

**ISNA WICA OWAYAWA
(LONEMAN SCHOOL)**

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2020**



Ketel Thorstenson, LLP

Certified Public Accountants/Business & Personal Consultants

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ISNA WICA OWAYAWA

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Ketel Thorstenson, LLP

Certified Public Accountants/Business & Personal Consultants

810 Quincy Street
P.O. Box 3140, Rapid City, South Dakota 57709
Telephone (605) 342-5630 • e-mail: ktlp@ktlp.com

INDEPENDENT AUDITOR'S REPORT

Board of Education
Isna Wica Owayawa
Oglala, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of **ISNA WICA OWAYAWA (Loneman School)** (the School), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents. We were also engaged to audit the accompanying financial statements of the aggregate remaining fund information of the School as of and for the year ended June 30, 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the aggregate remaining fund information.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Disclaimer of Opinion

The School did not maintain adequate documentation to support the balances on the statement of fiduciary net position for the Agency Fund. As such, we were unable to obtain sufficient appropriate audit evidence that this fund is free of material misstatements by other auditing procedures. Only one fund is included in the aggregate remaining fund information of the School.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the aggregate remaining fund information of the School as of and for the year ended June 30, 2020. Accordingly, we do not express an opinion on the aggregate remaining fund information as of and for the year ended June 30, 2020.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Contingency – Noncompliance

The accompanying financial statements reflect a liability for questioned costs of prior years in which the Bureau of Indian Affairs has sent a related bill of collection. Resolution of these costs needs to be made with the respective funding agency.

In addition to questioned costs, the School has violated certain restrictive grant provisions. The possible outcome of these matters, which have been reported to appropriate federal officials, is uncertain at this time. Accordingly, no provision of any liability has been made in the financial statements for possible federal claims for refunds of those grant monies.

Contingency - Going Concern

The accompanying financial statements have been prepared assuming that the School will continue as a going concern. As described in Note 11 to the financial statements, the School has a large operating deficit generated during the past fiscal years. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding this matter are also described in Note 11. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information on pages 25 to 28 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis 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.

Isna Wica Owayawa

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The 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* on page 30, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 information 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 June 22, 2021 on our consideration of the School'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 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 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 School's internal control over financial reporting and compliance.



KETEL THORSTENSON, LLP
Certified Public Accountants

June 22, 2021

ISNA WICA OWAYAWA

STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities
<u>ASSETS</u>	
Cash	\$ 1,717,784
Investments (Note 2)	3,285,035
Due from Grantor (Note 3)	579,231
Accounts Receivable	17,347
Interfund Receivable (Note 4)	10,319
Inventory	20,731
Prepaid Expenses	44,718
Capital Assets, Net of Depreciation (Notes 5 and 7)	943,073
TOTAL ASSETS	\$ 6,618,238
<u>LIABILITIES</u>	
Accounts Payable	\$ 37,931
Accrued Liabilities	253,687
Disallowed Costs Payable (Note 6)	3,005,779
Compensated Absences (Note 7)	
Due Within One Year	7,929
Capital Lease Payable (Note 7)	
Due Within One Year	2,964
Due in More than One Year	828
TOTAL LIABILITIES	3,309,118
<u>NET POSITION</u>	
Net Investment in Capital Assets	939,281
Restricted (Note 8)	
Indian School Equalization Program	1,913,572
Special Education - Part B	1,087,839
Title Programs	128,448
Education Stabilization Funds (CARES)	784,153
21st Century	59,986
Administrative	530,255
Program Enhancement	72,247
Transportation	146,250
Quarters Maintenance, Improvement and Repair	80,269
Assessment Grant	64,013
Program Adjustment - Safe and Secure Schools	47,011
Student Support and Academic Enrichment	13,213
Suicide Prevention	4,694
Impact Aid	103,776
Backpack Program	1,575
Running Strong	143
Unrestricted Deficit	(2,667,605)
TOTAL NET POSITION	3,309,120
TOTAL LIABILITIES AND NET POSITION	\$ 6,618,238

The accompanying notes are an integral part of this statement.

ISNA WICA OWAYAWA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

FOR THE YEAR ENDED JUNE 30, 2020				Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Program Revenues		Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	
<i>Governmental Activities:</i>				
Instruction				
Basic Operations	\$ 2,262,576	\$ -	\$ 2,200,956	\$ (61,620)
Special Education-Part B	727,233	-	375,200	(352,033)
Title Programs	732,665	-	762,694	30,029
Program Enhancement	124,112	-	48,620	(75,492)
Program Adjustment	23,130	-	45,000	21,870
21st Century	82,447	-	142,433	59,986
Education Stabilization	13,517	-	797,670	784,153
State Assessment	-	-	1,187	1,187
Support Services				
Transportation	445,551	-	455,673	10,122
Administration	495,349	-	671,705	176,356
Facilities	465,783	-	421,892	(43,891)
Food Service	209,834	11,823	207,690	9,679
General				
Housing	78,184	49,792	-	(28,392)
General Operations	204,727	-	-	(204,727)
	5,865,108	61,615	6,130,720	327,227
Total Primary Government	\$ 5,865,108	\$ 61,615	\$ 6,130,720	327,227
General Revenues				
Earnings on Investments and Deposits				260,862
Miscellaneous				47,902
Total General Revenues				308,764
Change in Net Position				635,991
Net Position -- June 30, 2019				2,673,129
Net Position -- June 30, 2020				\$ 3,309,120

The accompanying notes are an integral part of this statement.

ISNA WICA OWAYAWA

GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2020

	General Fund	Educational Programs Fund	Support Programs Fund	Total Governmental Funds
ASSETS				
Cash	\$ 106,003	\$ 1,595,409	\$ 16,372	\$ 1,717,784
Investments (Note 2)	312,760	2,317,495	654,780	3,285,035
Accounts Receivable	-	17,347	-	17,347
Due from Grantor (Note 3)	-	563,120	16,111	579,231
Interfund Receivable (Note 4)	10,319	-	-	10,319
Inventory	-	-	20,731	20,731
Prepaid Expenses	790	35,241	8,687	44,718
TOTAL ASSETS	\$ 429,872	\$ 4,528,612	\$ 716,681	\$ 5,675,165
LIABILITIES				
Accounts Payable	\$ 133	\$ 18,273	\$ 19,525	\$ 37,931
Accrued Liabilities	3,367	231,244	19,076	253,687
Disallowed Costs Payable (Note 6)	3,005,779	-	-	3,005,779
TOTAL LIABILITIES	3,009,279	249,517	38,601	3,297,397
FUND BALANCES (DEFICIT)				
Nonspendable-Inventory	-	-	20,731	20,731
Nonspendable-Prepaid Expenses	790	35,241	8,687	44,718
Restricted (Note 8)	79,479	4,243,854	648,662	4,971,995
Unassigned (Note 11)	(2,659,676)	-	-	(2,659,676)
TOTAL FUND BALANCES (DEFICIT)	(2,579,407)	4,279,095	678,080	2,377,768
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	\$ 429,872	\$ 4,528,612	\$ 716,681	\$ 5,675,165

The accompanying notes are an integral part of this statement.

ISNA WICA OWAYAWA

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2020

Total Fund Balance - Governmental Funds	\$ 2,377,768
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets (net of depreciation) used in governmental activities are not current financial resources and therefore, are not reported in the governmental funds balance sheet.	943,073
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Accrued absences do not require current financial resources. Therefore, they are not reported as a liability in the governmental funds balance sheet.	(7,929)
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Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	(3,792)
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Net Position - Governmental Activities	\$ 3,309,120
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The accompanying notes are an integral part of this statement.

ISNA WICA OWAYAWA

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Educational Programs Fund	Support Programs Fund	Total Governmental Funds
Revenues				
Revenue from Federal Sources	\$ -	\$ 4,373,760	\$ 1,756,960	\$ 6,130,720
Rentals	49,792	-	-	49,792
Earnings on Investments and Deposits	260,862	-	-	260,862
Contributions	3,990	15,467	-	19,457
Miscellaneous Revenue	11,882	-	16,563	28,445
Charges for Services	-	-	11,823	11,823
Total Revenues	326,526	4,389,227	1,785,346	6,501,099
Expenditures (Note 9)				
<i>Instruction:</i>				
Basic Operations	-	2,239,940	-	2,239,940
Title Programs	-	732,665	-	732,665
Special Education-Part B	-	713,461	-	713,461
Program Enhancement	-	124,112	-	124,112
Program Adjustment	-	15,187	-	15,187
21st Century	-	82,447	-	82,447
Education Stabilization	-	13,517	-	13,517
<i>Support Services:</i>				
Facilities	-	-	465,774	465,774
Administration	-	-	486,877	486,877
Transportation	-	-	380,727	380,727
Food Service	-	-	209,834	209,834
<i>General:</i>				
Housing	78,051	-	-	78,051
General Operations	204,727	-	-	204,727
Capital Outlay (Note 5)	-	41,538	211,092	252,630
Debt Service (Note 7)	-	1,766	910	2,676
Total Expenditures	282,778	3,964,633	1,755,214	6,002,625
Excess of Revenues Over (Under) Expenditures	43,748	424,594	30,132	498,474
Other Financing Sources (Uses)				
Transfers In (Out) (Note 4)	-	(28,840)	28,840	-
Net Change in Fund Balances	43,748	395,754	58,972	498,474
Fund Balance (Deficit) - June 30, 2019	(2,623,155)	3,883,341	619,108	1,879,294
Fund Balance (Deficit) - June 30, 2020	\$ (2,579,407)	\$ 4,279,095	\$ 678,080	\$ 2,377,768

The accompanying notes are an integral part of this statement.

ISNA WICA OWAYAWA

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Net Change in Fund Balances - Total Governmental Funds \$ 498,474

Amounts reported for governmental activities in the Statement of Activities are different
because:

Governmental funds report capital outlays as expenditures. However, in the Statement of
Activities, the costs of those assets are allocated over their estimated useful lives and reported as
depreciation expense. This is the amount that capital outlays exceeded depreciation expense in
the current period. 134,500

Repayment of debt principal is an expenditure in the governmental funds, but the repayment
reduces long-term liabilities in the Statement of Net Position. 2,676

Governmental funds recognize expenditures for amounts of compensated absences actually paid
to employees with current financial resources during the fiscal year. Amounts of compensated
absences earned by employees are not recognized in the governmental funds. In the Statement of
Activities, expenses for these benefits are recognized when the employees earn leave credits. 341

Change in Net Position - Governmental Activities \$ **635,991**

The accompanying notes are an integral part of this statement.

ISNA WICA OWAYAWA

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020

	Agency Funds
<u>ASSETS</u>	
Cash	\$ 17,113
TOTAL ASSETS	\$ 17,113
<u>LIABILITIES</u>	
Interfund Payable (Note 4)	\$ 10,319
Custodial Liability	6,794
TOTAL LIABILITIES	\$ 17,113

The accompanying notes are an integral part of this statement.

ISNA WICA OWAYAWA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

(1) Summary of Significant Accounting Policies

Financial Reporting Entity

Isna Wica Owayawa (Loneman School) (the School) operates an elementary and middle school on the Pine Ridge Indian Reservation in Oglala, South Dakota. The School receives substantially all of its funding through the Bureau of Indian Affairs (BIA) and the U.S. Department of Education.

All operations of the School are controlled by an elected School Board, responsible for all of the School's activities. The financial statements include all of the School's operations controlled by the School Board. Based on the criteria for determining the reporting entity (separate legal entity and fiscal or financial dependency on other governments), the School is considered to be an independent reporting entity and has no component units.

Basis of Presentation

The basic financial statements of the School include the government-wide and fund financial statements. The focus is on the School as a whole in the government-wide financial statements, while reporting additional and detailed information about the School's major governmental activities in fund financial statements.

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting entity as a whole. Governmental activities generally are financed through federal grants. The School has no business-type activities. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School's own programs.

The Statement of Net Position reports all financial and capital resources in a balance sheet form (assets equal liabilities plus net position). Net position is displayed in three components, as applicable: net investment in capital assets, restricted (distinguishing between major categories of restrictions), and unrestricted.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School'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. Program revenues include (a) charges paid by recipients of goods and 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:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the category. A fund is considered major if it is the primary operating fund of the School or it meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures of the individual governmental fund are at least ten percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures of the individual governmental fund are at least five percent of the corresponding total for all governmental funds, or
3. Management has elected to classify one or more governmental funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

ISNA WICA OWAYAWA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(1) Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued):

The funds of the financial reporting entity are described below:

Governmental Funds:

General Fund - The General Fund is the general operating fund, designed to meet all the general operational and housing activities of the School, excluding those required to be accounted for in another fund. The general fund is always a major fund.

Special Revenue Funds - The special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Each of the funds described below is financed by the federal government and is considered a major fund.

Educational Programs Fund - Established to support the direct educational needs of the School.

Support Programs Fund - Established to account for supplemental funds received for support activities including food service, transportation, facility maintenance, and administration.

Fiduciary Funds:

Agency Fund Types - Agency funds are used to account for resources held by the School in a purely custodial capacity (assets equal liabilities). Since agency funds are custodial in nature, they do not involve the measurement of results of operations. The School maintains an agency fund to account for the monies earned by the students for student activities. Fiduciary funds are never considered to be major funds.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” revenues and expenditures are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

Measurement Focus:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the “economic resources” measurement focus, applied on the accrual basis of accounting. Agency funds are not included in the measurement of results of operation; therefore, measurement focus is not applicable to them, and they are omitted from the government-wide reporting.

Fund Financial Statements:

In the fund financial statements, the “current financial resources” measurement focus and the modified accrual basis of accounting are applied to governmental funds, while the “economic resources” measurement focus and the accrual basis of accounting are applied to the fiduciary funds.

ISNA WICA OWAYAWA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(1) Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

Basis of Accounting:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets generally are recorded when earned, and expenses and related liabilities are recorded when an obligation is incurred. Revenue from non-exchange transactions (i.e. federal grants) generally includes certain eligibility and purpose requirements. Revenue from these grants is considered earned at the time all eligibility requirements have been satisfied.

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues generally are recognized when they become measurable and available. "Measurable" means knowing or being able to reasonably estimate the amount. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay current liabilities (60 days).

Revenues from federal and state grants are recognized when all eligibility requirements have been satisfied and when the resources are available. Any unexpended portions of grant revenues that have been received are considered restricted. Expenditures in excess of amounts received but earned are recorded as due from grantor.

Expenditures generally are recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt and compensated absences, which are recognized when due.

All fiduciary funds are accounted for using the accrual basis of accounting. Revenue is recognized when it is earned and expenses are recognized when they are incurred.

Interfund Eliminations and Reclassifications

Government-wide Financial Statements:

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified. In order to minimize the grossing-up effect on assets and liabilities within the governmental activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental activities columns, except for the net, residual amounts due between governmental and fiduciary activities, which are presented as internal balances.

Inventory

Inventory consists of food and fuel and is valued at the lower of cost or market value. The cost valuation method is first-in, first out. Donated commodities are valued at estimated market value based on the U.S. Department of Agriculture price list at the date of receipt.

Capital Assets

Capital assets include mobile homes, vehicles, equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

ISNA WICA OWAYAWA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(I) Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

All federal grantors retain a reversionary interest in selected property purchased with their respective contract funds. Most of the capital assets reported by the School have been acquired with federal funds.

The BIA supplies the facilities required to operate the School. Accordingly, substantially all building and infrastructure utilized by the School are owned by the BIA. The BIA also provides a facilities grant to cover costs associated with operating the buildings. A value for these facilities supplied by the BIA is not reflected in the accompanying financial statements.

The accounting treatment over capital assets depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$5,000.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Position. The straight-line method of depreciation is used and the estimated useful lives of capital assets reported in the government-wide statements are as follows:

	Estimated Useful Life
Vehicles	10 Years
Equipment	5-20 Years

Fund Financial Statements:

Capital assets used in governmental fund operations are accounted for as capital expenditures of the appropriate governmental fund upon acquisition.

Long-Term Liabilities

The accounting treatment of long-term liabilities depends on whether the assets are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of a capital lease and compensated absences (See Note 7).

Funding for compensated absences is expended in the same fund as the corresponding payroll. In the governmental fund financial statements, compensated absences are reported as expenditures when paid.

Long-term liabilities for governmental funds are not reported as liabilities in the fund financial statements. In the fund financial statements, debt proceeds are reported as revenues (other financing sources), while payments of principal and interest are reported as expenditures when they become due.

ISNA WICA OWAYAWA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2020

(1) Summary of Significant Accounting Policies (Continued)

Program Revenues

In the government-wide Statement of Activities, reported program revenues derive directly from the program itself. Program revenues are classified into three categories, as follows:

1. Charges for services arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program. The School received no program specific capital grants and contributions during the year ended June 30, 2020.

Deposits

The School follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Restrictions on deposits and investments imposed by statute require funds to be invested in securities insured, secured, or guaranteed by the United States. The School's investment policy does not further limit its investment choices. As of June 30, 2020, the School's cash consisted of checking and savings accounts. The School's policy is to credit income to the fund in which the corresponding assets are recorded.

Use of Estimates

The preparation of the financial statements with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures of certain financial statement balances. Actual results could vary from the estimates used.

Equity Classifications

Government-wide Financial Statements:

Equity is classified as net position and is displayed in three components:

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 either (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 "net investment in capital assets." The School reports negative unrestricted net position. The amounts must be replaced to eliminate compliance findings regarding the misuse of advanced federal funds (Note 6).

ISNA WICA OWAYAWA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(1) Summary of Significant Accounting Policies (Continued)

Equity Classifications (Continued)

It is the School's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Financial Statements:

The School classifies governmental fund balances as follows:

1. Nonspendable - amounts that cannot be spent because they are not in spendable form or are required to be maintained intact due to legal or contractual constraints. This includes inventory and prepaid expenses.
2. Restricted - amounts that are constrained for specific purposes by external providers, such as grantors and/or creditors, or amounts constrained due to constitutional provisions or by enabling legislation.
3. Committed - amounts that are constrained for specific purpose by the School itself, using its highest level of decision making authority (School Board approval); to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint. The School has no committed fund balances at June 30, 2020.
4. Assigned - amounts that the School intends to use for specific purposes that are neither considered restricted or committed. Intent can be expressed by the governing body or by an official or body to which the governing body delegates authority (e.g. Superintendent or Business Manager). The School has no assigned fund balances at June 30, 2020.
5. Unassigned - amounts in the general fund that have not been classified in the above categories and are available for any purpose; positive amounts are reported only in the general fund and construction fund.

The School uses restricted amounts first when both restricted and unrestricted fund balance is available. Additionally, the School would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The School does not have a formal minimum fund balance policy.

Federal Income Tax

The School qualifies as an exempt organization under Section 501(c)(3) of the Internal Revenue Code and is not subject to federal income tax. As such, no income taxes have been provided for in the accompanying financial statements.

In addition, the School has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. At June 30, 2020, the School believes no significant uncertain tax positions or liabilities exist.

Emerging Accounting Standards

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*, which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The School has not yet determined the specific impact of this statement on the financial statements. The statement is effective for the School's year ending June 30, 2021.

ISNA WICA OWAYAWA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(1) Summary of Significant Accounting Policies (Concluded)

Emerging Accounting Standards (Continued)

In June 2017, the GASB issued Statement No. 87, *Leases*, which requires the 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 terms of the lease. The statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The School has not yet determined the specific impact of this statement on the financial statements. The statement is effective for the School's year ending June 30, 2022.

(2) Deposits and Investments

Per federal statute 25 U.S.C. 82507(a), the School may only invest in obligations of the United States or obligations or securities that are guaranteed or insured by the United States.

The School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of June 30, 2020, the School had the following investments:

Investment	Credit Rating	Maturity	Fair Value
Mutual Funds			
US Gov't Securities - A	N/A	N/A	\$ 1,235,359
Government Bond - A	N/A	N/A	1,211,528
			<u>2,446,887</u>
Nonnegotiable Certificates of Deposit			838,148
Total Investments			\$ 3,285,035

Interest Rate Risk:

The School will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the portfolio to meet the cash requirements of ongoing operations, thereby mitigating the need to liquidate securities at a loss prior to maturity.

Credit Risk:

Federal law limits eligible investments for the School, as discussed above. The School has no investment policy that would further limit its investment choices.

Custodial Credit Risk:

The risk that, in the event of a depository failure, the School's deposits may not be returned to it. As of June 30, 2020, all bank balances were entirely insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by securities held by the pledging financial institution.

Concentration of Credit Risk:

The School's investment policy does not further limit its investment in any one issuer. The School only has cash, certificates of deposit, and government securities.

ISNA WICA OWAYAWA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(3) Due from Grantor

Amounts due from grantor as of June 30, 2020 consists of \$579,231 due from the Department of the Interior, Bureau of Indian Education and the State of South Dakota.

(4) Interfund Balances and Transactions

Interfund receivable and payables are the result of receipts and/or disbursements made out of the wrong bank account and an interfund payable that has cash to be repaid but requires a physical transfer of cash between bank accounts, as well as an operational loan from the education fund to cover negative cash balances in the support fund. Both are expected to be repaid within the next year. Amounts consist of the following at June 30, 2020:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 10,319	\$ -
Agency Fund	-	10,319
Total Interfund Balances	\$ 10,319	\$ 10,319

Interfund transfers for the year ended June 30, 2020, were as follows:

Fund	Transfers In	Transfers Out
Educational Programs Fund	\$ -	\$ 28,840
Support Programs Fund	28,840	-
Total Transfers	\$ 28,840	\$ 28,840

Transfers between the funds were for \$28,840 transfers of grant funding to cover allowable expenditures that exceed program revenues and available carryover.

(5) Capital Assets

A summary of changes in capital assets for the year ended June 30, 2020 is shown below.

	Balance June 30, 2019	Additions	Transfers / Deletions	Balance June 30, 2020
Governmental Activities:				
<i>Capital Assets Being Depreciated</i>				
Vehicles and Equipment	1,259,772	252,630	-	1,512,402
<i>Less Accumulated Depreciation for:</i>				
Vehicles and Equipment	451,199	118,130	-	569,329
Total Capital Assets, Net	\$ 808,573	\$ 134,500	\$ -	\$ 943,073

ISNA WICA OWAYAWA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(5) Capital Assets (Continued)

Depreciation expense was charged to functions within governmental activities as follows:

Transportation	\$	65,736
SPED B		13,772
Basic Operations		21,755
Facilities		1,705
Administration		7,219
Program Adjustment		7,943
Total Depreciation Expense	\$	118,130

(6) Disallowed Costs Payable, Questioned Costs, and Noncompliance Contingency

Disallowed Costs Payable consists of the following at June 30, 2020:

Bill of Collection Date	For Year Ending	Bill of Collection Balance
November 1, 2011	June 30, 2007	\$ 161,849
December 21, 2010	June 30, 2008	252,445
November 22, 2012	June 30, 2011	474,607
September 27, 2013	June 30, 2012	1,075,873
June 9, 2015	June 30, 2013	1,041,005
Total Disallowed Costs Payable		\$ 3,005,779

The School is in the process of appealing each bill of collection. The results of those requests are not yet available. Since the outcome of the appeals is unknown, no fees, interest or penalty amounts have been accrued.

The School also has noncompliance with federal grant requirements that did not result in questioned costs. The ultimate resolution of any liability for the noncompliance will be made by the federal agency.

(7) Long-Term Liabilities

The following is a summary of changes in long-term liabilities during the year ended June 30, 2020:

	Capital Lease	Compensated Absences	Total
Governmental Activities			
Long-Term Liabilities July 1, 2019	\$ 6,468	\$ 8,270	\$ 14,738
Additions	-	43,879	43,879
Reductions	(2,676)	(44,220)	(46,896)
Long-Term Liabilities June 30, 2020	\$ 3,792	\$ 7,929	\$ 11,721
 Due Within One Year	 \$ 2,964	 \$ 7,929	 \$ 10,893

ISNA WICA OWAYAWA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(7) Long-Term Liabilities (Continued)

The compensated absences will be paid from the same fund as the related payroll. The capital lease will be paid from the same fund where the related copier is utilized (allocated between Educational Programs and Support Programs funds).

The School has a non-cancelable capital lease for copiers. The copiers had a cost of \$12,380 with accumulated depreciation at June 30, 2020, of \$9,079. Payments of \$272 are due monthly through October 2021, including interest at 11.12 percent, secured by the copiers.

The annual requirements to amortize all debt outstanding as of June 30, 2020, excluding compensated absences, are as follows:

Year Ending June 30,	Capital Lease	
	Principal	Interest
2021	2,964	300
2022	828	25
Total	\$ 3,792	\$ 325

Total interest expense was \$588 for the year ended June 30, 2020.

(8) Grant Carryover

Fund balances at June 30, 2020, noted as restricted on the Governmental Funds Balance Sheet, represent amounts received in grant funding for which allowable expenditures have not yet been incurred. The School's restricted fund balances at June 30, 2020 are as follows:

Grant Carryover	General	Educational Programs	Support Programs	Total
Indian School Equalization Program	\$ -	\$ 1,913,572	\$ -	\$ 1,913,572
Title Schoolwide Program	-	1,087,839	-	1,087,839
Special Education - Part B	-	128,448	-	128,448
Education Stabilization Fund (CARES)	-	784,153	-	784,153
21st Century	-	59,986	-	59,986
Administrative	-	-	530,255	530,255
Transportation	-	-	146,250	146,250
Program Enhancement	-	72,247	-	72,247
Quarters Maintenance, Improvement and Repair	80,269	-	-	80,269
Assessment Grant	-	64,013	-	64,013
Program Adjustment - Safe and Secure Schools	-	47,011	-	47,011
Student Support and Academic Enrichment	-	13,213	-	13,213
Suicide Prevention	-	4,694	-	4,694
Impact Aid	-	103,776	-	103,776
Backpack Program (non-federal)	-	-	1,575	1,575
Running Strong (non-federal)	-	143	-	143
Total Grant Carryover	80,269	4,279,095	678,080	5,037,444
Less Nonexpendable Portion of Grant Carryover:				
Prepaid Expenses	(790)	(35,241)	(8,687)	(44,718)
Inventory	-	-	(20,731)	(20,731)
Total Restricted Fund Balances	\$ 79,479	\$ 4,243,854	\$ 648,662	\$ 4,971,995

ISNA WICA OWAYAWA

NOTES TO FINANCIAL STATEMENTS (CONCLUDED)
JUNE 30, 2020

(9) Employee Retirement Plan

The School has a 401(k) plan available for its employees. The School is required to match two percent of each eligible employee's salary. Each employee is allowed to contribute to the plan each year, however they are not required to. The School's matching contributions for the years ended June 30, 2020, 2019, and 2018 totaled \$36,265, \$27,185, and \$30,010, respectively. No amounts related to this retirement plan, other than the matching contributions, are reflected in the financial statements, as all employee accounts are immediately 100 percent vested.

(10) Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past year. The School provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

(11) Going Concern

At June 30, 2020, the School reports a fund deficit of \$2,579,407 in the general fund mainly due to the questioned costs payable balance from prior years. This represents a decrease in the deficit of \$43,748 from the prior year due mainly to a repayment of due to other funds. The School's continued operation is dependent upon revenue sources to replace these funds and internal controls to ensure over-expenditures are eliminated. The School is also working with their funding agent, the BIA, regarding problems associated with over-expenditures and resolution on the bills of collection issued.

(12) Current Economic Conditions

The School has been impacted by the world-wide coronavirus pandemic. The School's revenue consists primarily of funding provided by the State of South Dakota, the federal government, and local counties. The continued uncertainty regarding the local and national economy and labor markets as a result of the coronavirus pandemic could have a significant impact on the School's ability to maintain staffing and continue to provide services to students. The School is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the School's financial position is not known.

REQUIRED SUPPLEMENTARY INFORMATION

ISNA WICA OWAYAWA

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual- Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES				
Rentals	\$ -	\$ -	\$ 49,792	\$ 49,792
Earnings on Investments and Deposits	-	-	260,862	260,862
Contributions	-	-	3,990	3,990
Miscellaneous Revenue	-	-	11,882	11,882
Total Revenues	-	-	326,526	326,526
EXPENDITURES				
Supplies	7,000	7,000	197,219	(190,219)
Personnel and Fringe Benefits	21,481	21,481	74,348	(52,867)
Utilities	8,000	8,000	7,231	769
Contractual and Professional Services	5,000	5,000	3,980	1,020
Repairs and Maintenance	150,000	150,000	-	150,000
Total Expenditures	191,481	191,481	282,778	(91,297)
Net Change in Fund Deficit	(191,481)	(191,481)	43,748	417,823
Fund Deficit -- June 30, 2019	(2,623,155)	(2,623,155)	(2,623,155)	-
Fund Deficit -- June 30, 2020	\$ (2,814,636)	\$ (2,814,636)	\$ (2,579,407)	\$ 417,823

The accompanying notes to required supplementary information are an integral part of this statement.

ISNA WICA OWAYAWA

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
EDUCATIONAL PROGRAMS FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual- Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES				
Revenue from Federal Sources	\$ 3,384,814	\$ 3,384,814	\$ 4,373,760	\$ 988,946
Donations	-	-	15,467	15,467
Total Revenues	3,384,814	3,384,814	4,389,227	1,004,413
EXPENDITURES				
Personnel and Fringe Benefits	3,180,861	3,180,861	3,026,360	154,501
Equipment	195,230	195,230	80,576	114,654
Supplies	327,869	327,869	225,563	102,306
Student Activities	197,883	197,883	228,977	(31,094)
Contractual and Professional Services	512,251	512,251	133,688	378,563
Other, Primarily Extended School Year	171,250	171,250	99,491	71,759
Travel	97,771	97,771	46,779	50,992
Insurance	37,700	37,700	19,600	18,100
Training	72,162	72,162	88,164	(16,002)
Utilities	10,500	10,500	10,088	412
Food	11,000	11,000	3,581	7,419
Debt Service	-	-	1,766	(1,766)
Total Expenditures	4,814,477	4,814,477	3,964,633	849,844
Excess of Revenues Over (Under) Expenditures	(1,429,663)	(1,429,663)	424,594	1,854,257
Other Financing Sources (Uses)				
Transfers Out	-	-	(28,840)	(28,840)
Net Change in Fund Balance	(1,429,663)	(1,429,663)	395,754	1,825,417
Fund Balance -- June 30, 2019	3,883,341	3,883,341	3,883,341	-
Fund Balance -- June 30, 2020	\$ 2,453,678	\$ 2,453,678	\$ 4,279,095	\$ 1,825,417

The accompanying notes to required supplementary information are an integral part of this statement.

ISNA WICA OWAYAWA

**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SUPPORT PROGRAMS FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual- Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES				
Revenue from Federal Sources	\$ 1,549,270	\$ 1,549,270	\$ 1,756,960	\$ 207,690
Miscellaneous Revenue	-	-	16,563	16,563
Charges for Services	-	-	11,823	11,823
Total Revenues	1,549,270	1,549,270	1,785,346	236,076
EXPENDITURES				
Personnel and Fringe Benefits	801,919	801,919	669,880	132,039
Utilities	229,300	229,300	251,805	(22,505)
Food Supplies	114,500	114,500	192,950	(78,450)
Contractual and Professional Services	199,000	199,000	193,312	5,688
Supplies	98,500	98,500	69,859	28,641
Repairs and Maintenance	92,500	92,500	83,050	9,450
Insurance	53,000	53,000	59,508	(6,508)
Other	10,500	10,500	17,506	(7,006)
School Board	29,000	29,000	12,096	16,904
Debt Service	-	-	910	(910)
Training	26,514	26,514	6,898	19,616
Travel	16,500	16,500	11,281	5,219
Leases	3,000	3,000	2,704	296
Equipment	184,455	184,455	183,455	1,000
Total Expenditures	1,858,688	1,858,688	1,755,214	103,474
Excess of Revenues Over (Under) Expenditures	(309,418)	(309,418)	30,132	339,550
Other Financing Uses				
Transfers Out	-	-	28,840	28,840
Net Change in Fund Balance	(309,418)	(309,418)	58,972	368,390
Fund Balance -- June 30, 2019	619,108	619,108	619,108	-
Fund Balance -- June 30, 2020	\$ 309,690	\$ 309,690	\$ 678,080	\$ 368,390

The accompanying notes to required supplementary information are an integral part of this statement.

ISNA WICA OWAYAWA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

(1) Basis of Presentation

The Budgetary Comparison Schedules have been prepared on the modified accrual basis of accounting.

(2) Budgets and Budgetary Accounting

The School documented the approval of their annual budget during the year ended June 30, 2020. The School follows these procedures in establishing the budgetary data reflected in the financial statements:

A tentative budget with projected revenue for program operations for the following school year shall be submitted to the Board for approval at the annual April meeting.

The Board shall approve the tentative annual budget two months prior to the end of contracts based on information, salary schedules and data submitted by the Principal.

The Principal and Business Manager shall advise the Board of the need for any changes and provide the Board with proposed revisions for the approval prior to any changes being implemented.

Unexpended appropriations lapse at year end unless encumbered by resolution of the governing board. The School did not encumber any amounts at June 30, 2020.

SINGLE AUDIT INFORMATION

ISNA WICA OWAYAWA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	PASSTHROUGH ENTITY IDENTIFYING NUMBER	FEDERAL CFDA NUMBER	EXPENDITURES
U.S. Department of the Interior -- Bureau of Indian Affairs:			
<i>Direct Funding:</i>			
Indian School Equalization Program	A16AV00749	15.042	\$ 2,394,599
Indian Schools Student Transportation	A16AV00749	15.044	563,583
Administrative Cost Grants for Indian Schools	A16AV00749	15.046	501,437
Indian Education Facilities, Operations, and Maintenance	A16AV00749	15.047	425,281
Program Adjustments - Safe and Secure Schools	A16AV00749	15.149	21,763
Education Enhancements	A16AV00749	15.151	124,112
Total U.S. Department of Interior -- Bureau of Indian Affairs			4,030,775
U.S. Department of Education			
<i>Pass-Through Funding - U.S. Department of Interior -- Bureau of Indian Affairs</i>			
Title I Grants to Local Education Agencies (Note 3)	A16AV00749	84.010	562,811
Special Education Part B	A16AV00749	84.027	656,175
Education for Homeless Children and Youth (Note 3)	A16AV00749	84.196	42,855
21st Century Community Learning Centers	A16AV00749	84.287	82,447
Title IIA Teacher Quality Partnership Grant (Note 3)	A16AV00749	84.336	54,680
Rural Education (Note 3)	A16AV00749	84.358	2,870
Student Support and Academic Enrichment Program	A16AV00749	84.424	22,176
Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act	A16AV00749	84.425	13,517
Total U.S. Department of Education			1,437,531
U.S. Department of Agriculture			
<i>Pass-Through the S.D. Department of Education</i>			
<i>Child Nutrition Cluster:</i>			
<i>Non-Cash Assistance (Commodities):</i>			
National School Lunch Program (Note 5)	65-30700	10.555	4,980
<i>Cash Assistance (Note 4):</i>			
National School Lunch Program (Note 4)	65-30700	10.555	142,993
CANS Performance-Based Reimbursement	65-30700	10.555	2,918
School Breakfast Program (Note 4)	65-30700	10.553	48,182
Total Child Nutrition Cluster			199,073
Fresh Fruit and Vegetable Program	65-30700	10.582	8,616
Total U.S. Department of Agriculture			207,689
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 5,675,995

ISNA WICA OWAYAWA

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020**

Note 1: The schedule of expenditures of federal awards is presented on the modified accrual basis of accounting.

Note 2: The School did not elect to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: These grants were included as part of the School-wide Title I Program.

Note 4: These amounts reflect cash received. Federal reimbursements are based on approved rates for services provided rather than reimbursement for specific expenditures.

Note 5: These amounts include non-monetary assistance which is reported at fair market value of the commodities received and disbursed.



Ketel Thorstenson, LLP

Certified Public Accountants/Business & Personal Consultants

810 Quincy Street
P.O. Box 3140, Rapid City, South Dakota 57709
Telephone (605) 342-5630 • e-mail: ktlp@ktlp.com

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*

Board of Education
Isna Wica Owayawa
Oglala, South Dakota

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 the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of **ISNA WICA OWAYAWA (Loneman School)** (the School) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated June 22, 2021. We were engaged to audit the aggregate remaining fund information of the School for the year ended June 30, 2020. Our report disclaims an opinion on the aggregate remaining fund information because of missing substantiating documentation.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School'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 School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 School's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as #2020-001 and #2020-002 to be material weaknesses.

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. We consider the deficiency described in the accompanying Schedule of Findings as #2020-003 to be a significant deficiency.

Isna Wica Owayawa

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School'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* and which is described in the accompanying Schedule of Findings.

School's Response to Findings

The School's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The School's response was not subjected to the 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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



KETEL THORSTENSON, LLP
Certified Public Accountants

June 22, 2021



Ketel Thorstenson, LLP

Certified Public Accountants/Business & Personal Consultants

810 Quincy Street
P.O. Box 3140, Rapid City, South Dakota 57709
Telephone (605) 342-5630 • e-mail: ktllp@ktllp.com

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

Board of Education
Isna Wica Owayawa
Oglala, South Dakota

Report on Compliance for Each Major Federal Program

We have audited the compliance of **ISNA WICA OWAYAWA (Loneman School)** (the School) with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2020. The School's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings as findings #2020-003, #2020-004, and #2020-005. Our opinion on each major federal program is not modified with respect to these matters.

The School's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Isna Wica Owayawa

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings as #2020-001, #2020-002, #2020-004, and #2020-005 to be material weaknesses.

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 as #2020-003, #2020-006, and #2020-007 to be significant deficiencies.

The School's responses to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. The School's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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.



KETEL THORSTENSON, LLP
Certified Public Accountants

June 22, 2021

ISNA WICA OWAYAWA

**SCHEDULE OF FINDINGS
JUNE 30, 2020**

A. SUMMARY OF AUDIT RESULTS

1. The Independent Auditor's Report expresses an unmodified opinion on all of the financial statements of Isna Wica Owayawa (the School), except for a disclaimer of opinion expressed on the aggregate remaining fund information.
2. Material weaknesses and a significant deficiency disclosed during the audit of the financial statements are reported in the 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*.
3. Instances of noncompliance material to the financial statements of the School was disclosed during the audit.
4. Material weaknesses and significant deficiencies disclosed during the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for the School expresses unmodified opinions on all major programs, as listed in #7.
6. Audit findings relative to the major federal award program for the School are reported in Part C of this schedule.
7. The programs tested as major programs include the following:
 - a) Indian School Equalization Program (CFDA #15.042)
 - b) Indian Schools Student Transportation (CFDA #15.044)
8. The threshold for distinguishing types A and B programs was \$750,000.
9. The School was not determined to be a low risk auditee.

ISNA WICA OWAYAWA

SCHEDULE OF FINDINGS (CONTINUED)
JUNE 30, 2020

B. FINDINGS – FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESSES

#2020-001 FINDING: Financial Statement and Schedule of Expenditures of Federal Awards (SEFA) Preparation

Federal Program Affected: This finding relates to all major programs identified in Part A, #7 of the Schedule of Findings.

Compliance Requirement: Reporting

Questioned Costs: None

Condition and Cause: As in prior years, we were requested to draft the audited financial statements, related footnote disclosures, and the SEFA as part of our regular audit services. Auditing standards require auditors to communicate this situation to the School Board as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of the School's financial statements, footnotes, and SEFA, and the responsibility of the auditor to determine the fairness of presentation of those statements. From a practical standpoint, we do this for the School at the same time in connection with our audit. This is not unusual for schools of your size. Additionally, we noted the School did not maintain sufficient documentation to support their fiduciary liability for monies received from students for student activities.

Criteria and Effect: This deficiency could result in a material misstatement to the financial statements and SEFA that would have not been prevented or detected by the School's management. We expressed a disclaimer of opinion on the aggregate remaining fund information of the School.

Repeat Finding from Prior Year: Yes, prior year finding #2019-001 for financial statement/SEFA portion and #2019-002 for the disclaimer on fiduciary activities.

Recommendation: We have instructed management to review a draft of the auditor prepared financials in detail for their accuracy, we have answered any questions they might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification and disclosure in the School's statements. We are satisfied that the appropriate steps have been taken to provide the School with complete financial statements. It is the responsibility of management and those charged with governance to accept the degree of risk associated with this condition because of cost or other considerations. The School should also implement procedures to track their student activities and record them in the School's general ledger as part of the financial statements.

Response/Corrective Action Plan: The School agrees with the above finding. See Corrective Action Plan.

#2020-002 FINDING: Internal Controls

Federal Program Affected: This finding relates to all major programs identified in Part A, #7 of the Schedule of Findings.

Compliance Requirement: Allowable Costs/Cost Principles, Activities Allowed or Unallowed.

Questioned Costs: None

Condition and Cause: During the audit process we noted deficiencies in internal controls. Control deficiencies were caused throughout the year by turnover within the business office. Specific instances noted included:

1. The amount of the payroll initiated by the Payroll Clerk is not verified by the Business Manager after payment.

ISNA WICA OWAYAWA

SCHEDULE OF FINDINGS (CONTINUED)
JUNE 30, 2020

B. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

MATERIAL WEAKNESSES (CONTINUED)

#2020-002 FINDING: Internal Controls (Continued)

Criteria and Effect: Internal controls should be continually monitored to ensure they have been implemented as designed. A strong review function is a necessary part of any internal control system, and the effectiveness of the internal control system relies on enforcement by management. Additionally, the lack of review of bank reconciliations and payroll initiated could lead to a potential misappropriation of assets.

Repeat Finding from Prior Year: Yes, partially with prior year finding #2019-003.

Recommendation: Specific recommendations are the following:

1. The amount of payroll initiated should be verified against the amount approved prior to payment.

Response/Corrective Action Plan: The School agrees with the above finding. See Corrective Action Plan.

SIGNIFICANT DEFICIENCY

#2020-003 FINDING: Payroll Testing Errors

Federal Programs Affected: Indian Schools Student Transportation (CFDA #15.044)

Compliance Requirement: Allowable Costs/Cost Principles, Activities Allowed or Unallowed

Questioned Costs: Below Reporting Threshold.

Condition and Cause: Out of a sample of 90 payroll transactions tested, we noted one employee paid for housing maintenance work that had been erroneously charged to Transportation. This resulted in an error totaling \$518.40.

Criteria and Effect: The School must verify employees charged to federal programs are doing work allowable within the program. Lack of adequate documentation and review could result in questioned costs.

Repeat Finding from Prior Year: Yes, prior year finding #2019-004.

Recommendation: The School should verify employees are charged to programs in which expenditures are allowable.

Response/Corrective Action Plan: The School agrees with the above finding. See Corrective Action Plan

ISNA WICA OWAYAWA

SCHEDULE OF FINDINGS (CONTINUED)
JUNE 30, 2020

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAM AUDITS

The findings #2020-001, #2020-002, and #2020-003 listed in Part B related to major programs as noted in each individual finding.

MATERIAL WEAKNESSES

#2020-004 FINDING: Equipment and Real Property Management Inventory Listing

Federal Program Affected: This finding relates to all major programs identified in Part A, #7 of the Schedule of Findings.

Compliance Requirement: Equipment and Real Property Management

Questioned Costs: None

Condition and Cause: The School did not have an internal control process in place to complete an inventory count at least once every two years, resulting in non-compliance. The last count was performed in fiscal year 2018.

Criteria and Effect: Lack of the inventory count during the required timeframe could lead to misappropriated assets, as well as grant non-compliance if assets are disposed of and proceeds are not returned to the appropriate federal agency.

Repeat Finding from Prior Year: Yes, partially with prior year finding #2019-003.

Recommendation: We recommend the School perform the inventory count as least every two years. Additionally, the listing must include the funding sources for the items, in the event an item is disposed of in the future.

Response/Corrective Action Plan: The School agrees with the above finding. See Corrective Action Plan.

#2020-005 FINDING: Grant Reporting

Federal Program Affected: This finding relates to all major programs identified in Part A, #7 of the Schedule of Findings.

Compliance Requirement: Reporting

Questioned Costs: None

Condition and Cause: The School did not file the "Grant Annual Report" (25 USC 2505 Sec 5206) with the BIE. The School does not have internal control processes in place to ensure all necessary reports are filed timely for major federal programs.

Criteria and Effect: Grant conditions for the above-mentioned major programs require an annual report, as well as quarterly reports, to be filed timely with the BIE. Failure to submit these reports timely could lead to sanctions related to Federal funding if compliance requirements continue to not be met.

Repeat Finding from Prior Year: Yes, prior year finding #2019-005.

Recommendation: We recommend controls be designed and implemented to ensure required reports are prepared and filed timely with the proper funding agency.

Response/Corrective Action Plan: The School agrees with the above finding. See Corrective Action Plan.

ISNA WICA OWAYAWA

SCHEDULE OF FINDINGS (CONTINUED)
JUNE 30, 2020

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAM AUDITS (CONTINUED)

SIGNIFICANT DEFICIENCIES

#2020-006 FINDING: Suspension and Debarment

Federal Program Affected: This finding relates to all major programs identified in Part A, #7 of the Schedule of Findings.

Compliance Requirement: Suspension and Debarment

Questioned Costs: None

Condition and Cause: The School does not have an internal control process in place to meet the compliance requirements of suspension and debarment related to vendors the School utilizes in multiple programs at the School. Expenditures to such vendors are allocated to federal programs, such as insurance and fuel providers. Actual vendors charged to the major federal programs were not suspended or debarred.

Criteria and Effect: Recipients of federal grants are prohibited from contracting with or making sub-awards under covered transactions to parties suspended or debarred. "Covered transactions" include those contracts for goods or services awarded under a non-procurement transaction (e.g. grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. The recipient of federal grants must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking sam.gov either prior to each time the vendor is paid or keeping a certification on hand that is value through the fiscal year, collecting a certification from the vendor, or adding a clause or condition to the covered transaction with the vendor.

The lack of adequate internal controls over suspension and debarment could result in the School making payments to an ineligible party, which could result in noncompliance with federal requirements.

Repeat Finding from Prior Year: N/A

Recommendation: We recommend the School adopt a policy for vendors involved in transactions throughout multiple programs at the School to verify covered transactions do not transpire with suspended or debarred parties prior to any goods being purchased or services being performed.

Response/Corrective Action Plan: The School agrees with the above finding. See Corrective Action Plan.

#2020-007 FINDING: Collateralization

Federal Program Affected: This finding relates to all major programs identified in Part A, #7 of the Schedule of Findings.

Compliance Requirement: Special Tests and Provisions

Questioned Costs: None

Condition and Cause: There was not an internal control process in place for regular review of bank collateralization to ensure the School's funds are properly insured for amounts over the FDIC threshold. The financial institution utilized by the School was not under-collateralized when tested during fiscal year 2020.

ISNA WICA OWAYAWA

**SCHEDULE OF FINDINGS (CONCLUDED)
JUNE 30, 2020**

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAM AUDITS (CONCLUDED)

SIGNIFICANT DEFICIENCIES (CONTINUED)

#2020-007 FINDING: Collateralization (Continued)

Criteria and Effect: A School receiving advance payments should only deposit monies in accounts that are insured by an agency or instrumentality of the United States, or are fully collateralized to ensure protection of the advance funds, even in the event of a bank failure.

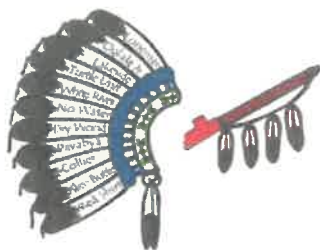
The lack of adequate internal controls over collateralization could result in the School's funds being deposited in an inadequately collateralized financial institution, which could result in noncompliance with federal requirements.

Repeat Finding from Prior Year: Yes, prior year finding #2019-003.

Recommendation: The School should obtain the bank collateralization report from the bank on a monthly basis, and document the individuals' review to ensure the School's accounts are adequately collateralized.

Response/Corrective Action Plan: The School agrees with the above finding. See Corrective Action Plan.

MANAGEMENT RESPONSE



Isna Wica Owayawa

PO Box 50
Oglala, South Dakota 57764

Phone: (605) 867-6875
Fax: (605) 867-5109 (605) 867-1363

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS JUNE 30, 2020

Isna Wica Owayawa respectfully submits the following summary schedule of prior audit findings from the June 30, 2019 Schedule of Findings. The findings are numbered consistently with the numbers assigned in the 2019 Schedule of Findings.

Finding #2019-001: Financial Statement and Schedule of Expenditures of Federal Awards (SEFA) Preparation

Status: It is more cost effective for the School to hire Ketel Thorstenson, LLP, a public accounting firm, to prepare the full disclosure financial statements as a part of the annual audit process. The School has designated a member of management to review the draft financial statements and accompanying notes to the financial statements.

Initial Year Report: June 30, 2010

Reasons for Recurrence and Corrective Action Plan: As the School has accepted the risk associated with the auditor's preparation of the financial statements; it will be repeated in 2020, see Corrective Action Plan.

Finding #2019-002: Audit Adjustments

Status: The School continues to work on having adjustments made prior to the annual audit, but no significant entries occurred during the current year audit. The audit adjustment portion of the finding is not repeated in 2020. The disclaimer on fiduciary funds is repeated and included in finding #2020-001.

Initial Year Report: June 30, 2011

Finding #2019-003: Monitoring of Controls

Status: The School has been making changes to internal controls and will continue to improve internal controls in the future.

Initial Year Report: June 30, 2006

Reasons for Recurrence and Corrective Action Plan: The recurrence of the finding is due to a small business office with limited opportunities to segregate duties. The Business Manager expects to continue to make improvements in internal controls. A portion of this finding is repeated in 2020, see Corrective Action Plan.

Finding 2019-004: Testing Errors

Status: The School has procedures in place to review expenditures and ensure internal controls are implemented properly. Testing indicated a few instances where controls were not followed.

Initial Year Report: June 30, 2006

Reasons for Recurrence and Corrective Action Plan: Improvements have been made from prior years and improvements will continue to be made. However a similar version of this finding will be repeated in 2020, see Corrective Action Plan.



Isna Wica Owayawa

PO Box 50
Oglala, South Dakota 57764

Phone: (605) 867-6875
Fax: (605) 867-5109 (605) 867-1363

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED) **JUNE 30, 2020**

Finding 2019-005: Grant Reporting

Status: The School has procedures in place to prepare and review grant reporting requirements, but it currently does not include the grant annual report.

Initial Year Report: June 30, 2017

Reasons for Recurrence and Corrective Action Plan: The grant annual report was not filed timely. This finding will be repeated in 2020, see Corrective Action Plan.

Finding 2019-006: Character Investigations

Status: The School reviewed all character investigations and determined whether additional checks were required. We noted no instances of noncompliance in the current year. As such, the finding is not repeated.

Initial Year Report: June 30, 2017



Isna Wica Owayawa

P.O. Box 50
Oglala, SD 57764
(605) 867-6875
Fax (605) 867-5109

CORRECTIVE ACTION PLAN JUNE 30, 2020

Isna Wica Owayawa respectfully submits the following corrective action plan regarding findings from the June 30, 2020 Schedule of Findings. The findings are numbered consistently with the numbers assigned in the Schedule of Findings.

#2020-001 FINDING: Financial Statement and Schedule of Expenditures of Federal Awards (SEFA) Preparation

Corrective Action Plan: As part of the corrective action plan, we will implement assistance from our Accounting Assistant to help with the process of preparation of drafting the financial statements and providing guidance to the business office to learn the process of preparing them. For the audit year ending June 30, 2021, we will have our outside CPA prepare our financial statements.

Anticipated Completion Date: Audit of fiscal year 2021

Responsible Individual: Charleen Eagle Elk, Business Manager

#2020 – 002 FINDING: Internal Controls

Corrective Action Plan: Effective March 26, 2021, the business office implemented a process of verifying the payroll amount submitted for payment each pay period. The Business Manager has developed and begun using a form to verify the amount. This will be signed after verification and included in the payroll file each pay period.

Anticipated Completion Date: March 26, 2021

Responsible Individual: Charleen Eagle Elk, Business Manager

#2020-003 FINDING: Payroll Testing Errors

Corrective Action Plan: Separate timeclocks have been implemented to track time among the departments. We will also update employment contracts to document programs in which time will be charged. The employee noted above works 50% of the time on maintenance and 50% of the time driving for the Transportation department.

Anticipated Completion Date: Ongoing

Responsible Individual: Maria Cuny, Payroll Clerk; Position to be filled, Human Resources

#2020-004 FINDING: Equipment and Real Property Management Inventory Listing

Corrective Action Plan: As noted to the auditor, unforeseen circumstances occurred at the time of the inventory count. Prior to this, the School was implementing a new system of tracking inventory along with department. We will continue this process and prepare an updated spreadsheet with all the pertinent information as noted above. We will perform a count of our inventory listing at year end June 30, 2021.

Anticipated Completion Date: Ongoing

Responsible Individual: Charleen Eagle Elk, Business Manager

#2020-005 FINDING: Grant Reporting:

Corrective Action Plan: The Grant Annual Report was prepared however the form was not submitted. Effective immediately, the School has begun utilizing "Reporting and Deadline Dates for Grant Schools" which lists which reports are due and when those reports are due. We will utilize this in the future to ensure reports are submitted timely.

Anticipated Completion Date: Effective immediately.

Responsible Individual: Charleen Eagle Elk, Business Manager

#2020-006 FINDING: Suspension and Debarment

Corrective Action Plan: We will develop an internal control process for suspension and debarment. Until a formal policy is put into place, we will utilize Sam.gov, printing and filing information found.

Anticipated Completion Date: Ongoing

Responsible Individual: Maria Cuny, Payroll Clerk; Angeline Richards, Data Entry Clerk

#2020-007 FINDING: Collateralization

Corrective Action Plan: All funds were collateralized at June 30, 2020. However, this finding was further addressed after year end. The Business Manager contacted the bank, and they have since come to the school to do a presentation on collateralization for the School Board to explain the process and what it entails. We also started getting monthly reports from the bank to review collateralization. We will continue this process.

Anticipated Completion Date: Completed as of the time of this Corrective Action Plan.

Responsible Individual: Charleen Eagle Elk, Business Manager