OF EDUCATION	
SEOG-Department of Education	\$ 1,680
Federal Work Study	9,661
Pell-Department of Education	17,110
MSI - Transition to Dist Ed- P425K200047	100,576
TOTAL U.S. DEPARTMENT OF EDUCATION	<u>\$ 129,027</u>
U.S. DEPARTMENT OF INTERIOR	
BIA - Adult Basic Education	\$ 41,866
BIA - Job Placement Training (AVT)	241,190
BIE-PL116-260-FI&R-2021 Facilities Award	579,816
BIA - Higher Education	814,006
BIA-2021Ed StabelizationFunds-\$4.79M-CVD	1,618,187
Tribal Colleges	4,102,280
BIA-2021Amer.Rescue Plan Funds-\$7.5M-CVD	5,031,733
TOTAL U.S. DEPARTMENT OF INTERIOR	<u>\$ 12,429,078</u>
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES	
System of Care-Tiwahe Glu Kini Pi	\$ 1,895
System of Care - TGKP (3) #SM082955-01	31,867
TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES	<u>\$ 33,762</u>
OTHER GOVERNMENTAL FUNDS	
TLE Funds 2019 TGKP Summer Equine Camp	\$ 3,253
USDAExtension 2014-47002-22154 (9-1-14)	3,533
WBCWS Contract w/TGKP	3,672
FirstNats-NativeYouth&Culture Fund-TGKP	5,195
AICF 2020F AT+T Food SecurityAid-Student	5,700
AICF/NEH Cultural Preservation	6,137
Windrose Common-TGKP EquineSpec.Training	6,805
Dakota Assets - Black Hills Special Ser.	9,119
USD-NorthernPlainsUGResearchCenter	9,425
GPTCHB/SAMHSA/TGKP Sub-Award-Proj Launch	17,622
Schwab Charitable-Dev Office Video	25,000
Beck Foundation - Art Institute	31,746
AICF-Native Arts Curriculum Grant2021-22	39,949
AICF-ABE-Workforce Opp&1st Gen Grant	75,000
MPImpact-HC&HD Horse Camp Dev Grant-TGKP	77,117
AICF-Dollar General-ABE ends 4/30/15	85,027
Lannon-Library Children & Youth Service	88,530
AICF President's Fund Grant 2022-24	100,000
USDA Endowment Funds 2007-38423-06907	189,019
TOTAL OTHER GOVERNMENTAL FUNDS	<u>\$ 781,849</u>
TOTAL UNEARNED REVENUE	<u><u>\$ 13,373,716</u></u>

Sinte Gleska University
Notes to the Financial Statements
For the Year Ended September 30, 2022

Note 8 – Notes Payable, Operating Leases & Compensated Absences

The University maintains a herd of bison and leases one pasture for grazing under operating leases. In April 2019, the University began leasing pastureland from the Antelope Community of the Rosebud Sioux Tribe. The lease agreement has payments due of \$34,672 every April 1st until March 31, 2026. See Note 16 (GASB 87 *Leases*).

<u>Year</u>	<u>Amount</u>
2023	34,672
2024	34,672
2025	34,672
2026	34,672
	<u>\$ 138,688</u>

Compensated absence activity for the fiscal year ended September 30, 2022 is as follows:

<u>Description</u>	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>	<u>Current Portion</u>
Governmental Activities					
Compensated Absences	201,644	80,779	34,256	248,167	42,160
Total Governmental Activities	<u>201,644</u>	<u>80,779</u>	<u>34,256</u>	<u>248,167</u>	<u>42,160</u>

Note 9 - Interfund Activity

Interfund balances at September 30, 2022 are summarized below:

<u>Fund</u>	<u>Due From / (Due To)</u>	<u>Purpose</u>
General Fund	\$ 53,275	cash position
Enterprise Fund - Book Store	(53,275)	cash position
Net Due From / (Due To) Balance	<u><u>\$ -</u></u>	

Interfund transfers for the year ended September 30, 2022 are summarized below:

<u>Fund</u>	<u>Transfer In / (Transfer Out)</u>	<u>Purpose</u>
General Fund	\$ (597,945)	Program Support
Enterprise Fund - Book Store	597,945	Program Support
Net Transfers In / (Transfers Out)	<u><u>\$ -</u></u>	

Sinte Gleska University
Notes to the Financial Statements
For the Year Ended September 30, 2022

Note 10 - Economic Dependency

The University receives substantially all of their support from federal agencies and state and local governments. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the University's activities.

Note 11 - Commitment and Contingencies

Grants

The University's programs are funded by various federal agencies. Expenditures made under such programs are subject to review and approval or disallowance by the agencies. Any costs disallowed by the agencies are subject to negotiation and are not recorded as liabilities until mutually agreed-upon.

Note 12 - Risk Management

The University is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; and errors and omissions. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims from these risks have not exceeded commercial insurance coverage for the past year.

Note 13 - Student Scholarships Endowment Trust Fund

The University maintains several scholarship programs created to provide tuition assistance for students attending the University. Funding for these scholarship programs comes from:

- The American Indian College Fund, a nonprofit organization that helps Native American students, providing them with support through scholarships and funding toward higher education.
- The South Dakota Education Access Foundation (SDEAF) whose mission is to expand access to postsecondary education. SDEAF seeks to serve South Dakota students and South Dakota colleges and universities by promoting improvement in the rates of entry and success in education beyond high school.
- The James L. Mohatt Excellence in Music Scholarship, awarded to students with talent in vocal and instrumental music regardless of major.
- The U.S. Department of Education, through various higher education initiatives including the Project Success Initiative to help improve student outcomes at institutions of higher education.

The state of South Dakota enacted UPMIFA (Uniform Prudent Management of Institutional Funds Act), the provisions of which apply to endowment funds existing on or established after that date, which is followed by the University.

The University has no formal spending policy for endowment funds. It is the University's intention to accumulate earnings on endowment funds for future expenses to be determined by the Board of Regents at a later date.

Sinte Gleska University
Notes to the Financial Statements
For the Year Ended September 30, 2022

Note 14 - Retirement Plan

The University has established a Simplified Employee Pension Plan for its employees. The University contributes two-percent of each participating employees' salary to a self-directed annuity. Employer and employee contributions to the plan in FY22 were \$55,576 and \$75,424 respectively. The fund sponsors hold the plan's investments.

Note 15 - Related Party Transactions

The University has established relationships with two community colleges: Ihanktonwan Community College (ICC) and Lower Brule Community College (LBCC). Contracts with ICC and LBCC allow students of these colleges to pursue degree programs that will lead to a degree/certification granted by the University. For this reason, students of ICC and LBCC are considered students of Sinte Gleska University with regards to Tribally Controlled Community College Act funding. The University remits 80% of these grant funds to the respective college based on each college's student count.

The University remitted the following amounts during the year ended September 30, 2022.

<u>From</u>	<u>To</u>	<u>Purpose</u>	<u>Amount</u>
Sinte Gleska	ICC	TCCC funding	675,505
Sinte Gleska	LBCC	TCCC funding	645,939

Note 16 GASB 87

GASB Statement No. 87, Leases, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognized a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Under GASB 87 right-to-use lease assets and lease liabilities are recorded at the commencement of lease arrangements at the present value of future minimum lease payments. As minimum lease payments are made the related lease liability is reduced and interest expenses are recorded. The right-to-use lease asset is amortized over the term of the lease or useful life of the underlying asset (whichever is shorter). Details on these balances for the current year and remaining term of the lease arrangements are as follows:

		<u>Beginning</u>	<u>Amortization</u>	<u>Ending</u>		
Right To Use Leased Assets	FY22	153,705	30,741	122,964		
	FY23	122,964	30,741	92,223		
	FY24	92,223	30,741	61,482		
	FY25	61,482	30,741	30,741		
	FY26	30,741	30,741	-		
		<u>Beginning</u>	<u>Principle</u>	<u>Interest</u>	<u>Ending</u>	<u>Current Portion</u>
Lease Liability	FY22	153,705	28,293	6,379	125,412	29,467
	FY23	125,412	29,467	5,205	95,944	30,690
	FY24	95,944	30,690	3,982	65,254	31,964
	FY25	65,254	31,964	2,708	33,290	33,290
	FY26	33,290	33,290	1,382	(0)	-

Sinte Gleska University
Notes to the Financial Statements
For the Year Ended September 30, 2022

Note 17 Prior Period Adjustment

The Book Store inventory was reduced by \$323,006 based on a physical count conducted.

SINGLE AUDIT SECTION

SINTE GLESKA UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Period 10/1/2021 - 9/30/2022

Federal Awarding Agency/Program Title	Federal CFDA Number	Additional Award Identification (Optional)	Total Amount Provided to Sub-Recipients	Federal Expenditures		Federal Program Total	Cluster Name	Cluster Total
				Federal Expenditures	Total			
DEPARTMENT OF AGRICULTURE								
TRIBAL COLLEGES EDUCATION EQUITY GRANTS	10.221			\$2,608	\$64,037	\$64,037	N/A	\$0
TRIBAL COLLEGES EDUCATION EQUITY GRANTS	10.221			\$61,429	\$64,037	\$64,037	N/A	\$0
TRIBAL COLLEGES ENDOWMENT PROGRAM	10.222			\$161,264	\$161,264	\$161,264	N/A	\$0
RURAL COMMUNITY DEVELOPMENT INITIATIVE	10.446			\$95,069	\$249,078	\$249,078	N/A	\$0
RURAL COMMUNITY DEVELOPMENT INITIATIVE	10.446			\$80,528	\$249,078	\$249,078	N/A	\$0
RURAL COMMUNITY DEVELOPMENT INITIATIVE	10.446			\$73,481	\$249,078	\$249,078	N/A	\$0
TRIBAL COLLEGES EXTENSION PROGRAMS	10.517			\$8,768	\$160,955	\$160,955	N/A	\$0
TRIBAL COLLEGES EXTENSION PROGRAMS	10.517			\$152,187	\$160,955	\$160,955	N/A	\$0
NEW BEGINNINGS FOR TRIBAL STUDENTS	10.527			\$73,291	\$73,291	\$73,291	N/A	\$0
TOTAL DEPARTMENT OF AGRICULTURE				\$708,625				
DEPARTMENT OF THE INTERIOR								
INDIAN SELF-DETERMINATION CONTRACT SUPPORT ASSISTANCE TO TRIBALLY CONTROLLED COMMUNITY COLLEGES AND UNIVERSITIES	15.024			\$1,414,032	\$1,414,032	\$1,414,032	N/A	\$0
ASSISTANCE TO TRIBALLY CONTROLLED COMMUNITY COLLEGES AND UNIVERSITIES	15.027		\$515,766	\$3,639,923	\$7,106,056	\$7,106,056	N/A	\$0
ASSISTANCE TO TRIBALLY CONTROLLED COMMUNITY COLLEGES AND UNIVERSITIES	15.027	COVID-19, ARP		\$1,051,998	\$7,106,056	\$7,106,056	N/A	\$0
ASSISTANCE TO TRIBALLY CONTROLLED COMMUNITY COLLEGES AND UNIVERSITIES	15.027	COVID-19	\$460,770	\$2,414,135	\$7,106,056	\$7,106,056	N/A	\$0
INDIAN EDUCATION FACILITIES, OPERATIONS, AND MAINTENANCE	15.047			\$232,376	\$232,376	\$232,376	N/A	\$0
INDIAN VOCATIONAL TRAINING UNITED TRIBES TECHNICAL COLLEGE	15.060			\$87,976	\$87,976	\$87,976	N/A	\$0
INDIAN EMPLOYMENT ASSISTANCE	15.108			\$280,634	\$280,634	\$280,634	N/A	\$0
INDIAN EDUCATION, HIGHER EDUCATION GRANT PROGRAM	15.114			\$480,000	\$480,000	\$480,000	N/A	\$0
TOTAL DEPARTMENT OF THE INTERIOR				\$976,536				
NATIONAL SCIENCE FOUNDATION								
INTEGRATIVE ACTIVITIES	47.083			\$95,060	\$95,060	\$95,060	N/A	\$0
TOTAL NATIONAL SCIENCE FOUNDATION				\$95,060				
DEPARTMENT OF EDUCATION								
FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS	84.007			\$35,822	\$35,822	\$35,822	STUDENT FINANCIAL ASSISTANCE	\$1,056,859
HIGHER EDUCATION, INSTITUTIONAL AID	84.031	84.031T		\$1,138,378	\$2,119,917	\$2,119,917	N/A	\$0
HIGHER EDUCATION, INSTITUTIONAL AID	84.031	84.031D		\$981,539	\$2,119,917	\$2,119,917	N/A	\$0
FEDERAL WORK-STUDY PROGRAM	84.033			\$32,629	\$32,629	\$32,629	STUDENT FINANCIAL ASSISTANCE	\$1,056,859
FEDERAL PELL GRANT PROGRAM	84.063			\$988,408	\$988,408	\$988,408	STUDENT FINANCIAL ASSISTANCE	\$1,056,859
CAREER AND TECHNICAL EDUCATION - GRANTS TO NATIVE AMERICANS AND ALASKA NATIVES	84.101	84.101A		\$329,275	\$329,275	\$329,275	N/A	\$0
AMERICAN INDIAN VOCATIONAL REHABILITATION SERVICES	84.250	84.250L		\$336,522	\$336,522	\$336,522	N/A	\$0
EDUCATION STABILIZATION FUND	84.425	84.425K, COVID-19		\$3,967,284	\$6,089,184	\$6,089,184	N/A	\$0
EDUCATION STABILIZATION FUND	84.425	84.425F, COVID-19	\$344,908	\$1,204,664	\$6,089,184	\$6,089,184	N/A	\$0
EDUCATION STABILIZATION FUND	84.425	84.425E, COVID-19		\$917,236	\$6,089,184	\$6,089,184	N/A	\$0

TOTAL DEPARTMENT OF EDUCATION		\$344,908	\$9,931,757	
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
COMPREHENSIVE COMMUNITY MENTAL HEALTH SERVICES FOR CHILDREN WITH SERIOUS EMOTIONAL DISTURBANCES (SED)	93.104		\$398	\$870,354
COMPREHENSIVE COMMUNITY MENTAL HEALTH SERVICES FOR CHILDREN WITH SERIOUS EMOTIONAL DISTURBANCES (SED)	93.104		\$869,956	\$870,354
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES_PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE	93.243		-\$50	-\$50
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>\$870,304</u>	
TOTAL EXPENDITURE OF FEDERAL AWARDS				
		\$1,321,444	\$21,206,820	

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of the schedule.

Sinte Gleska University
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

Note 1 - Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Sinte Gleska University and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - De Minimis Indirect Cost Rate

The University did not elect to use the 10 percent de minimis indirect cost rate as allowed under the OMB *Uniform Guidance*.

Note 3 - Federal Loans Outstanding

No federal loans outstanding as of September 30, 2022.

Note 4 - Subrecipients

The University provided federal award payments to subrecipients during the fiscal year ended September 30, 2022 as follows:

Subrecipient	Amount Provided
Ihankowan Community College	\$ 675,505
Lower Brule Community College	645,939
Total	\$ 1,321,444

Note 5 – Federal Endowments

The cumulative amount of federal endowments received by the University as of September 30, 2022 is as follows:

Federal Program	ALN	Amount Received
Tribally Controlled Community College Endowments	15.028	\$ 1,090,705
Title III - Higher Education - Institutional Aid (Part A)	84.031T	245,000
Total		\$ 1,335,705

Sinte Gleska University
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

Note 6 – Reconciliation of Reported Expenditures to Financial Statement Totals

The following is a reconciliation of total federal expenditures reported on the Schedule of Expenditures of Federal Awards (SEFA) to the total expenditures reported on the University's statement of revenues, expenditures, and changes in fund balance- governmental funds for the year ending September 30, 2022:

Per Financials:	
Federal Grants Revenue	<u><u>\$ 21,206,820</u></u>
Per SEFA:	
Reported Federal Expenditures	<u><u>\$ 21,206,820</u></u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To The Board of Regents, President, and Chief Financial Officer
Sinte Gleska University
P.O. Box 105
Mission, SD 57555

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sinte Gleska University ("University"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated August 18, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items **2022-001**, **2022-002** and **2022-006** that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

University's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Midwest Professionals, PLLC

Gaylord, MI

August 18, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To The Board of Regents, President, and Chief Financial Officer
Sinte Gleska University
P.O. Box 105
Mission, SD 57555

Report on Compliance for Each Major Federal Program***Qualified Opinions***

We have audited the Sinte Gleska University's ("University") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended September 30, 2022. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on 84.031D Higher Education – Institutional Aid, 84.425K Education Stabilization Fund COVID-19, 84.425F Education Stabilization Fund COVID-19, 15.027 Assistance to Tribally Controlled Colleges & Universities (TCU), 15.027 TCU COVID-19 ARP, 15.027 TCU Stabilization COVID-19, 84.063 Federal Pell Grant Program, 84.033 Federal Work Study Program, 84.007 Federal Supplemental Opportunity Grants Program, 84.031T American Indian Tribally Controlled Colleges and Universities, 84.425E Higher Education Emergency Relief Fund (Student Aid), and 93.104 Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal programs identified in the title to this paragraph, for the year ended September 30, 2022.

Basis for Qualified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on 84.031D Higher Education – Institutional Aid, 84.425K Education Stabilization Fund COVID-19, 84.425F Education Stabilization Fund COVID-19, 15.027 Assistance to Tribally Controlled Colleges & Universities (TCU), 15.027 TCU COVID-19 ARP, 15.027 TCU Stabilization COVID-19, 84.063 Federal Pell Grant Program, 84.033 Federal Work Study Program, 84.007 Federal Supplemental Opportunity Grants Program, 84.031T American Indian Tribally Controlled Colleges and Universities, 84.425E Higher Education Emergency Relief Fund (Student Aid), and 93.104 Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)

As described in the accompanying schedule of findings and questioned costs, the University did not comply with requirements regarding the following:

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Federal Agency Prefix	CFDA Three Digit Extension	Additional Award Identification	Federal Program Name	Audit Finding Reference Number	Type(s) of Compliance Requirement(s)
15	027		ASSISTANCE TO TRIBALLY CONTROLLED COMMUNITY COLLEGES AND UNIVERSITIES	2022-002	Equipment & real property management
15	027		ASSISTANCE TO TRIBALLY CONTROLLED COMMUNITY COLLEGES AND UNIVERSITIES	2022-003	Procurement
15	027		ASSISTANCE TO TRIBALLY CONTROLLED COMMUNITY COLLEGES AND UNIVERSITIES	2022-004	Special tests & provisions
15	027		ASSISTANCE TO TRIBALLY CONTROLLED COMMUNITY COLLEGES AND UNIVERSITIES	2022-005	Reporting
15	027	COVID-19, ARP	ASSISTANCE TO TRIBALLY CONTROLLED COMMUNITY COLLEGES AND UNIVERSITIES	2022-002	Equipment & real property management
15	027	COVID-19, ARP	ASSISTANCE TO TRIBALLY CONTROLLED COMMUNITY COLLEGES AND UNIVERSITIES	2022-003	Procurement
15	027	COVID-19, ARP	ASSISTANCE TO TRIBALLY CONTROLLED COMMUNITY COLLEGES AND UNIVERSITIES	2022-004	Special tests & provisions
15	027	COVID-19, ARP	ASSISTANCE TO TRIBALLY CONTROLLED COMMUNITY COLLEGES AND UNIVERSITIES	2022-005	Reporting
15	027	COVID-19	ASSISTANCE TO TRIBALLY CONTROLLED COMMUNITY COLLEGES AND UNIVERSITIES	2022-002	Equipment & real property management
15	027	COVID-19	ASSISTANCE TO TRIBALLY CONTROLLED COMMUNITY COLLEGES AND UNIVERSITIES	2022-003	Procurement
15	027	COVID-19	ASSISTANCE TO TRIBALLY CONTROLLED COMMUNITY COLLEGES AND UNIVERSITIES	2022-004	Special tests & provisions
15	027	COVID-19	ASSISTANCE TO TRIBALLY CONTROLLED COMMUNITY COLLEGES AND UNIVERSITIES	2022-005	Reporting
84	031	84.03 IT	HIGHER EDUCATION_INSTITUTIONAL AID	2022-002	Equipment & real property management
84	031	84.03 IT	HIGHER EDUCATION_INSTITUTIONAL AID	2022-003	Procurement
84	031	84.03 IT	HIGHER EDUCATION_INSTITUTIONAL AID	2022-005	Reporting
84	031	84.03 ID	HIGHER EDUCATION_INSTITUTIONAL AID	2022-002	Equipment & real property management
84	031	84.03 ID	HIGHER EDUCATION_INSTITUTIONAL AID	2022-003	Procurement
84	031	84.03 ID	HIGHER EDUCATION_INSTITUTIONAL AID	2022-005	Reporting
84	425	84.425K, COVID-19	EDUCATION STABILIZATION FUND	2022-002	Equipment & real property management
84	425	84.425K, COVID-19	EDUCATION STABILIZATION FUND	2022-003	Procurement
84	425	84.425K, COVID-19	EDUCATION STABILIZATION FUND	2022-004	Special tests & provisions
84	425	84.425K, COVID-19	EDUCATION STABILIZATION FUND	2022-005	Reporting
84	425	84.425F, COVID-19	EDUCATION STABILIZATION FUND	2022-002	Equipment & real property management
84	425	84.425F, COVID-19	EDUCATION STABILIZATION FUND	2022-005	Reporting
84	063		FEDERAL PELL GRANT PROGRAM	2022-005	Reporting
84	007		FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS	2022-005	Reporting
84	425	84.425E, COVID-19	EDUCATION STABILIZATION FUND	2022-005	Reporting
84	033		FEDERAL WORK-STUDY PROGRAM	2022-005	Reporting
93	104		COMPREHENSIVE COMMUNITY MENTAL HEALTH SERVICES FOR CHILDREN WITH SERIOUS EMOTIONAL DISTURBANCES (SED)	2022-005	Reporting

Compliance with such requirements is necessary, in our opinion, for the University to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the University's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is

higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items **2022-002**, **2022-003**, **2022-004** and **2022-006** to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the internal control over compliance findings identified in our compliance audit described in the accompanying

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schedule of findings and questioned costs. The University's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Midwest Professionals, PLLC

Gaylord, Michigan
August 18, 2023

Sinte Gleska University
Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2022

2021-001: Financials Statement Preparation and Journal Entries

Condition: The entity's personnel prepare periodic financial information for internal use that meets the needs of management and the board. However, the organization currently does not prepare financial statements, including accompanying note disclosures, as required by accounting principles generally accepted in the United States of America. The organization has elected to have the auditors assist in the preparation of the financial statements and notes. Additionally, adjusting journal entries were proposed in order to bring the financial statements into compliance with GAAP due to audit procedures performed.

Recommendation: In order to comply with these requirements, accounting personnel will need to determine the proper balance of each general ledger account prior to the start of the audit. The University should also consider the additional risk of having the auditors assist in the preparation of the financial statements and note disclosures and consider preparing them in the future. As a compensating control the organization should establish an internal control policy to document the annual review of the financial statements and schedules and to review a financial statement disclosure checklist.

Current Year Status: **Unresolved.** See current year finding **2022-001.**

2021-002: Controls Over Inventory

Condition: During our review of the inventory balances, we were unable to verify and test the inventory quantity and price for each individual inventory item on the listing to ensure the year-end balance was fairly stated.

Recommendation: The University should maintain support for each item included on the year-end inventory listing so the quantities and prices can be verified.

Current Year Status: **Resolved.** Management conducted physical counts of bookstore inventory near September 30, 2022. Business Office staff were involved in this process and conducted spot checks to verify accuracy of counts. Periodic counts are being conducted in FY23 as well. Physical counts are used to update inventory reports and extended at cost for financial reporting.

2021-003: Reporting – Late Single Audit Submission

Condition: The 2020 data collection form was not filed timely.

Recommendation: We recommend the University takes the necessary procedures to ensure that future single audits are completed within the required time periods of the Uniform Guidance.

Current Year Status: **Unresolved.** See current year finding **2022-005.**

Sinte Gleska University
Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2022

2021-004 Character Investigations

Condition: Character investigations were not performed on all employees in a position that involves regular contact with children. The two main areas of concern are the day care and the horse ranch.

Recommendation: Develop, adopt, and implement policies that reflect the requirements of the Indian Child Protection and Family Violence Act. Reach out to experts in this area (perhaps the funding agencies themselves) and determine the type of background/character investigations that must be conducted (FBI, state, etc.).

Current Year Status: **Resolved.** Background investigations were on file for employees selected for testing.

2021-005 Physical Count of Capital Assets

Condition: Management has not performed a complete physical count of the University's capital assets once within the past two years.

Recommendation: Adhere to the *Accountability* section of the University's *Procedural Manual – Fixed Asset & Inventory Control*. The requirements of the OMB's *Uniform Guidance* are already addressed in your currently adopted policies (A Fixed assets physical inventory is required every two years).

Current Year Status: **Unresolved.** See current year finding **2022-002**.

2021-006 Suspension and Debarment

Condition: 13 out of 17 vendors selected for testing had not been vetted against the excluded parties listing at SAM.gov. The University's adopted policies reference an old website that is no longer used to vet vendors for suspension and debarment (www.arnet.gov/epl). After audit fieldwork had been completed management of the University did perform a check of each active vendor against SAM.gov and found that none of them had been suspended or debarred from doing business with federally funded entities (no compliance finding).

Recommendation: Update adopted policies to require an annual check of all vendors against SAM.gov for suspension and debarment, as well as an additional check each time a new vendor is entered into Jenzabar throughout the year. As noted in your existing policies, print the page from SAM.gov showing no results found (or acceptable results found) and place it in the vendor file. Please note that under federal guidelines you are only required to perform this on vendors for which you exceed a \$25,000 threshold. However, it has been our experience, that checking all vendors is less administratively burdensome than tracking spending levels per vendor to determine when the threshold is exceeded.

Current Year Status: **Resolved.** Vendors selected for testing had been vetted for suspension debarment at SAM.gov.

Sinte Gleska University
Summary Schedule of Prior Audit Findings
For the Year Ended September 30, 2022

2021-007 Methods of Procurement to be Followed

Condition: 12 out of 22 procurements selected for testing in excess of the micro-purchase threshold (\$10,000) did not have an adequate number of quotes or a sole source justification on file.

Recommendation: Adopt a quote tabulation form. Obtain quote information by any means (including phone calls with potential vendors). Document quote data on the tabulation form (vendor name, date, price, etc.). Have boxes to check that indicate which vendor has been selected and why (best price, best quality, past experience, Indian preference, sole source etc.). Designate a Procurement Officer who will act as the “last line of defense” and approve all procurements prior to ordering goods/services to ensure they are in compliance.

Current Year Status: **Unresolved.** See current year finding **2022-003.**

2021-008 Davis Bacon Act

Condition: 8 payments to 6 contractors in excess of \$2,000 for construction, alterations, and repairs were selected and tested. No certified payrolls were on file in support of these payments. Also, no contracts containing a Davis Bacon Act clause were on file.

Recommendation: Perform a training during which the flow of procurement documents and flow of approvals is analyzed. Determine at which point in the process an individual is assigned the responsibility to identify transactions that fall under the purview of the Davis Bacon Act. Those transactions, at that point in the process, will then be diverted to the Maintenance Director who will be responsible for ensuring the related contract between the University and the construction contractor includes the DBA clause. The AP clerk will then act as the “last line of defense” and not issue payment to any such contractors unless labor on the related invoices is supported with certified payroll forms (WH-347 form).

Current Year Status: **Unresolved.** See current year finding **2022-004.**

Sinte Gleska University
Schedule of Findings and Questioned Costs
Year Ended September 30, 2022
Part A - Summary of Auditor's Results

1. See summary of auditor opinions below with regard to whether the financial statements of the Sinte Gleska University were prepared in accordance with GAAP.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
General Fund	Unmodified
Department of Education Fund	Unmodified
Department of Interior Fund	Unmodified
Department of Health & Human Services Fund	Unmodified
Enterprise Fund – Book Store	Unmodified
Internal Service Fund – Indirect Cost Pool	Unmodified
Aggregate Remaining Fund Information	Unmodified

2. Three deficiencies relating to the audit of the financial statements are reported in the *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards*. These deficiencies are considered material weaknesses.
3. No instances of noncompliance material to the basic financial statements of the Sinte Gleska University, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. Four deficiencies relating to the audit of the major federal programs is reported in the *Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance*. These deficiencies are considered material weaknesses.
5. The auditor's report on compliance for the major federal award programs for the Sinte Gleska University expresses a modified opinion on the major federal programs.
6. Five audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in Part C of this schedule. No questioned costs are reported.
7. The programs tested as major programs were:

U.S. Department of Interior

Assistance to Tribally Controlled Colleges & Universities	15.027
Assistance to Tribally Controlled Colleges & Universities – American Rescue Plan Fund	15.027
Assistance to Tribally Controlled Colleges & Universities – Education Stabilization Fund	15.027

U.S. Department of Education

Student Financial Assistance Cluster – Federal Pell Grant Program	84.063
Student Financial Assistance Cluster – Federal Work Study Program	84.033
Student Financial Assistance Cluster – Federal Supplemental Opportunity Grants	84.007

Sinte Gleska University
Schedule of Findings and Questioned Costs
Year Ended September 30, 2022
Part A - Summary of Auditor's Results

U.S. Department of Education – Continued

Higher Education – American Indian Tribally Controlled Colleges & Universities	84.031T
Higher Education – American Indian Tribally Controlled Colleges and Universities (Part F)	84.031D
Higher Education Emergency Relief Fund (Student Aid)	84.425E
Higher Education Emergency Relief Fund (Institutional Aid)	84.425F
Higher Education Emergency Relief Fund (TCU Aid)	84.425K

U.S. Department of Health & Human Services

Comprehensive Community Mental Health Services (Children with SED)	93.104
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8. The threshold used for distinguishing between Type A and B programs was \$750,000
9. Sinte Gleska University was determined to be a non-low-risk auditee.

Sinte Gleska University
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022
Part B - Financial Statement Audit Findings

Internal Control Over Financial Reporting

2022-001 Financial Statement Preparation

This is a repeat finding. See schedule of prior year findings number 2021-001.

Condition: Management did not complete bank reconciliations and credit card activity reconciliations timely during the fiscal year. Management did not complete investment reconciliations during the fiscal year.

Criteria: The *Internal Controls* section of the University's *Financial Policies and Procedures* states, "The Contract and Grant Manager and CFO are responsible for overseeing the monthly reconciliation of each bank account to maintain control over cash flow and expenditures." The *Credit Card Procedure* section of the University's *Financial Policies and Procedures* states, "Once the monthly credit card statements are received, all expenditures will be verified by the original documents (receipts, invoices, statements) and identified by the Accounts Receivable Clerk/Travel Coordinator. The general ledger account(s) (xx-xxx-xxx-xxxx) to be charged for each line item listed on the statement should be charged accordingly. Once entered, it should be verified by the accounts payable clerk."

Cause: Turnover in personnel responsible for bank reconciliations and credit card reconciliations contributed to the condition.

Effect: Not performing timely reconciliations puts the University at a higher risk of material misstatement of the financial statements and a higher risk of undetected asset misappropriation.

Recommendation: Adhere to the *Internal Controls* section of the University's *Financial Policies and Procedures*. Adhere to the *Credit Card Procedure* section of the University's *Financial Policies and Procedures*.

Views of Responsible Officials and Planned Corrective Actions: See corrective action plan.

Sinte Gleska University
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022
Part B - Financial Statement Audit Findings

Internal Control Over Financial Reporting - Continued

2022-002 Physical Count of Capital Assets

This is a repeat finding. See schedule of prior year findings number 2021-005.

Condition: Management has not performed a complete physical count of the University's capital assets once within the past two years. Physical counts of some assets were conducted. However, reliance was placed on word of mouth for the existence of some assets. Also, the property listing was found to be missing some assets and contain duplicate entries for other assets.

Criteria: The *Accountability* section of the University's *Procedural Manual – Fixed Asset & Inventory Control* states, "Physical inventories are to verify the existence, condition accuracy of our records for equipment owned, donated, and purchased, that are accountable to Sinte Gleska University. This has to be a team effort involving immediate Supervisors, Department Heads, Administrative Assistants, Staff Assistants, employees, all who are concerned in accountability. Annual physical inventories for each Department should take place at the end of a fiscal year (September) before the Audit. A Fixed assets physical inventory is required every two years, prior to September."

Cause: Turnover in personnel responsible for physical counts of capital assets.

Effect: Not performing physical counts of capital assets puts the University at a higher risk of material misstatement of the financial statements, a higher risk of being under or over insured, and a higher risk of undetected asset misappropriation. This is also a violation of the Office of Management Budget's (OMB) *Uniform Guidance*. Therefore, this finding will be reported in Part C of the Schedule of Findings and Questioned Costs.

Recommendation: Adhere to the *Accountability* section of the University's *Procedural Manual – Fixed Asset & Inventory Control*. The requirements of the OMB's *Uniform Guidance* are already addressed in your currently adopted policies (A Fixed assets physical inventory is required every two years). Update the property listing to reflect the complete physical count records. Make sure the property listing is clear and concise.

Views of Responsible Officials and Planned Corrective Actions: See corrective action plan.

Sinte Gleska University
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022
Part B - Financial Statement Audit Findings

Internal Control Over Financial Reporting - Continued

2022-006 Indirect Cost Pool & Indirect Cost Charges

This is not a repeat finding.

Condition: Management did not identify all administrative overhead (indirect) expenditures and allocated them to the Indirect Cost Pool (Fund 60). Management did not charge all programs for the full amount if indirect costs allowable to recover IDC Pool expenditures.

Criteria: The *Indirect Costs* section of the University's *Finance Policies and Procedures Manual* states, "As soon as such information is available, the CFO shall compile budget information for all programs and activities scheduled for the coming fiscal year. This information must be compiled by program or activity, with a breakdown by line item. The budget information must also include the indirect cost pool, with a similar line-item breakdown to include individual positions and salaries as well as details on budgeted contractual services."

Cause: Prior to FY22 the University did not maintain a separate fund for the IDC Pool. Fund 60 ("IDC Pool") was created in FY22 based on recommendations by the auditors made during the FY21 audit. This change provided clarity to several issues, including the need to budget IDC Pool expenditures, properly segregate IDC Pool expenditures & recovery revenue, and to calculate and post IDC charges on all programs that (1) benefit from the services provided by the IDC Pool and (2) allow for such charges.

Effect: Not identifying all administrative expenditures and allocating them to the IDC Pool can result in lower future negotiated indirect cost rates. Not segregating administrative IDC Pool expenditures from General Fund expenditures makes it difficult to properly budget. Not charging the full allowable amount of indirect to the programs results in increased IDC Pool deficit spending.

Recommendation: Review actual spending in FY23. Any administrative expenditures allocated as direct spending to the programs should be carefully considered for reclassification to the IDC Pool (Fund 60). After all year-end adjustments have been made, review the FY23 IDC charges to programs to ensure all amounts that can be recovered have been recovered. Budget the FY24 indirect cost pool expenditures and recoveries. Code all supporting documentation for FY24 expenditures appropriately (i.e., IDC Pool expenditures are coded to Fund 60 on purchase orders & on payroll timecards).

Views of Responsible Officials and Planned Corrective Actions: See corrective action plan.

Sinte Gleska University
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022
Part B - Financial Statement Audit Findings

Compliance and Other Matters

None noted.

Sinte Gleska University
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022
Part C - Major Federal Programs Audit

Internal Controls Over Compliance – Cross Cutting

2022-003 Methods of Procurement to be Followed

This is a repeat finding. See schedule of prior year findings number 2021-007.

Condition: 17 out of 30 procurements selected for testing in excess of the micro-purchase threshold (\$10,000) did not have an adequate number of quotes or a sole source justification on file.

Criteria: Section 200.320 *Methods of Procurement to be Followed* of the Office of Management and Budget's Uniform Guidance outlines the following requirements:

- Price or rate quotations must be obtained from an adequate number of qualified sources if the procurement exceeds the small purchase threshold (\$10,000).
- Formal bidding procedures must be used if the procurement exceeds the Simplified Acquisition Threshold (\$250,000).
- Sole sourcing is only allowed when one or more of the following circumstances apply: (1) The item is available only from a single source; (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation; (3) The federal agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-federal entity; or (4) After solicitation of a number of sources, competition is determined inadequate.

Cause: Updates to the University's *Purchasing Thresholds* policy had been adopted by the Board. However, as of the start of audit fieldwork, the *Finance Policies and Procedures* manual had not been updated to reflect these changes. This may have caused some confusion with regard to which procurements exceeded the relatively new thresholds established by the OMB in June of 2018. Also, the thresholds on the purchase order forms have not been updated to reflect these relatively new thresholds.

Effect: The University may not be attaining the best quality to price ratio when purchasing goods and services. The University is not in compliance with the OMB Uniform Guidance.

Recommendation: Adopt a quote tabulation form. Obtain quote information by any means (including phone calls with potential vendors). Document quote data on the tabulation form (vendor name, date, price, etc.). Have boxes to check that indicate which vendor has been selected and why (best price, best quality, past experience, Indian preference, sole source etc.). Designate a Procurement Officer who will act as the "last line of defense" and approve all procurements prior to ordering goods/services to ensure they are in compliance.

Views of Responsible Officials and Planned Corrective Actions: See corrective action plan.

Sinte Gleska University
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022
Part C - Major Federal Programs Audit

Internal Controls Over Compliance – Cross Cutting - Continued

2022-004 Davis Bacon Act

This is a repeat finding. See schedule of prior year findings number 2021-008.

Condition: 6 payments to 5 contractors in excess of \$2,000 for construction, alterations, and repairs were selected and tested. No certified payrolls were on file in support of these payments. Also, no contracts containing a Davis Bacon Act clause were on file.

Criteria: The *Davis Bacon Act Compliance Policy* section of the University's *Financial Policies and Procedures* states, "The Davis-Bacon Act (DBA) codified as 40 U.S.C. §§ 3141-3148 applies to contractors and subcontractors performing on federally funded contracts in excess of \$2,000 for construction, alterations, repairs (including painting and decorating) and also, including craft positions such as plumber, carpenter, cement mason/concrete finisher, electrician, insulator, laborer, lather, painter, power equipment operator, roofer, sheet metal worker, truck driver, and welder. DBA contractors and subcontractors must pay their laborers and mechanics employed under the federal funded contract no less than the locally prevailing wages and fringe benefits for corresponding work on similar projects in the area. The Maintenance Director provides written notice to the contractor of this Federal regulation for compliance with the DAVIS BACON ACT, 40 U.S.C. §§ 3141-3148 as amended and in conformance with the U.S. Department of Labor regulations at 29 CFR Part 5, (Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction) and 29 CFR Part 3 (Contractors and Subcontractors on Work Financed in Whole or in Part by Grants from the United States). Accounts payable will NOT issue payment until certified payrolls and invoices have been received in finance."

Cause: Turnover in key positions at the University without training over adopted policies has contributed to this condition.

Effect: The University is not in compliance with provisions of the Davis Bacon Act.

Recommendation: Perform a training during which the flow of procurement documents and flow of approvals is analyzed. Determine at which point in the process an individual is assigned the responsibility to identify transactions that fall under the purview of the Davis Bacon Act. Those transactions, at that point in the process, will then be diverted to the Maintenance Director who will be responsible for ensuring the related contract between the University and the construction contractor includes the DBA clause. The AP clerk will then act as the "last line of defense" and not issue payment to any such contractors unless labor on the related invoices is supported with certified payroll forms (WH-347 form).

Views of Responsible Officials and Planned Corrective Actions: See corrective action plan.

Sinte Gleska University
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022
Part C - Major Federal Programs Audit

Compliance – Cross Cutting

2022-005 Late Single Audit Submission

This is a repeat finding. See schedule of prior year findings number 2021-003.

Condition: The University’s audit was not completed and the data collection form and reporting package were not submitted within nine months after the end of the audit period.

Criteria: Section 200.512 *Report Submission* of the Office of Management and Budget’s *Uniform Guidance* states, “The audit must be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section must be submitted within the earlier of 30 calendar days after receipt of the auditor’s report(s), or nine months after the end of the audit period. If the due date falls on a Saturday, Sunday, or Federal holiday, the reporting package is due the next business day.”

Cause: Several issues contributed to the late submission of the University’s FY22 audit report to the Federal Audit Clearinghouse. Bank reconciliations through September 30, 2022 were not completed until May of 2023. Bookstore inventory lead schedules were not complete until June of 2023. Investment account reconciliations were not performed. Additional clarity surrounding the University’s indirect cost pool and indirect cost charges lead to a change in strategy that should prove to greatly benefit the financial well-being of the University in the future. The related analysis needed in developing this strategy took additional time.

Effect: The University is not in compliance with provisions of the OMB’s *Uniform Guidance*.

Recommendation: The University has very well written *Close-out* policies beginning on page 29 of the *Financial Policies and Procedures* manual. Start by getting all bank account, investment account, and credit card account reconciliations up-to-date. Having all of your cash receipts and cash disbursements accounted for is the most important function of the Business Office. Next, use the written *Close-out* policies to develop a fiscal-year-end close-out calendar. This calendar must include all steps in the close-out process as well as scheduling on-site audit fieldwork, completion of on-site audit fieldwork, and submission of your reporting package to the Federal Audit Clearinghouse.

Views of Responsible Officials and Planned Corrective Actions: See corrective action plan.

Sinte Gleska University
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022
Part C - Major Federal Programs Audit

Major Federal Programs

U.S. Department of Interior

Assistance to Tribally Controlled Colleges & Universities

ALN 15.027

Award no. A19AP00123 Award Period: 07/01/2019 – 06/30/2024

Internal Control Over Compliance

Certain audit findings identified in Part B and Part C of the *Schedule of Findings and Questioned Costs* are applicable as internal control over compliance findings for this major program. They are **2022-002 Physical Count of Capital Assets, 2022-003 Methods of Procurement to be Followed, 2022-004 Davis Bacon Act, and 2022-006 Indirect Cost Pool & Indirect Cost Charges.**

Compliance

Certain audit findings identified in Part B and Part C of the *Schedule of Findings and Questioned Costs* are applicable as compliance findings for this major program. They are **2022-002 Physical Count of Capital Assets, 2022-003 Methods of Procurement to be Followed, 2022-004 Davis Bacon Act, and 2022-005 Late Single Audit Submission.**

Assistance to Tribally Controlled Colleges & Universities – American Rescue Plan Fund

ALN 15.027

Award no. A19AP00123-06 Award Period: 09/16/2020 – 06/30/2024

Internal Control Over Compliance

Certain audit findings identified in Part B and Part C of the *Schedule of Findings and Questioned Costs* are applicable as internal control over compliance findings for this major program. They are **2022-002 Physical Count of Capital Assets, 2022-003 Methods of Procurement to be Followed, 2022-004 Davis Bacon Act, and 2022-006 Indirect Cost Pool & Indirect Cost Charges.**

Compliance

Certain audit findings identified in Part B and Part C of the *Schedule of Findings and Questioned Costs* are applicable as compliance findings for this major program. They are **2022-002 Physical Count of Capital Assets, 2022-003 Methods of Procurement to be Followed, 2022-004 Davis Bacon Act, and 2022-005 Late Single Audit Submission.**

Sinte Gleska University
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022
Part C - Major Federal Programs Audit

Major Federal Programs – Continued

U.S. Department of Interior – Continued

Assistance to Tribally Controlled Colleges & Universities – Education Stabilization Fund
ALN 15.027
Award no. A19AP00123-05 Award Period: 09/16/2020 – 09/30/2022

Internal Control Over Compliance

Certain audit findings identified in Part B and Part C of the *Schedule of Findings and Questioned Costs* are applicable as internal control over compliance findings for this major program. They are **2022-002 Physical Count of Capital Assets, 2022-003 Methods of Procurement to be Followed, 2022-004 Davis Bacon Act, and 2022-006 Indirect Cost Pool & Indirect Cost Charges.**

Compliance

Certain audit findings identified in Part B and Part C of the *Schedule of Findings and Questioned Costs* are applicable as compliance findings for this major program. They are **2022-002 Physical Count of Capital Assets, 2022-003 Methods of Procurement to be Followed, 2022-004 Davis Bacon Act, and 2022-005 Late Single Audit Submission.**

Total Questioned Costs - U.S. Department of Interior **\$0**

Sinte Gleska University
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022
Part C - Major Federal Programs Audit

Major Federal Programs - Continued

U.S. Department of Education

Student Financial Assistance Cluster – Federal Pell Grant Program

ALN 84.063

Award no. P063P203813 Award Period: 10/01/2021 – 09/30/2022

Internal Control Over Compliance

None noted.

Compliance

An audit finding identified in Part C of the *Schedule of Findings and Questioned Costs* is applicable as a compliance finding for this major program. It is **2022-005 Late Single Audit Submission**.

Student Financial Assistance Cluster – Federal Work Study Program

ALN 84.033

Award no. N/A Award Period: 10/01/2021 – 09/30/2022

Internal Control Over Compliance

None noted.

Compliance

An audit finding identified in Part C of the *Schedule of Findings and Questioned Costs* is applicable as a compliance finding for this major program. It is **2022-005 Late Single Audit Submission**.

Student Financial Assistance Cluster – Federal Supplemental Opportunity Grants

ALN 84.007

Award no. N/A Award Period: 10/01/2021 – 09/30/2022

Internal Control Over Compliance

None noted.

Compliance

An audit finding identified in Part C of the *Schedule of Findings and Questioned Costs* is applicable as a compliance finding for this major program. It is **2022-005 Late Single Audit Submission**.

Sinte Gleska University
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022
Part C - Major Federal Programs Audit

Major Federal Programs - Continued

U.S. Department of Education - Continued

Higher Education (Institutional Aid) – American Indian Tribally Controlled Colleges and Universities

ALN 84.031T

Award no. P031T200023 Award Period: 10/01/2021 – 09/30/2022

Internal Control Over Compliance

Certain audit findings identified in Part B and Part C of the *Schedule of Findings and Questioned Costs* are applicable as internal control over compliance findings for this major program. They are **2022-002 Physical Count of Capital Assets**, and **2022-003 Methods of Procurement to be Followed**.

Compliance

Certain audit findings identified in Part B and Part C of the *Schedule of Findings and Questioned Costs* are applicable as compliance findings for this major program. They are **2022-002 Physical Count of Capital Assets**, **2022-003 Methods of Procurement to be Followed**, and **2022-005 Late Single Audit Submission**.

Higher Education (Institutional Aid) – American Indian Tribally Controlled Colleges and Universities (Part F)

ALN 84.031D

Award no. P031D200023 Award Period: 10/01/2021 – 09/30/2022

Internal Control Over Compliance

Certain audit findings identified in Part B and Part C of the *Schedule of Findings and Questioned Costs* are applicable as internal control over compliance findings for this major program. They are **2022-002 Physical Count of Capital Assets**, and **2022-003 Methods of Procurement to be Followed**.

Compliance

Certain audit findings identified in Part B and Part C of the *Schedule of Findings and Questioned Costs* are applicable as compliance findings for this major program. They are **2022-002 Physical Count of Capital Assets**, **2022-003 Methods of Procurement to be Followed**, and **2022-005 Late Single Audit Submission**.

Sinte Gleska University
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022
Part C - Major Federal Programs Audit

Major Federal Programs - Continued

U.S. Department of Education - Continued

Higher Education Emergency Relief Fund (Student Aid)

ALN 84.425E

Award no. P425E205009 Award Period: 06/12/2020 – 02/18/2022

Internal Control Over Compliance

None noted.

Compliance

An audit finding identified in Part C of the *Schedule of Findings and Questioned Costs* is applicable as a compliance finding for this major program. It is **2022-005 Late Single Audit Submission**.

Higher Education Emergency Relief Fund (Institutional Aid)

ALN 84.425F

Award no. P425F204018 Award Period: 06/17/2020 – 02/18/2022

Internal Control Over Compliance

Certain audit findings identified in Part B and Part C of the *Schedule of Findings and Questioned Costs* are applicable as internal control over compliance findings for this major program. They are **2022-002 Physical Count of Capital Assets, 2022-003 Methods of Procurement to be Followed, and 2022-006 Indirect Cost Pool & Indirect Cost Charges**.

Compliance

Certain audit findings identified in Part B and Part C of the *Schedule of Findings and Questioned Costs* are applicable as compliance findings for this major program. They are **2022-002 Physical Count of Capital Assets, and 2022-005 Late Single Audit Submission**.

Sinte Gleska University
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022
Part C - Major Federal Programs Audit

Major Federal Programs - Continued

U.S. Department of Education - Continued

Higher Education Emergency Relief Fund (TCU Aid)

ALN 84.425K

Award no. P425K200047 Award Period: 07/17/2020 – 02/23/2022

Internal Control Over Compliance

Certain audit findings identified in Part B and Part C of the *Schedule of Findings and Questioned Costs* are applicable as internal control over compliance findings for this major program. They are **2022-002 Physical Count of Capital Assets, 2022-003 Methods of Procurement to be Followed, 2022-004 Davis Bacon Act, and 2022-006 Indirect Cost Pool & Indirect Cost Charges.**

Compliance

Certain audit findings identified in Part B and Part C of the *Schedule of Findings and Questioned Costs* are applicable as compliance findings for this major program. They are **2022-002 Physical Count of Capital Assets, 2022-003 Methods of Procurement to be Followed, 2022-004 Davis Bacon Act, and 2022-005 Late Single Audit Submission.**

Total Questioned Costs - U.S. Department of Education **\$0**

Sinte Gleska University
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022
Part C - Major Federal Programs Audit

Major Federal Programs - Continued

U.S. Department of Health & Human Services

Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)

ALN 93.104

Award no. 1H79SM082955 Award Period: 08/31/2021 – 08/30/2022

Internal Control Over Compliance

Audit findings identified in Part B of the *Schedule of Findings and Questioned Costs* are applicable as internal control over compliance findings for this major program. They are **2022-003 Methods of Procurement to be Followed**, and **2022-006 Indirect Cost Pool & Indirect Cost Charges**

Compliance

An audit finding identified in Part C of the *Schedule of Findings and Questioned Costs* is applicable as a compliance finding for this major program. It is **2022-005 Late Single Audit Submission**.

Total Questioned Costs - U.S. Department of Health & Human Services \$0

Sinte Gleska University
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022
Part C - Major Federal Programs Audit

Major Federal Programs - Continued

Summary of questioned costs for fiscal-year 2022:

Total Questioned Costs - U.S. Department of Interior	\$0
Total Questioned Costs - U.S. Department of Education	\$0
Total Questioned Costs - U.S. Department of Health & Human Services	<u>\$0</u>
Total Questioned Costs	<u>\$0</u>



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ESTABLISHED DECEMBER 1970

ACCREDITED BY THE
THE HIGHER LEARNING COMMISSION 1983

RECOGNIZED AS A
1994 TRIBAL LAND GRANT INSTITUTION

CORRECTIVE ACTION PLAN

August 18, 2023

The Sinte Gleska University respectfully submits the following corrective action plan for the year ended September 30, 2022.

Name and address of independent public accounting firm:

Midwest Professionals, PLLC
215 South Court Avenue
Gaylord, MI 49735

Audit period: October 1, 2021 – September 30, 2022

The findings from the September 30, 2022 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

2022-001 Financial Statement Preparation

Recommendation: Adhere to the *Internal Controls* section of the University's *Financial Policies and Procedures*. Adhere to the *Credit Card Procedure* section of the University's *Financial Policies and Procedures*.

Action Taken: The CFO will ensure the Financial Policies and Procedures are followed and ensure financial statements are completed in a timely manner.

2022-002 Physical Count of Capital Assets

Recommendation: Adhere to the *Accountability* section of the University's *Procedural Manual – Fixed Asset & Inventory Control*. The requirements of the OMB's *Uniform Guidance* are already addressed in your currently adopted policies (A Fixed assets physical inventory is required every two years).

Action Taken: The Fixed Asset Coordinator and Property and Supply Clerk will ensure physical inventories will be done in a timely manner and in accordance with the OMB Uniform Guidance.



SINTE GLESKA UNIVERSITY

SICANGU LAKOTA OYATE

PO Box 105

Mission, SD 57555-0105

Telephone (605) 856-8100

www.SinteGleska.edu

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FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

2022-006 Indirect Cost Pool & Indirect Cost Charges

Recommendation: Review actual spending in FY23. Any administrative expenditures allocated as direct spending to the programs should be carefully considered for reclassification to the IDC Pool (Fund 60). After all year-end adjustments have been made, review the FY23 IDC charges to programs to ensure all amounts that can be recovered have been recovered. Budget the FY24 indirect cost pool expenditures and recoveries. Code all supporting documentation for FY24 expenditures appropriately (i.e., IDC Pool expenditures are coded to Fund 60 on purchase orders & on payroll timecards).

Action Taken: We understand, agree with, and will implement the auditor recommendations within 120 days following the issuance of this report.

FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

2022-003 Methods of Procurement to be Followed

Recommendation: Adopt a quote tabulation form. Obtain quote information by any means (including phone calls with potential vendors). Document quote data on the tabulation form (vendor name, date, price, etc.). Have boxes to check that indicate which vendor has been selected and why (best price, best quality, past experience, Indian preference, sole source etc.). Designate a Procurement Officer who will act as the “last line of defense” and approve all procurements prior to ordering goods/services to ensure they are in compliance.

Action Taken: A Procurement Officer has been designated and will ensure a quote tabulation document is created and implemented.

2022-004 Davis Bacon Act

Recommendation: Perform a training during which the flow of procurement documents and flow of approvals is analyzed. Determine at which point in the process an individual is assigned the responsibility to identify transactions that fall under the purview of the Davis Bacon Act. Those transactions, at that point in the process, will then be diverted to the Maintenance Director who will be responsible for ensuring the related contract between the University and the construction contractor includes the DBA clause. The AP clerk will then act as the “last line of defense” and not issue payment to any such contractors unless labor on the related invoices is supported with certified payroll forms (WH-347 form).

Action Taken: Each month during “All Staff Gathering/Professional Development”, the finance office will provide 1 hour training sessions to inform staff on various procedures, to include the Davis-Bacon Act.



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FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT (Continued)

2022-005 Late Single Audit Submission

Recommendation: The University has very well written *Close-out* policies beginning on page 29 of the *Financial Policies and Procedures* manual. Start by getting all bank account, investment account, and credit card account reconciliations up-to-date. Having all of your cash receipts and cash disbursements accounted for is the most important function of the Business Office. Next, use the written *Close-out* policies to develop a fiscal-year-end close-out calendar. This calendar must include all steps in the close-out process as well as scheduling on-site audit fieldwork, completion of on-site audit fieldwork, and submission of your reporting package to the Federal Audit Clearinghouse.

Action Taken: We understand, agree with, and will implement the auditor recommendations within 120 days following the issuance of this report.

If you should have any questions regarding this plan, please call Carole Gregg, CFO, at 605-856-8100.

Sincerely,

Carole Gregg
Chief Financial Officer
Sinte Gleska University
PO Box 105
Mission, SD 57555