



# Basic Financial Management and Audit Prep

Virtual Training July 23-25, 2025







# This training is offered by the U.S. Department of Housing and Urban Development (HUD) and the Office of Native American Programs under a cooperative agreement with FirstPic, Inc.

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## **Trainer Introduction**



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### LET'S GET TO KNOW ONE ANOTHER

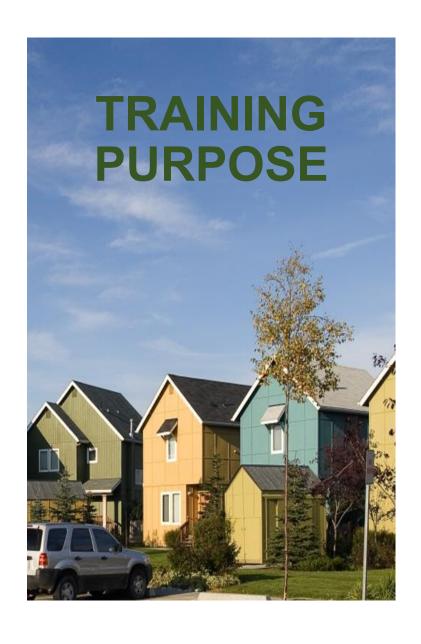
### **INTRODUCTIONS:**

- Name and Tribe
- Position
- How long have you been involved with the NAHASDA Program?
- What accounting software are you using
- What do you want to take away from this training?



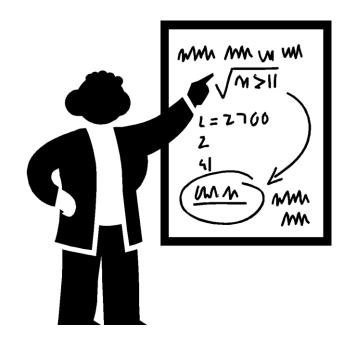
### **COURSE OBJECTIVES**

- Provide an overview of relevant sections of the Uniform Guidance for all federal awards (2 CFR 200) and the NAHASDA Statutes and Regulations for effective management of the IHBG grant.
- Summary review of the Indian Housing Block Grant, eligible activities, reporting requirements, and compliance requirements.
- Provide tools to improve the compliance, accuracy, and performance in the management of the IHBG award.
- Introduce basic financial transactions and accounting applications relevant to the NAHASDA program
- Provide tools and best practices to enable participants to better utilize their existing financial management system.



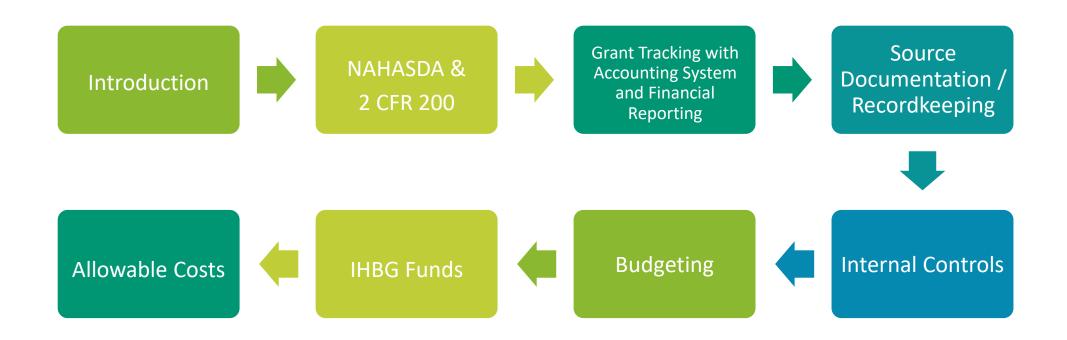
To Introduce the elements of a sound financial management system to enhance your understanding, knowledge and responsibilities of managing and administering the Indian Housing Block Grant in compliance with the Uniform Guidance (2 CFR Part 200) and the Indian Housing Block Grant.

### **APPROACH**



- Overview with PowerPoint
- Links to references and sample policies and procedures
- Exercises and Pop-Up Quizzes
- Enter comments and questions in chat box (this training is for you)
- Interactive Training All questions are valid and meaningful.

## **COURSE SCHEDULE**



Let's review the Agenda

# Section 1: NAHASDA & Uniform Guidance Overview

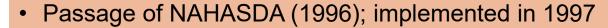
### TRANSITION FROM 1937 HOUSING ACT



## **NAHASDA**

- 1937 Housing Programs
- Low Rent Units
- Mutual Help Program
- Section 8

§202(1) of NAHASDA provides subsidy for modernization and operation of these units.



- Eliminated separate programs and replaced them with the IHBG Formula - Intent: equitable distribution of annual appropriation.
- Increased flexibility in use of funds; NAHASDA encourages leveraging.
- Greater local decision-making. Tribe identifies
   affordable housing activities in an annual "Indian Housing Plan" to address Tribal housing needs.
- Tribes can designate an Indian Housing Authority as their Tribally Designated Housing Entity (TDHE).
   Defines TDHE - as the existing IHA under the Housing Act of 1937...and is not an Indian Tribe."



## LINKS TO THE NAHASDA PROGRAM REFERENCES

#### **CODETALK**

https://www.hud.gov/codetalk

#### **NAHASDA STATUTE**

 https://www.hud.gov/sites/documents/DOC 8141.PDF

#### **NAHASDA REGULATION**

 https://www.ecfr.gov/cgi-bin/textidx?tpl=/ecfrbrowse/Title24/24cfr1000\_main\_ 02.tpl

### **PIH NOTICES**

 https://www.hud.gov/program\_offices/public\_india n\_housing/ih/regs/notices

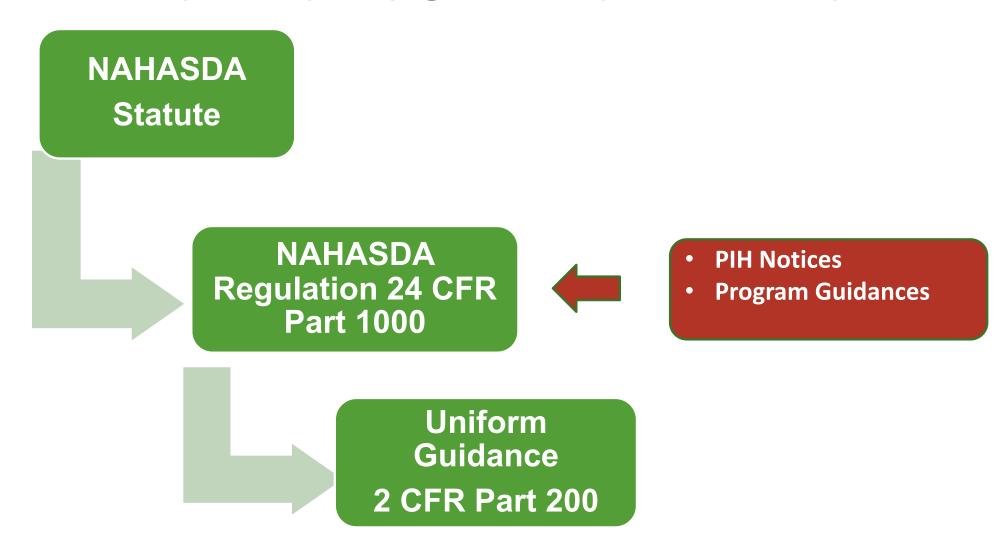
### **PROGRAM GUIDANCES**

 https://www.hud.gov/program\_offices/public\_india n\_housing/ih/codetalk/nahasda/guidance

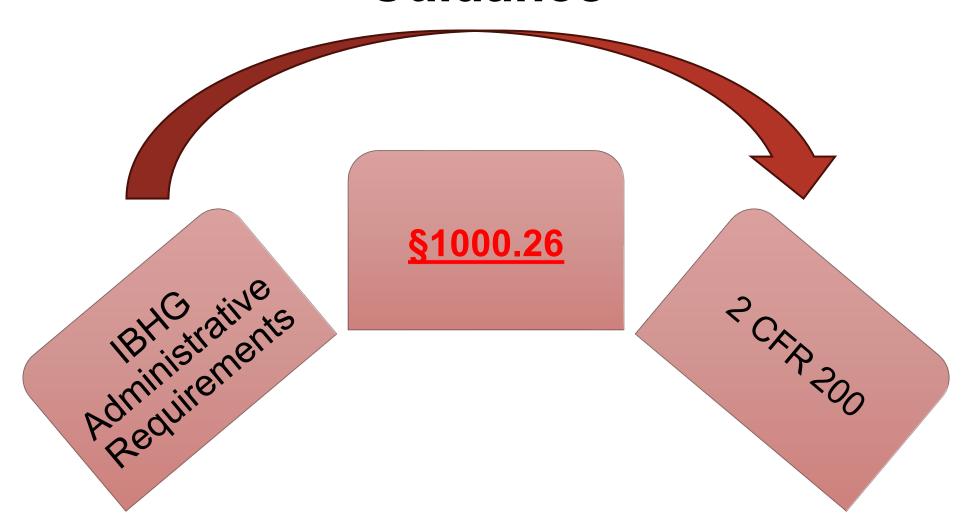
## UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARD

https://www.ecfr.gov/cgi-bin/text-idx?node=pt2.1.200&rgn=div5

## HIERARCHY OF GUIDANCE APPLICABILITY



# Link between NAHASDA and the Uniform Guidance



# ADMINISTRATIVE REQUIREMENTS FOR NAHASDA

## §1000.26 What are the administrative requirements under NAHASDA?

- §1000.26(a) Except as addressed in §1000.28, recipients shall comply with the requirements and standards of 2 CFR part 200, "Uniform Administrative Requirements, Cost Principles, And Audit Requirements for Federal Awards"...
- §1000.28 Self-governance Indian Tribes may be exempted from §1000.26 if its administrative requirements, standards and systems meet or exceed the comparable requirements of §1000.26.
  - <u>https://www.ecfr.gov/cgi-bin/textidx?tpl=/ecfrbrowse/Title24/24cfr1000\_main\_02.tpl</u>

## **UNIFORM GUIDANCE: WHAT IS IT?**

Code of Federal Regulations: 2 CFR Part 200

Title 2: Grants and Agreements



- PART 200— "UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS"
- Commonly referred to as the "Uniform Guidance" for Federal Awards (2 CFR Part 200).
- Applies to all Federal grants and to certain other types of Federal awards
  - o https://www.ecfr.gov/cgi-bin/text-idx?node=pt2.1.200&rgn=div5

### SUBPARTS AT A GLANCE

Subpart A (200.0 -200.1)

Acronyms and Definitions

Subpart B (200.100 – 200.113)

General Provisions

Subpart C (200.200 – 200.217)

• Pre-Federal Award Requirements and Contents of Federal Awards

Subpart D (200.300 – 200.346)

Post Federal Award Requirements

Subpart E (200.400 – 200.476)

Cost Principles

Subpart F (200.500 – 200.521)

Audit Requirements

12 Appendices – I through XII

## APPLICABLE UNIFORM GUIDANCE APPENDICES

Appendix II	Contract Provisions for Non-Federal Entity Contracts Under Federal Awards
Appendix VII	States and Local Government and Indian Tribe Indirect Cost Proposals
Appendix X	Data Collection Form (Form SF-SAC)
Appendix XI	Compliance Supplement

# STATUTORY & NATIONAL POLICY REQUIREMENTS

- § 200.300 Statutory and national policy requirements
- Federal awarding agency must manage and administer the Federal award to ensure that Federal funding is expended and associated programs are implemented in full accordance with the U.S. Constitution, Federal statutes and regulations...
- The Federal agency must communicate to recipient all requirements, and incorporate them into the grant award.

# STATUTORY & NATIONAL POLICY REQUIREMENTS

### § 200.301: Performance measurement

The Federal awarding agency must measure the recipient's performance to show achievement of program goals and objectives, share lessons learned, improve program outcomes and foster the adoption of promising objectives.

### ■ Shift in emphasis from compliance to performance

- Performance objectives are clear in the grant award
- Performance measurement
- Report program outcome
- Encourage best practices

### **■** Financial Requirements

- Relate financial data to performance accomplishments
- Provide cost information to demonstrate cost effectiveness



# YOUR RESPONSIBILITY FOR THE FEDERAL AWARD

§200.302 Financial Management outline recipient's responsibilities for managing federal grant awards:

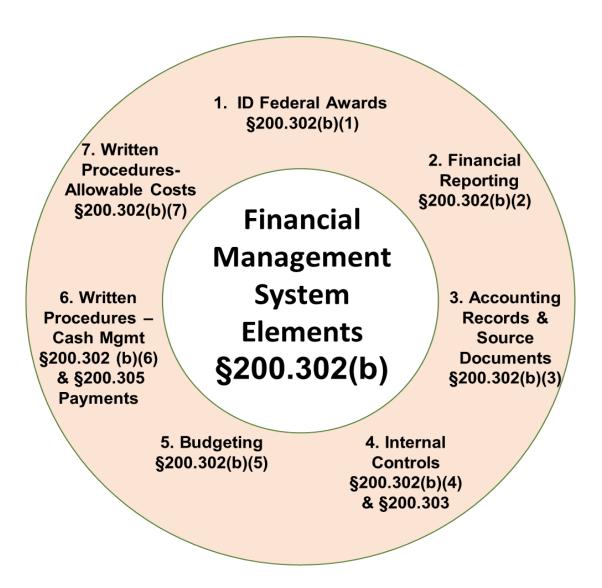
Per §200.302(b), the recipient and subrecipient's financial management systems must meet the requirements of this part, to include

- 1) Identification of Federal awards;
- 2) Accurate, current and complete disclosure of financial results;
- 3) Maintaining records to manage the Federal award(s);
- 4) Control and accountability for all funds, property and assets;
- 5) Budget to actual reports;
- 6) Written procedures for payments; and
- 7) Written procedures for determining allowable costs

## Section 2: Financial Management System

Requirement of 2 CFR 200:

Recipient (Tribe/TDHE) must have a financial management system to manage Federal awards



# § 200.302(b)(1) IDENTIFICATION OF ALL FEDERAL AWARDS

The financial management system must identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable:

- The Assistance Listing title and number
- Federal award identification number and year
- Name of the Federal agency, and
- Name of the pass-through entity, if any.

## § 200.302(b)(1) IDENTIFICATION OF ALL FEDERAL AWARDS

....Identify in its accounts, all federal awards received and expended.

Federal Agency	Department of Housing and Urban Development, Office of Native American Programs (HUD/ONAP)	
Federal Program	Native American Housing Assistance and Self Determination Act (NAHASDA)	
Assistance Listings Title	Indian Housing Block Grant (IHBG)	
AL Number	14.867	
Award Number	55-IH-02-0123-0	
Award Year	FY2024	
Period of Performance	Rollover Grant – One Year Indian Housing Plan (IHP)	

Department of Housing and Urban Development, Office of Native American Programs (HUD/ONAP)				
Indian Community Development Block Grant (ICDBG)				
Indian Community Development Block Grant (ICDBG)				
14.862				
B-23-SR-02-0044				
FY2023				
05/05/2023 – 05/05/2026				

### §200.302(b)(1) Identification of Federal Awards

### CONSIDER

- What are the compliance and administrative requirements of your federal grant(s)?
- Is your chart of accounts set up to easily track your grant activities?
- Do you provide your chart of accounts to program managers for coding transactions?
- Are all your grants set up in your accounting system?
- Can you <u>easily</u> produce revenue and expense reports for each active grant from your accounting system?
- Can you rely on your accounting system to accurately complete your required reports such as the SF 425 and the APR?
- Are you maintaining a (physical or online) file for each of your federal grants?

## USE YOUR ACCOUNTING SYSTEM TO RECORD AND TRACK GRANT ACTIVITY

### **Chart of Accounts**

- List of all general ledger accounts
- Design to record revenue and expenses across all grants
- Control for recording transactions for consistently
- Allows for tracking eligible activities of the grant.
- Serves as recordkeeping system
- Helps you make informed decisions
- Reflects financial information you are required to collect and report for each grant i.e. IHP Activities
- Simple or complex understand each element and/or segment

## USE YOUR ACCOUNTING SYSTEM TO TRACK GRANT ACTIVITY

### **Chart of Accounts Example:**

a) Small Housing Authority with small number of grants, using QuickBooks:

**Activities:** 

**Planning & Administration** 

**Housing Services** 

**Rental Housing** 

**CAS Units/Operating** 

**Capital Development** 

#### Class IHBG Subclasses

Planning & Administration
Housing Services
Rental Housing
CAS Operating
Capital Development

#### **Account Codes:**

#### Revenue

Federal Revenue
Rental Income
Other Local Revenue

#### **Expenses**

Salaries & Wages
Employer Payroll Taxes
Rents and Leases
Operating Supplies
Utilities
Communications
Repair & Mainteancke
Insurance
Capital - Buildings
Capital - Modernization

Capital - Modernizatio
Capital Land
Capital Infrastructure

## USE YOUR ACCOUNTING SYSTEM TO TRACK GRANTS

#### **Chart of Accounts Example:**

b) Larger Housing Authority with more complicated structure:

Uses segments to track different grants and grant activities

Design Account Code structure to be able to pull information of from your accounting system using different segments

FUND	DEPARTMENT	GRANT	ACTIVITY	OBJECT
01	20	55	100	5300
SEGMENT NAME	NUMBER	DESCRIPTION		ON
FUND	01	GENERAL FUND		
DEPARTMENT	20	HOUSING SERVICES		
GRANT	55	IHBG		
ACTIVITY	100	TENANT BASED RENTAL ASSISTANCE		NTAL
OBJECT CODE	5300	PROGRAM SUPPLIES		

## USE YOUR ACCOUNTING SYSTEM TO TRACK GRANTS - Use QuickBooks Features:

#### **DONORS**

Use Donors to track your grants and Classes to track your IHP activities:

- Sales or Department to set up Donors (IHBG)
- Classes used to track IHP activities
- Run report using Donor IHBG to get your total IHP expenses
- Run report using Classes to get total amounts spent on each Activity
- Must reconcile Donors to Classes if you use this feature
- Can be confusing with many classes

#### **CLASSES**

Use Classes to track your grants and Subclasses to track your activities

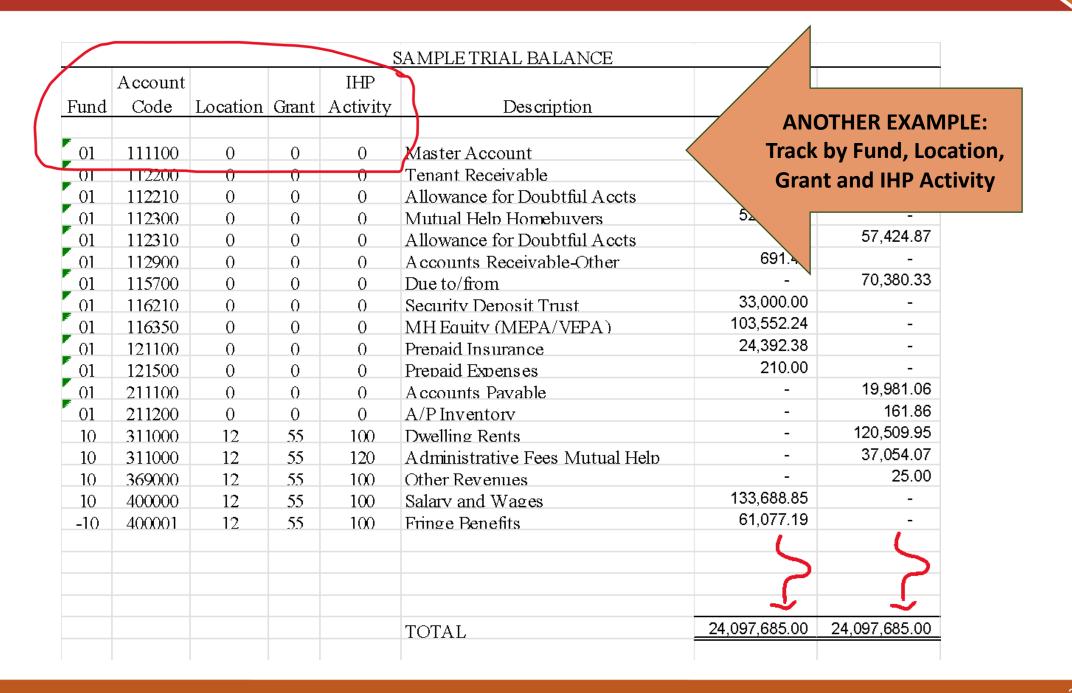
Classes are the Parent

Sub-Classes are the "Children"

- Can make your reports unmanageable with many classes and sub-classes
- Able to condense report to run the report by parents only

## TRACKING IHBG USING YOUR ACCOUNTING SYSTEM Example: Using Donors and Classes

ACCOUNT CODE NUMBER	ACCOUNT CODE DESCRIPTION	DONOR DESCRIPTION (Grant)	CLASS NUMBER	CLASS DESCRIPTION (ACTIVITY)
5000	SALARIES	IHBG ICDBG PROGRAM INCOME	10 15 20 25	PLANNING & ADMINISTRATION HOUSING MANAGEMENT SVCS RENTAL HOUSING CRIME PREVENTION
5000	SALARIES	IHBG-CARES	90 91	RESPOND PREPARE
5000	SALARIES	IHBG-COMPETITIVE	26 21 22	SENIOR HOUSING DEV PROJECT INFRASTRUCTURE FAMILY RENTAL HOUSING



### **CHART OF ACCOUNTS**

At the end of the day the most important things to consider are what you need out of your accounting system for:

- Operations and/or development
- · Management: provide information needed for decision making
- Reporting: are you able to easily extract information for grant reports
- · Growth: you need to be able to manage your growth in a systematic way
- Risk: Budget to Actual, eligible expenditures, compliance
- Meaningful and Useable: you need to be able to get the information needed to meet the requirements of §200.302

## **CLASS DISCUSSION - open discussion**

- a) Give an example of what your chart of accounts looks like
- b) What are some of the challenges you face when reporting IHP activity on your APR?
- c) What are some of your benefits using your chart of accounts?
- d) Do you regularly produce reports for your (Department) Managers, and if so, are they easy to produce from your accounting system?

Three participants to share on-line

### **EXERCISE**

Your Housing Services Manager tell you they need to set up an object code to track all IHBG ARPA money received. They ask you set up a revenue account named IHBG ARPA Revenue (you already receive IHBG Revenue). The revenue accounts you already have are:

Federal Revenue
State Revenue
Local Revenue
Other Revenue

What is your answer?

### **EXERCISE**

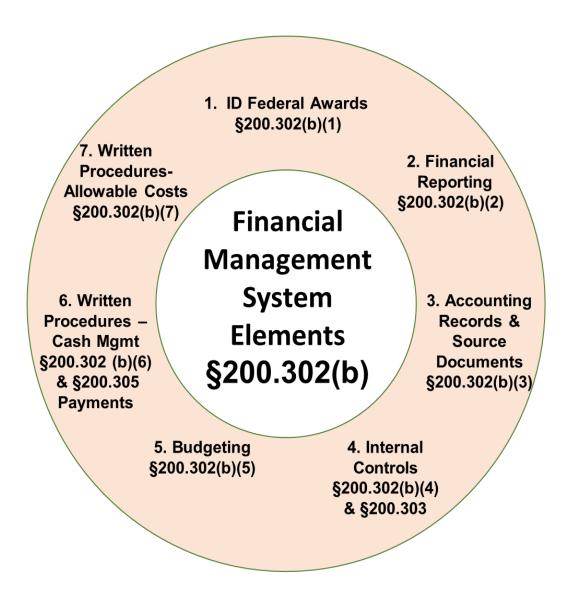
Your organization is using Classes and Donors. You receive a grant from a private foundation for \$100,000 for playground equipment that is part of a multi-family rental development that is leveraged using IHBG Funds. What is the correct course of action?

- a) Set up a class to track expenses using the \$100,000
- b) Set up a donor to track expenses using the \$100,000
- c) Set up a subclass under IHBG named private donations
- d) Set up a subclass under IHBG Development called play ground and track expenses in that subclass

## Section 3: Financial Reporting

To enable preparation of necessary financial and progress reports to HUD:

MUST maintain accurate, current, and complete data and disclosure of the financial results of each Federal award or program in accordance with the reporting requirements in § 200.328 & 329....



#### FINANCIAL REPORTING

§200.328 Financial Reporting

§200.329 Monitoring and reporting program performance

#### FINANCIAL REPORTING REQUIREMENTS

Accurate	Current	Complete
Accounting for revenues and expenditures are accurately recorded in accordance with GAAP.	Ensure all income and expenses of the grant are posted in your accounting system when costs are incurred, which may not be	The Tribe/TDHE's accounting system must record ALL transactions for all accounting activities.
All transactions are consistently treated.	the same period as the date posted.	<ul> <li>Policies, Procedures and Internal Controls reduce risk of transactions not being posted, of</li> </ul>
<ul> <li>Transactions are posted in the correct period.</li> </ul>	<ul> <li>Revenues are posted when earned.</li> </ul>	being posted in the wrong period, or not being consistently treated.  Also reduce the risk of fraud.
Balance Sheet accounts	<ul> <li>Consider the conditions of</li> </ul>	
are reconciled on a regular basis.	the grant, the grant amount and the grant periods.	<ul> <li>Financial reports and budget to actual reports are tools for ensuring financial information is</li> </ul>
<ul> <li>Sub-ledgers are reconciled to the General Ledger.</li> </ul>		accurate and complete.

#### FINANCIAL REPORTING REQUIREMENTS

#### **Basis of Accounting:**

Are you following full accrual or modified accrual basis of accounting?

If a federal awarding agency or pass-through entity requires <u>reporting</u> on an accrual basis (more on that later):

- the recipient <u>must not</u> be required to establish an accrual accounting system.
- the recipient <u>may develop</u> accrual data for its reports based on an analysis of the documentation on hand.

#### § 200.302(b)(2) FINANCIAL REPORTING

§200.328: Financial Reporting &

§200.329: Monitoring and Reporting Program Performance

- a. Must use standard OMB approved reports for collection of financial information. Examples for the **NAHASDA Program**:
  - Form SF-425 (Refer to PIH 2022-15 for changes in reporting frequency)
  - Form 52737: Indian Housing Plan (IHP) and Annual Performance Report (APR).
- b. This information must be collected with the frequency required by the terms and conditions of the Federal award Example: Quarterly and/or annually.

#### **SF-425 REPORTING**

#### **SF 425 Reporting Frequency:**

- a. Quarterly Reporting For Tribes/TDHEs approved for IHBG Investment due 30 days after the end of the quarter except for 4<sup>th</sup> quarter due 90 days after end of quarter.
- **b. Annual Reporting** For all Tribes/TDHEs WITHOUT IHBG Investment due 90 days after the end of the quarter

#### **Purpose of SF 425 Report:**

- a. Record and report revenue and expenditures of grant program funds
- Assess anticipated obligations of grant funds – future expenses that will be paid with grant funds
- c. Record and Track Program Income
- d. Report IHBG Investment activities

**GEMS** is the one-stop shop for all reports of the IHBG Program.

GEMS Training for ONAP Grantees (youtube.com)

## ANNUAL FEDERAL FINANCIAL REPORT SF-425 DUE DATES

Fiscal Year/Program Year	FY/PYE	Annual SF 425 Due Date (90 days after FY/FYE)
Oct 1 – Sept 30	Sept 30	Dec 29
Jan 1 – Dec 31	Dec 31	Mar 30 Mar 31 for Leap Year
Apr 1 – March 31	March 31	June 29
July 1 – June 30	June 30	Sept 28

- SF 425 Reports may be submitted to ONAP's electronic reporting system, as an email attachment, by regular mail, or fax.
- Investment approved recipients are required to use ONAP's electronic reporting system.
- Recipients whose investment authorization has been withdrawn, suspended, or revoked must still report on the QUARTERLY basis until all investment funds have been returned to LOCCS.

## APPROVED TO INVEST – QUARTERLY SF-425 DUE DATES

Fiscal Year	Q1 Due Date	Q2 Due Date	Q3 Due Date	Q4 Due Date
Oct 1 – Sept 30	Jan 30	April 30	July 30	Dec 29
Jan 1 – Dec 31	April 30	July 30	Oct 30	Mar 30/31
Apr 1 – March 31	July 30	Oct 30	Jan 30	Jun 29
July 1 – June 30	Oct 30	Jan 30	April 30	Sept 28

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### SF-425 REPORTING Requirements:

- 1. IHBG Grant Activity
- 2. Program Income
- 3. Details of IHBG approved and/or P&A Reserves Investments

		FEDERAL FINA	NCIAL REPORT	-wor	KSHEET			
Pederal Agency and Organiz     Which Report is Submitter		<ol> <li>Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment)</li> </ol>				Fage 1	of	
ONAP		For 55IT or 5	5IH Grant					pages
Recipient Organization (Nam	e and complete address inclu	ding Zip code)					<b>,</b>	•
4a. DUNS Number	4b. EIN		umber or identifying Number rants, use FFR Attachment)		6. Report Type   Cuarterly (always)  Semi-Annual  Annual  Final		7. Basis of Acco	
8. Project/Grant Period	Program years	To: (Month, Day, Year)	Program years		porting Period End Date North, Day, Year)			
From: (Month, Day, Year) 10/01 - 01/01 - 04/01	Program years	9/30 - 12/31 - 3/31	Program years		12/31 - 03/31 - 06/30 - 9/3	0		
10. Transactions							Cumulative	
(Use lines a-c for single or m	uttiple grant reporting)							
Federal Cash (To report mul								
a.1 Cash Reco	elpts - LOCCS draws recel· elpts - Positive/negative ca	V90 during period	nhini@espē Danahashini i	fenos melos	- EV and			\$0.00
a. Cash Receipts (a.1 plus/min	-	ion on namu (Grant Pay	abiensialit neceivable)	ilom <u>prior</u>	FT BING			\$0.00
b. Cash Disbursements IHBQ	expenditures per accounti	ng records oumulative for	ryear					00
c. Cash on Hand (line a minus		nt to grant receivable (if n	egative) or grant payable i	If positive		-		\$0.00
(Use lines d-o for single gran Federal Expenditures and Ur						$-\mathbf{V}$		
	ral funds authorized LOCCS	balance at prior FY en	d					\$0.00
d.2 Total Fede	ral funds authorized NOW gra ral funds authorized POSITIVE	ant (once) received						\$0.00
	rai funds authorized POSIDV6 rized (d.1 plus d.2 plusimin		d (Grant Payable/Grant)	Kecervabi	om p PY 6			\$0.00
e. Federal share of expend	tures IHBG expenditures	per accounting record	is cumulative *					\$0.00
f. Federal share of unliquid	ated obligations. (Not expend	litures, but future occ	vide vit anded	traoto,	ount labor, et-			
<ul> <li>g. Total Federal share (sun</li> <li>h. Unobligated balance of F</li> </ul>								\$0.00 \$0.00
Recipient Share:	cocia iaios (inc o initias g)							<b>\$</b> 0.00
	ared (Tribal fund match for p	project / non-program	eme) a Ty N'A					
Recipient share of expen								
<ul> <li>k. Remaining recipient share Program income:</li> </ul>	to be provided (iii							-
I.1 Total Fe		and prior FY	end us unded balance					\$0.00
1.2 Total Fe I. Total Federal program Inc	income earned one earn a plus I.2)	- Currer Arc oumular	rogram income					\$0.00
m. Program income	accor e with the ded	uction alternation N/A						*****
rogram income	cords re addi	tion by						\$0.00
a spended pro a. Typ	ane (Intel minusarie m or In	c. Period From Period	To d. Base	la 40	nount Charged		f. Federal Share	\$0.00
11. Indi		C. Pellou Plum Pellou	io u. base	e. Ai	ount charges		L Pederal Gliare	
Expense done*								
12. Remarks such any e	arlons deemed necessary of	g. To r Information required by Fe		compliance	with governing legislation:	Cach on l	Hand / Details of it	nvected
IHBG funds (use attack unit)	PSA Reserves / PI							
	this report, I certify that it is							
any false, flotitious, or fra a. Typed or Printed Name and			i, or administrative penalit		Code, Title 218, Section 1001) dephone (Area code, number at			
a. Types of Times Hame and	rac orrano acta octarying c				septone () sea code, number at	io calcinoon,		
					mail address			
<ul> <li>Signature of Authorized Cert</li> </ul>	fying Official			e. D	ate Report Submitted (Month, D	lay, Year)		
				14. A	gency use only:			
					Standard Form 425			
					OMB Approval Number: 0348-0061 Expiration Date: 10/31/2011			
Paperwork Burden Statement								$\overline{}$
According to the Paperwork Reduct	ion Act, as amended, no persons	are required to respond to a o	ollection of information unless it	t displays a v	ralid OMB Control Number. The val	d CMB control nu	umber for this informe	tion

maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0061), Weatington, DC 20503.

#### PIH 2000.26: DEFINING "OBLIGATION"

Activity	Point of Obligation
Dictionary Definition: a legally binding agreement between two parties.	The date the contract is executed by both parties.
Grants to subrecipients to develop and/or manage affordable housing.	The date the subrecipient begins work on an affordable housing activity. If the subrecipient is going to have the construction carried out via a third party contract, then this date is the date the subrecipient enters into a contract. If the subrecipient is going to do the work, this date is the date the subrecipient begins work on an affordable housing activity.
Loans or grants to individuals for down payment assistance.	The date the recipient and the individual execute an agreement.
Loans or grants to subrecipients for revolving loan programs.	The date the written agreement is executed by both parties.
Assistance from a recipient to an IHA for operating and maintaining 1937 Act housing.	The date the written agreement is executed by both parties.
Tenant based <b>rental</b> assistance	The date the written agreement is executed by the recipient and the tenant.
Land purchases for affordable housing	The date when all contingencies/conditions which would allow the buyer or seller to withdraw from the contract of sale are cleared (firm commitment to purchase).1

#### PIH 2000.26: DEFINING "OBLIGATION"

Routine management costs associated with operating a housing program (staff salaries, employee benefits, utility costs, office rent, etc).  Routine maintenance costs of operating owned housing.  Planning and administration	Funds identified in the IHP for this purpose-are considered obligated when the grant agreement is signed by HUD and the recipient's program year begins. The one-year plan of the IHP will identify the amount which the recipient is to expend for routine management and maintenance costs, and planning and administration. Because the IHP defines how funds are to be expended on a year-to-year basis, any funds not spent during the identified program year <sup>2</sup> (residual funds <sup>3</sup> ) lose their obligated designation at the end of such program year.
Force account labor	The date physical activity begins and costs are incurred, provided that the activities proceed at a continuous and reasonable rate.
Purchase of material in a force account project	The date the contract, purchase order, or similar document is executed.
Investment	Investment funds and operating reserves are not considered obligated until they are used in one or more of the planned activities described in this Notice.
Rental and Homeownership Operating Reserves, Mutual Help Equity Accounts under the Mutual Help Homeownership Opportunity Program, earned home payment accounts under the Turnkey III programs	This performance requirement is only applicable to grant funds. If these reserves (funds) are for programs for low-income housing under the United States Housing Act of 1937 and are in the possession of the IHA, per section 210 of NAHASDA, they are considered assistance under NAHASDA but they are not considered grant funds. Therefore, these reserves are not subject to this performance measure.

#### WHAT IS PROGRAM INCOME (1000.62)?

- Program income is defined as "any income that is realized from the disbursement of (IHBG) grant amounts."
- Program income may be retained and not be spent first before using IHBG funds.
- Must have a system for accounting for program income required to be reported on Form SF 425 and the APR, if the total net proceeds exceeds \$25,000.
- Not subject to other federal requirements.
- Can only be spent on housing related activities.

**Example: CASH PROCEEDS** collected from monthly rental units

## IHBG Reporting Program Income on SF-425

SF-42	SF-425 LINE 10 – PROGRAM INCOME				
Line	Pro	gram Income			
	l.1	Federal program income earned –carryforward cumulative unexpended program income from prior year	\$28,000		
	1.2	Total Federal program income earned in current year	\$27,000		
10	I	Total Federal program earned (I.1 plus I.2)	\$55,000		
10	m	Program income expended in accordance with the deductive alternative	Not applicable		
10	n	Program income expended in accordance with the addition alternative	\$20,000		
10	0	Unexpended program income (line I minus line n)	\$35,000		



Note: Line 10 m is not applicable. NAHASDA Section 104(a) allows Tribes/TDHEs to retain program income and not required to expend it first.

#### **ANNUAL PERFORMANCE REPORT (APR)**

Statutorily required under Section 404 of NAHASDA §1000.502, §1000.238 and §1000.302.

- Required annually to assess compliance with requirement of NAHASDA
- It is a progress report to track the Tribe/TDHE'S progress on the IHP.
- The IHP and the APR are reported on the same Form 52737.
- Public comment on the progress of its IHP activities.
- The APR is due no later than Ninety (90) days after the Recipient's fiscal year end.
- The Recipient may seek a thirty (30) day extension (§1000.514).

#### **ANNUAL PERFORMANCE REPORT (APR)**

Reports actual IHP activities completed during the 12-month program year compared to those activities approved in the IHP.

- Actual Performance on approved activities in the IHP, to include outcome number, measurement and output completed, the targeted type of household assisted, and the types and levels of assistance (Program Descriptions).
- Actual sources and uses of funds (Budgets)

#### ANNUAL PERFORMANCE REPORT (APR)

- Financial data should be presented using the same basis of accounting as the Schedule of Expenditures of Federal Awards (SEFA) in the annual audit.
- Describes recipient's annual accomplishments, performance and progress for the program year.
- Highlights how recipient ensured compliance and financial accountability.
- Reports on Self-Monitoring activities. If the TDHE has a Self Monitoring Mutual Agreement (SMMA), must submit with the APR.
- If you exceed your spending cap for Planning and Administration Expense, must provide an explanation.
- Must indicate on APR if Tribe/TDHE exceed the single audit threshold and an audit in compliance with 2 CFR Part 200 must be conducted and submitted to the Federal Audit Clearinghouse website.

(3) Uses of Funding (NAHASDA § 102(b)(2)(C)(ii)) (Note that the budget should not exceed the total funds on hand and insert as many rows as need include all the programs identified in Section 3. Actual expenditures in the APR section are for the 12-month program year.)

		IHP			APR		
PROGRAM NAME (tie to program names in Section 3 above)	Unique Identifier	(L) Prior and current year IHBG (only) funds to be expended in 12- month program year	(M) Total all other funds to be expended in 12- mon lorogram	(N) Total funds to be expended in 12- month program year (L + M)	(O) Total IHBG (only) funds expended in 12-month program year	(P) Total all other funds expended in 12- month program year	(Q) Total funds expended in 12-month program year (O+P)
202X-01 Senior Low Rent (1937 Act Housing	Sol	urce information	nn is	40,173	27,995	0	27,995
202X-02 Development  – Family Housing		ancial data fro			225,628	314,660	540,288
202X-03 Housing Services		neral ledger for	•		11,476	16,800	28,276
202X-04 Modernization/ Rehabilitation	_	als in Column (O) and (P)		01,448	51,332	0	51,332
202X-05 Mutual Help Progran		21,095		33,013	4,259	10,920	15,179
202X-06 Tenant Based Rental Assistance		5,000		5,000	1,865	0	1,865
Planning and Administration		110,000	0	110,000	110,879	0	110,879
Loan repayment – describe in 4 and 5 below.		98,000	0	98,000	97,188	0	97,188
TOTAL		590,564	349,420	939,984	530,622	342,380	873,002

## SAMPLE APPROVAL HUD APR REVIEW LETTER



U.S. Department of Housing and Urban Development

Alaska Office of Native American Programs 3000 C Street, Suite 401 Anchorage, Alaska 99503 http://www.hud.gov/akonap

June 2, 2021

TO: Tribe/TDHE

Subject: Review of Annual Performance Report for Indian Housing Block Grant 55IHXXXXXXX for Program Year Ended December 31, 2020

Dear Chairman/President/Executive Director:

On March 31, 2021, the Alaska Office of Native American Programs (AKONAP) received the (Tribe/TDHE name) Annual Performance Report (APR) for the above referenced grant for the program year ended December 31, 2020.

The Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA), at Section 404, as amended, requires the Department of Housing and Urban Development to assess, at least annually, each recipient's performance under the

#### FINANCIAL REPORTING: §200.302(b)(2)

Assure your accounting system is capable of producing a wide variety of financial reports that demonstrate you are accounting for all funding sources and capturing detailed cost data for each program so you can produce financial reports:

- in a variety of formats to verify revenue and expenses are applied to programs correctly and you can report grant activities to granting agencies.
- that support IHP/APR and SF-425 reporting requirements using your accounting system.
- that are understandable, reliable, relevant, timely, consistent, and comparable.
- In a format for internal users such as program managers, Board of Commissioners or Tribal Council and external users when needed.

Consider: Do you have strong internal controls to ensure the accuracy and reliability of the grant reports?

## Section 4: Accounting Records, Source Documents, Recordkeeping and Retention

## ACCOUNTING RECORDS & SOURCE DOCUMENTS §200.302(b)(3)

Must provide records that sufficiently identify the amount, source and expenditure of Federal funds for Federal awards. These records must contain information pertaining to Federal awards:

- Authorizations approvals
- Financial Obligations payables, contracts, subrecipients
- Unobligated balances grant funds on hand
- Assets Capitalization of assets with useful life > 1 year.
- Expenditures grant funds expended on eligible activities of IHBG
- Income All program revenues and program income
- Interest earnings from invested IHBG

Use of grants must be supported with source documents

Must have an accounting system with chart of accounts that can record ALL activities of the grants such as Revenues and Expenses, assets, liabilities, etc.

# Identify and document source documents and their eligibility to each grant

REQUIREMENTS	IDENTIFY SOURCE DOCUMENTS AND ELIGIBLE TO FEDERAL AWARD
Authorization:	Example: Supervisor reviewed and signed timesheet authorizing time for recording and charging payroll costs to the grant.
Financial Obligations	Example: Signed contracts and Subrecipient Agreements that requires/obligates the Tribe/TDHE to make payment based on the agreement, but not yet paid.
Unobligated Balances	Use your accounting system to track unobligated grant balances - what's available of the grant to expend. It represents the total federal funds authorized for a grant minus grant expenditures and any unliquidated obligations (obligations incurred, but not yet paid).

REQUIREMENTS	IDENTIFY SOURCE DOCUMENTS AND ELIGIBLE TO FEDERAL AWARD
Assets	Record of capital assets purchased with required data to support the asset (date of purchase, funding source, life of asset, make, model, location etc.). Use your Capitalization Policy and Procedures and prepare a Schedule of Capital Assets by Class of Assets (Land, infrastructure, Buildings, Equipment) and Depreciation Schedule.
Expenditures	Review allowability of costs for each grant. Only eligible and allowable expenditures/expenses can be charged to the grant. Must have approved invoices to support expenditures.
Income	Income for each grant must be supported by receipts of draws from grantor or LOCCS equivalent to eligible grant expenditures. Must have evidence of receipts for all other income generated for each specific grant (for example: Rent payment received).
Interest Earned	Example: Track and record Interest earned from approved IHBG investment in your accounting system and should be supported with investment statements documents.

**Adequately Identify** and Document Source and Application of **Each Grant Fund** 

#### **IHBG RECORD KEEPING & RETENTION**

#### § 1000.552 How long must the recipient maintain program records?

- Maintain records for a minimum of 3 years after the end of the program year that the funds were expended [§1000.552].
- If audit, litigation, or other action
  - Keep 3 years or end of action, whichever is longer.
- NAHASDA Section 408 requires recipient to make housing plans, policy, or annual report available to the general public.

Consider a Records and Retention Software Program (including Policy and Procedures) to manage records.

## RECORD RETENTION REQUIREMENTS UNIFORM GUIDANCE REQUIREMENTS

BEST PRACTICE MAKES PERFECT

What to include in your Records and Retention Policy:

- §200.334 Generally Retention Requirements for Federal awards is three years from the date of submission of the final financial reports (with exceptions).
- IHBG Refer to IHBG <u>§1000.552</u> must retain records for three years from the end of the tribal program year during which the funds were expended.
- <u>§ 200.335</u> Federal Agency may Request for Transfer of Records if records possess long-term retention value.
- § 200.336 Methods for Collection, transmission, storage of information. May be required to store Federal Information in machine readable formats.
- § 200.337 Access to Record for the federal agency, the Inspector General, the Comptroller General of the United States, or other authorized representative;
- § 200.338 Restrictions on public access to records for example, Personnel files that have Personally Identifiable Information (PII).

#### **Section 5: Internal Controls**

## § 200.302(b)(4) FINANCIAL MANAGEMENT – INTERNAL CONTROLS

For all Funds, Property, and Assets acquired with Federal Grants, you MUST have:

- Effective control and accountability
- The Recipient/Subrecipient must adequately safeguard all assets and assure that they are used solely for authorized purposes.



#### INTERNAL CONTROLS OBJECTIVES

Effectiveness and Efficiency of Operations

Reliability of Reporting to Internal & External Users

Compliance
with applicable
laws &
Regulations

#### **INTERNAL CONTROLS: A PROCESS**

Internal control is a PROCESS that is implemented to control risks. With strong internal controls the Tribe/TDHE will:

- Adequately safeguard all assets and assure they are used solely for authorized purposes.
- Maintain accountability and responsibility.
- Provide reasonable assurance that policies, processes, tasks, behaviors and other aspects of an organization, taken together, facilitate an effective and efficient operation.
- Prepare reliable and quality internal and external reports.
- Demonstrate <u>compliance</u> with Federal statutes, regulations, and the terms and conditions of the Federal award.

## INTERNAL CONTROLS:RECIPIENT SHOULD COMPLY WITH [§200.303].....

**MUST** establish and maintain effective internal controls over the Federal award (IHBG) that provides reasonable assurance that the recipient is managing

the Federal award in compliance with Federal statutes, regulations and conditions of the Federal award.

Internal controls **SHOULD ALIGN** with either

"Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States

OR

the "Internal Control Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), generally referred to as the COSO Framework.

Reference: Internal Control Questionnaire and Assessment:

# COMPONENTS OF INTERNAL CONTROLS: THE COSO FRAMEWORK

Control Environmenttone at the top

Risk Assessment – assess internal and external risks

Control Activities – policies and procedures

Information and Communication – communication plan to share information

Monitoring – assess ongoing quality of internal control systems over time

#### APPLYING COSO FRAMEWORK

Example: DETERMINE ADEQUACY OF INTERNAL CONTROLS OVER ACTIVITIES FOR ALLOWABLE AND UNALLOWABLE COSTS

#### **Control Environment**

Tone at the top – provides discipline and structure

#### **Risk Assessment**

Identify and how to manage risk

#### Information and Communication System

#### **Control Activities**

Ensures management directives are carried out

#### **Monitoring**

Assess quality of internal controls

- Management sets reasonable budgets; identifies allowable expenditures and revenue sources. Board or Council approves.
- Managers and staff are required to use the written policies and procedures as guidance to identify allowable or unallowable costs.
- Department managers review monthly budget to actual expenditures for accuracy and initiate corrections.
- Managers follow established written procedures for authorization and approval of purchases based on approved budget, prior to purchase.
- Accounting provides financial reports to managers for monthly review; includes the reports to the Board.

#### Types of internal controls:

- 1. Preventative. Have controls in place to prevent undesirable activities from happening.
  - Physical controls
    - Video Surveillance
    - Use of Safe to store cash

### INTERNAL CONTROLS

- Administrative controls
  - Written Policies and Procedures
  - Segregation of Duties
  - Approval and Signing Authority Limits
- 2. **Detective.** Identifies problems after they have occurred.
  - Corrective Action put in place to correct errors



Need both to reduce risk.

#### **Preventative Controls Examples**

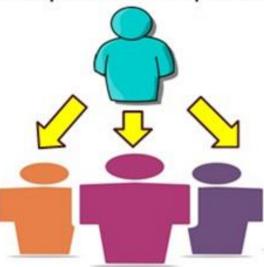
Incorporate Preventative Controls in written policies and procedures, such as:

- Segregation or division of duties
- Signing authority
- Proper authorization of transactions
- Adequate documentation and retention of records
- Supervision or monitoring operations
- Management reviews

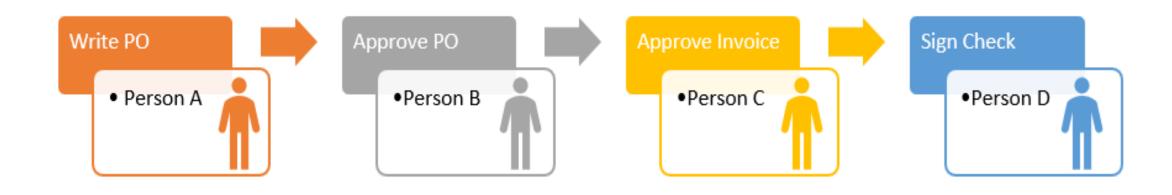
#### **Segregation of Duties Definition**



- Segregation of Duties(SOD) is a concept of separating "incompatible duties" so that 1 person doesn't have all 3 duties
  - Authorization = approving
  - Safekeeping = holding the asset or access to asset
  - Record keeping = keeping track of the asset/liability
- Having 2-3 person required to complete a process



## SEGREGATION OF DUTIES - EXAMPLE



## **DETECTIVE CONTROLS**

Incorporate detective controls activities thru:

- Written Policies and Procedures, and
- Activities such as:

**Annual Audits** 

Monthly reconciliation of bank accounts

Surprise reconciliation of petty cash accounts

Review and reconcile other balance sheet accounts

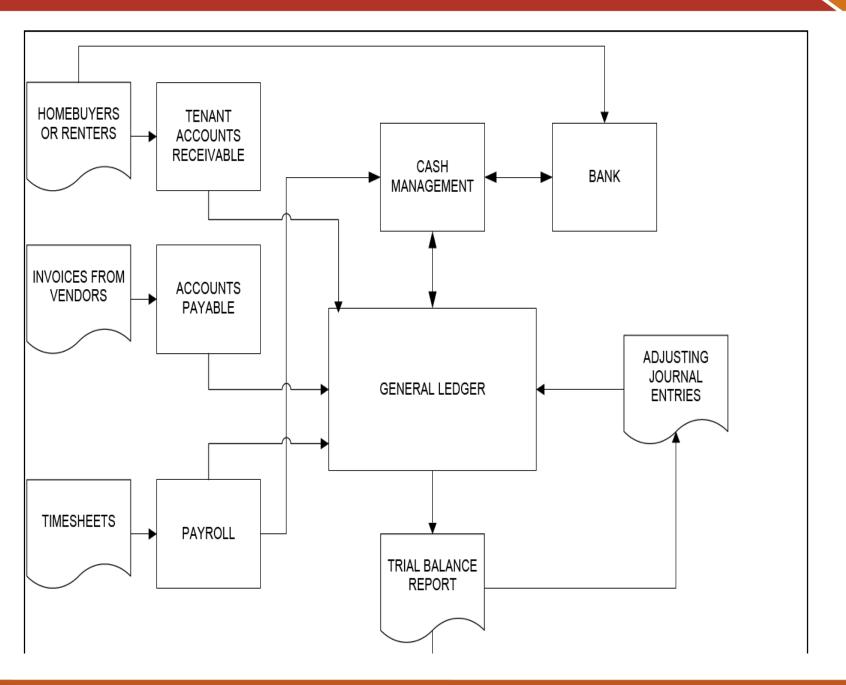
Self-monitoring

Conducting physical inventory

## THE ACCOUNTING FLOWCHART

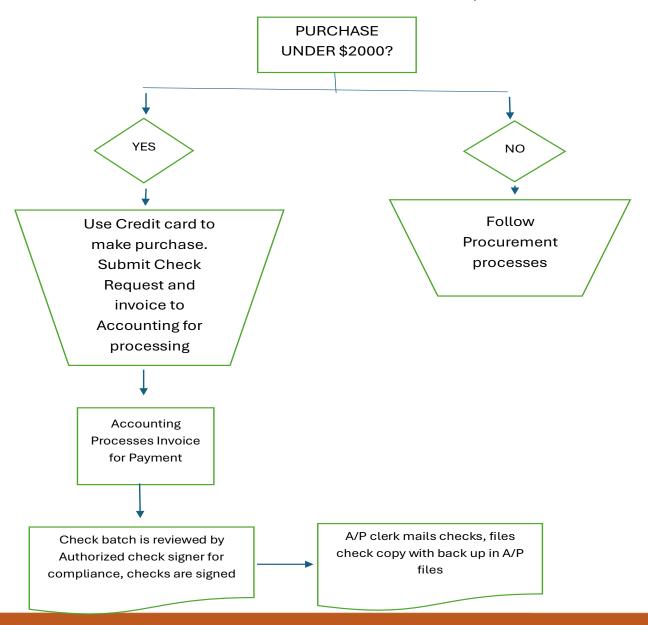
- Accounting flowchart is a tool that shows the flow of financial data in your organization.
- It provides a visual presentation of how transactions flow in your accounting system, identifying where internal controls are needed to ensure responsibility, accountability, reduce risk, and identify where written financial policies and procedures are needed for handling accounting transactions.
- Ensure internal controls are in place at all levels of the financial transactions and decision making.

# Accounting Flowchart



#### PROCUREMENT AND ACCOUNTS PAYABLE PROCESS

#### **CREDIT CARD PURCHASES UNDER \$2000**



## INTERNAL CONTROLS

We will cover internal controls for these select areas:

- 1. Cash Receipts
- 2. Handling Accounts Payable and Disbursements
- 3. Bank Reconciliations
- 4. Journal Entries
- 5. Capital Assets
- 6. Credit Cards
- 7. Payroll

# INTERNAL CONTROLS: CASH RECEIPTS

- **1. Responsibility and Segregation of duties:** Designate different staff to perform different functions. For example:
  - Receptionist receives rent/homebuyer payments and issues receipts.
  - Bookkeeper reconciles payments received to cash receipts and prepares the bank deposit. Bookkeeper also posts the cash receipts to the accounting system.
  - Tribal administrator reviews the bank deposit to the deposit ticket, and reviews and approves the bank reconciliation.

Rita Crundwell and the Dixon Embezzlement
THE \$53 MILLION
BAMBOOZLE: How the trusted comptroller of a small Illinois town became the biggest municipal embezzler in U.S. history, according to the feds—and no one noticed!

# INTERNAL CONTROLS: CASH RECEIPTS

### 2. Physical Preventative Controls

- Store cash in a secure, locked fireproof safe
- Limit access to storage areas

#### 3. Administrative Preventative Control

- Consider policy to accept only checks or money orders. Allow for electronic payments?
- Record all cash receipts Use pre-numbered receipt books, or daily log of receipts or directly record tenant and homebuyer payments to Housing Management System (HDS/KANSO).
- Reconcile cash receipts daily, sign and submit receipts log with checks to bookkeeper to verify and make ready for deposit.
- Make timely deposit Deposit all cash in bank daily.
- Bond personnel who handle cash
- Written procedures for cash management
- Require employees to take vacations!

#### TENANT ACCOUNTS RECEIVABLE PROCESS

Tenant Accounts Receivable Monthly Operating Reports (MOR) are produced from your Property Management System (PMS). These reports are used to "book" tenant rent, fees, and other transactions to your accounting system. MOR's are produced 3 business days after the end of the month

HMR received by accounting – transactions are booked and reconciled to the accounting system

Accounting Manager prepares the journal entry to book tenant rent, fees, Insurance etc. from the Property Management Reports, enters into the accounting system, reconciling HDS to the accounting system

Reconciliation is reviewed and approved by Senior Accountant.

Cash payments
deposited to
bank using
electronic
banking
system. Posted
batch is
forwarded to
accounting

Daily Cash Payments from Tenants are received at the Property, entered into the PMS, batched, and deposited to the bank using electronic banking.

Cash Received -> Stamped "for deposit only ACCOUNT" -> Logged In to the Cash Receipts Log -> cash received is posted to the HMS and cash receipt report is printed and attached to the batch -> all documents are forwarded to accounting the next day.

Accounting reconciles deposits to bank and books

Accounting receives the daily deposit batch report with all supporting documentation, signs onto electronic banking and verifies all deposits are posted to the bank account. Accountant then posts the cash received, debiting cash and crediting Tenant Accounts Receivable.

- 1. Responsibility and Segregation of duties: multiple people are involved in receiving, processing, authorizing and distribution.
  - Division of duties.
  - Signing authority
  - Approval for payment not the same as person procuring, not the same as person processing.

## **Example:**

- a) Invoices are received at the *front desk*, date stamped received.
- b) Invoices are forwarded to Accounts Payable for processing.
- c) Check request batch is reviewed and approved by Accounting Manager.
- d) Checks with supporting documents are reviewed and signed by authorized check signer.
- e) Checks are mailed to vendor by Accounts Payable Clerk.
- f) Check copy with supporting documentation are filed in accounts payable file and retained for three years.

## 2. Physical and Preventative Controls

- a) Elect to receive all invoices via e-mail to accounts payable e-mail address.
- b) Prenumbered checks.
- c) Authorized signers for checks using maximum amounts (check signer A can sign checks up to \$10,000, etc.).
- d) Regular review of bills to be paid (invoices entered but not paid).
- e) Regular and timely bank reconciliations and attention to outstanding checks.

### **EXAMPLE**

- 1. Receiving and processing of invoices:
  - a. Paper invoices are received Front desk scans and routes invoices to the Accounting Department.
  - b. Tribe/TDHE may opt for Invoices to be received in an Accounts Payable designated email.
    - Accounting receives and records receipt of invoices.
  - C. Accounting distributes the invoices to the initiating departments to:
    - Confirm and validate accuracy of invoice and goods and services were received.
    - Match the invoice to the receiving document, approved purchase requisition and purchase order (3-way match).
    - Reject or approve and authorize the invoice for payment
    - Initiating department sends the approved invoice with support documents to accounting for payment for payment

- 2. Process Invoices for Payment:
  - a. Bookkeeper reviews the approved invoice to ensure invoice is authorized for payment, includes supporting documents showing proof of receipt, account code, program code, and Purchase Requisition or Purchase Order.
  - b. Use the invoice number as reference to enter invoice in the Accounts Payable system facilitates invoice tracking and avoids double payments.
  - c. Submit checks to be paid batch to supervisor for review and approval.
  - d. Cash management Ensure there is enough funds in the bank account to make payments.
  - e. Run the AP checks on numbered checks or electronic transfer of funds via ACH (Automated Clearing House) transfer directly between banks.

- 3. Payments processing:
  - a. Use Accounting System to pay accounts payable.
  - b. Store check stock in a secure location with limited access.
  - c. Print checks after accounts payable has been approved pay invoices approved for payment.
  - d. Use pre-numbered checks and account for them in sequence.
  - e. Require two signers on all checks.

## 3. Payments Processing, cont'd:

### Manual Checks

- Manual checks are an exception. Approval for a manual check requires Tribal Administrator approval.
- Process should require timely entry of accounts payable and manual check in Accounting System
- Each payment must have an invoice appropriately approved for payment. ie.
   purchase is authorized, correctly coded, and proof of receipt of goods or services is
   attached.

## Using ACH/electronic bill payment, ensure you have two reviewers:

- a. Accounts payable enters approved invoices into ACH and uploads the transmittal file for payment to the bank.
- b. Second reviewer: Reviews the invoices to the ACH accuracy before approving the bank to make the payments.
- c. Additional review through the bank reconciliation process.

# INTERNAL CONTROLS: CASH MANAGEMENT



### **Best Practices:**

## 1. Utilize Automated Banking Services

 Convenient, access bank information in real time, see daily transactions, allows viewing and printing online.

## 2. Electronic Funds Transfer System (EFT) online banking:

- Enhances internal controls of cash received and cash disbursed.
- Acceptable and convenient means of receiving payment and making payments.
- Faster processing time.
- Safe, private, and convenient.
- In remote villages of Alaska and isolated tribal areas far from banks, EFT is an
  excellent way to manage the Tribe's cash transactions, if there is internet connection.

# INTERNAL CONTROLS: CAPITAL ASSETS

Capital assets are a major cost to the NAHASDA program

- Tangible or intangible assets.
- Must review construction, alteration, maintenance, and repair to determine compliance with public infrastructure guidance.
- If the project meets the rules of Public infrastructure, must comply with BABA requirements in PIH 2024-35 (Revised)
- Useful life of more than one year.
- Includes land, buildings, equipment and intellectual property.
- Acquisition cost that exceeds the lesser of Tribe/TDHE's capitalization level, or \$10,000
- Must be capitalized in accordance with Generally Accepted Accounting Principles (GAAP)
- Track all capital assets in your accounting system.
- 2 CFR 200 .313 Equipment Title is conditional title

# INTERNAL CONTROLS: CAPITAL ASSETS

- Must follow Tribe/TDHE's written policies and procedures for capitalization and treatment of capital assets to include:
  - All capital procurements or capital developments should be reviewed through the (capital) budget process.
  - Must assess for Public Infrastructure requirements to see if BABA applies
  - Internal controls for authorizing and purchasing capital assets.
  - Definition of classes of assets, useful life, and depreciation method.
  - Physical inventory of fixed assets at least every two years (§200.313).
  - Process for disposing of assets
  - Requirement to consistently maintain and update Capital Asset Ledger, Depreciation
    Schedule and Accumulated Depreciation to support Capital assets recorded in the
    general ledger.

## INTERNAL CONTROLS: CAPITAL ASSETS: USEFUL LIFE & DEPRECIATION

- Maintain a schedule of capital assets by category for capital assets with a useful life > I year and cost of \$10,000 or more (defined by policy).
- Establish a Useful Life Schedule for each asset category.
- Depreciate assets using the Straight-Line method of depreciation
- Calculate depreciation beginning the first full month an asset is placed into service. Example: annual depreciation for a vehicle with an acquisition cost of \$50,000 and a useful life of 10 years = \$5,000 (\$50,000 divided by the Useful life of 10 years).

Asset Category	Useful Life in years
Land	0
Construction in Progress	0
Building and Improvements	10-40
Infrastructure	40
Furniture and Fixtures	10
Vehicles	10
Equipment	7

# INTERNAL CONTROLS: Capital Assets: Equipment (§200.313(d)(1)

## **Management Responsibilities**

- 1) Maintain a schedule of capital assets by category (Buildings, Land & FFE) to include
  - description of the capital asset/property
  - serial number or other ID number
  - source of funding for the property, including Federal Award Identification Number (FAIN)
  - title holder
  - acquisition date and cost or fair market value
  - funding source and any restrictions
  - location of the asset
  - use and condition of the asset
  - Disposition data, including date and sale price of the asset

## Per 24 CFR §1000.26 (a)(8)...

- Equipment] Must comply with
   §200.313 except in all cases in which the equipment is sold, the proceeds shall be program income.
- A applies to all acquired capital assets.

# INTERNAL CONTROLS: Capital Assets: Equipment (§200.313)

## **Physical and Preventative Controls**

- 2. Take a physical inventory of the property and reconcile the property records at least once every two years.
- 3. Must have a control system to ensure safeguards are in place to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
- 4. Develop adequate maintenance procedures to keep property in good condition.
- 5. If authorized or required to sell, have established sale procedures to ensure the highest possible return.

**NOTE:** Record of additional information is helpful for insurance and other business purposes such as: serial number, Vendor, Make and model.

Refer to § 200.313(d)(2-5)

## CAPITAL ASSETS AND DEPRECIATION SCHEDULE

	Opin	orth Village Tribal Hou												
		Fixed Assets Schedule December 31, 20XX												
		December 31, 20XX												
			Beginning			Ending								
Date	Item	Source	Balance	Additions	Deletions	Balance								
Land	Land Coffice Blds A. F	6	30,000	0		30,000								
6/1/1998	Land/Office Bldg: 1.5 acres Land/Triplex 1.5: acres	Donated Village Corp Donated Village Corp	30,000	0		30,000								
11/31/2015	Land/2 x 4 plexes	Donated Village Corp	60,000	0		60,000								
	Edito, En - pienes	Total Land	120,000	0		120,000								
	re/Land Improvements			4										
1/6/20XX	4 Plexes water sewer	ANTHC		38,500		38,500								
1/6/20XX	4 Plexes Sand and Gravel Pad	ICDBG		150,000		150,000								
		Total Land		188,500		188,500								
Buildings														
	MH Homes (4)	HUD	7	0		200,000								
1/1/1996	1937 Act 8 unit multifamily	HUD		0		630,700								
7/20/2011	Office Building single family home	NAHASDATITIE VI		0		230,000								
	single family home	NAHASDATITIE VI		0		230,000								
	single family home	NAHASDATILIE VI												
	single family home	NAHASDATitle VI												
		Total Buildings												
Equipment														
7/1/2010	Allweld Boat 18' w/Murcury 115 HP	EPA/IGAP												
	Honda 4 wheeler VIN 1234	EPA/IGAP												
	Ford single cap VIN 6698	BIA TPA												
7/15/20XX	Honda 4 wheeler VIN 9988 & Trailer			1 -41-	Davis		.I.a			ember 31, 2	OXX			
		Total Equi Total All		Lers	Revie	w Samp	) ( <del>(</del>			Beginning	20XX	20XX	Ending	
Constructio	on in Progress	Total Al				TT Carrie				umulated			Accumulated	
	(2) 4 plexes under contruction	NAHASI										Deletions	Depreciation	Net
		Total CWI												
										0	)		0	30,00
										0			0	30,00
										0			0	30,0 60,0
										0		D 0	0	30,00
										0		0 0	0	30,00
									246	0	) ) (		0 0	30,00 60,00 120,00
								500	240	0	1925		0 0 0 1,925	30,00 60,00 120,00
								3,000	240 0	0000	1925	5	0 0 0 1,925	30,00 60,00 120,00 36,57 150,00
										0	1925	5	0 0 0 1,925	30,00 60,00 120,00 36,5 150,00
				Buildir	ngs_			3,000		0000	1925	5	0 0 0 1,925	30,00 60,00 120,00 36,57 150,00
					ngs /1991 MH Ho	mes (4)		3,000	O	0000	1925 1,925	5	0 0 0 1,925	30,00 60,00 120,00 36,5 150,00 186,5
				1/1/	/1991 MH Ho		uly _	200,000	O	0 0 0 0 0 0 non-deprecia	1925 1,925	5 C	1,925 0 1,925	30,00 60,00 120,00 36,5 150,00 186,5
				1/1/ 1/1/	/1991 MH Ho /1996 1937 A	ct 8 unit multifam	iily	2,000 88,500 200,000 630,700	0 1 360	0 0 0 0 0 0 non-deprecia 420,467	1,925 able	5 C	0 0 0 1,925 0 1,925 0 441,490	30,00 60,00 120,00 36,5 150,00 186,5
				1/1/ 1/1/ 10/1/	/1991 MH Ho /1996 1937 A /2000 Office	ct 8 unit multifam Building	illy	200,000 630,700 424,075	0 360 360	0 0 0 0 0 0 0 non-deprecia 420,467 215,571	1925 1,925 able 21,023	5 C	1,925 0 1,925 0 1,925 0 441,490 0 229,707	30,0 60,0 120,0 36,5 150,0 186,5 200,0 189,2 194,3
				1/1/ 1/1/ 10/1/ 7/20/	/1991 MH Ho /1996 1937 A /2000 Office /2011 single	ct 8 unit multifam Building family home	nily	200,000 630,700 424,075 230,000	0 360 360 360	0 0 0 0 0 0 non-deprecia 420,467 215,571 33,861	able 7,665	5 C	0 0 0 1,925 0 1,925 0 441,490 0 229,707 41,528	30,0 60,0 120,0 36,5 150,0 186,5 200,0 189,2 194,3 188,4
				1/1/ 1/1/ 10/1/ 7/20/ 7/20/	/1991 MH Ho /1996 1937 A /2000 Office /2011 single /2011 single	ct 8 unit multifam Building family home family home	nily	200,000 630,700 424,075 230,000 230,000	0 360 360 360 360	0 0 0 0 0 0 non-deprecia 420,467 215,571 33,861 33,861	able 21,023 14,136 7,667 7,667	5 C	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	30,0 60,0 120,0 36,5 150,0 186,5 200,0 189,2 194,3 188,4 188,4
				1/1/ 1/1/ 10/1/ 7/20/ 7/20/ 1/1/	/1991 MH Ho /1996 1937 A /2000 Office /2011 single /2011 single /2012 single	ct 8 unit multifam Building family home family home family home	iily	200,000 630,700 424,075 230,000 230,000	0 360 360 360 360 360 360	0 0 0 0 0 0 non-depreci: 420,467 215,571 33,861 33,861 30,667	able 7,667	6 C	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	30,00 60,00 120,00 36,5 150,00 186,5 200,00 189,2 194,3 188,4 191,6
				1/1/ 1/1/ 10/1/ 7/20/ 7/20/ 1/1/	/1991 MH Ho /1996 1937 A /2000 Office /2011 single /2011 single /2012 single	ct 8 unit multifam Building family home family home	nily	200,000 630,700 424,075 230,000 230,000	0 360 360 360 360	0 0 0 0 0 0 non-deprecia 420,467 215,571 33,861 33,861	able 7,667 7,667 7,667	6 C	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	30,00 60,00 120,00 120,00 186,5; 150,00 186,5; 200,00 189,2; 194,30 188,4; 191,66
				1/1/ 1/1/ 10/1/ 7/20/ 7/20/ 1/1/	/1991 MH Ho /1996 1937 A /2000 Office /2011 single /2011 single /2012 single	ct 8 unit multifam Building family home family home family home	nily	200,000 630,700 424,075 230,000 230,000	0 360 360 360 360 360 360	0 0 0 0 0 0 non-depreci: 420,467 215,571 33,861 33,861 30,667	able 21,023 1,4136 7,667 7,667	5 C	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	30,00 60,00 120,00 150,00 186,5 194,3 188,4 191,66
				1/1/ 1/1/ 10/1/ 7/20/ 7/20/ 1/1/	/1991 MH Ho /1996 1937 A /2000 Office /2011 single /2011 single /2012 single	ct 8 unit multifam Building family home family home family home	iily	200,000 630,700 424,075 230,000 230,000 230,000	0 360 360 360 360 360 360	0 0 0 0 0 0 non-depreci: 420,467 215,571 33,861 33,861 30,667	able 21,023 1,4136 7,667 7,667	5 C	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	30,00 60,00 120,00 120,00 186,5: 150,00 189,2: 194,3: 188,4* 191,6:
				1/1/ 1/1/ 10/1/ 7/20/ 7/20/ 1/1/ 1/1/	/1991 MH Ho /1996 1937 A /2000 Office /2011 single /2011 single /2012 single /2012 single	ct 8 unit multifam Building family home family home family home family home		200,000 630,700 424,075 230,000 230,000 230,000 230,000 2,174,775	0 360 360 360 360 360 360	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 215, 571 33, 861 33, 861 30, 667 30, 667	1925 1,925 21,025 14,136 7,667 7,667 7,667	5 CC	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	30,00 60,00 120,00 36,5 150,00 186,5 200,00 189,2 194,3 188,4 191,6 191,6
				1/1/ 1/1/ 10/1/ 7/20/ 7/20/ 1/1/ 1/1/	/1991 MH Ho /1996 1937 A /2000 Office /2011 single /2011 single /2012 single /2012 single	ct 8 unit multifam Building family home family home family home		200,000 630,700 424,075 230,000 230,000 230,000	0 360 360 360 360 360 360	0 0 0 0 0 0 non-depreci: 420,467 215,571 33,861 33,861 30,667	1925 1,925 21,025 14,136 7,667 7,667 7,667	5 CC	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	30,00 60,00 120,00 36,5 150,00 186,5 200,00 189,2 194,3 188,4 191,66 191,66
				1/1/ 1/1/ 10/1/ 1/20/ 7/20/ 7/20/ 1/1/ 1/1/	/1991 MH Ho /1996 1937 A /2000 Office /2011 single /2011 single /2012 single /2012 single /2012 single	ct 8 unit multifam Building family home family home family home family home	cury 115 HP	200,000 630,700 424,075 230,000 230,000 230,000 230,000 2,174,775	0 360 360 360 360 360 360	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 215, 571 33, 861 33, 861 30, 667 30, 667	able 7 21,023 14,136 7,667 7,667 7,667 7,665 2,150	5 CC	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	30,0 60,0 120,0 36,5 150,0 186,5 200,0 189,2 194,3 188,4 191,6 1,343,8
				1/1/ 1/1/ 10/1/ 7/20/ 7/20/ 1/1/ 1/1/ Equipr 7/1/ 12/1/	/1991 MH Ho /1996 1937 A /2000 Office /2011 single /2012 single /2012 single /2012 single /2010 Allwel /2015 Honda	ct 8 unit multifam Building family home family home family home family home	cury 115 HP	200,000 88,500 200,000 630,700 424,075 230,000 230,000 230,000 2,174,775	0 360 360 360 360 360 360	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 420,467 215,571 33,861 30,667 30,667 765,094	able 21,023 1,4136 7,667 7,667 7,667 1,098	5 C C C C C C C C C C C C C C C C C C C	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	30,0 60,0 120,0 36,5 150,0 186,5 200,0 189,2 194,3 188,4 191,6 191,6 1,343,8
				1/1/ 1/1/ 10/1/ 10/1/ 7/20/ 7/20/ 1/1/ 1/1/  Equipr 7/1/ 12/1/ 3/31/	/1991 MH Ho /1996 1937 A /2000 Office /2011 single /2012 single /2012 single /2012 single /2010 Allwel /2015 Honda /2015 Ford si	ct 8 unit multifam Building family home family home family home family home d Boat 18' w/Murd 4 wheeler VIN 12	cury 115 HP	200,000 630,700 424,075 230,000 230,000 230,000 2,174,775 21,500 7,689	0 360 360 360 360 360 360 360	0 0 0 0 0 0 0 0 0 0 0 0 0 420,467 215,571 33,861 33,861 30,667 765,094	1,925 1,925 1,925 14,136 7,667 7,667 7,667 7,667 1,667 1,667 1,667	5 C C C C C C C C C C C C C C C C C C C	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	30,0 60,0 120,0 36,5 150,0 186,5 200,0 189,2 194,3 188,4 191,6 191,6 1,343,8
				1/1/ 1/1/ 10/1/ 10/1/ 7/20/ 7/20/ 1/1/ 1/1/  Equipr 7/1/ 12/1/ 3/31/	/1991 MH Ho /1996 1937 A /2000 Office /2011 single /2012 single /2012 single /2012 single /2010 Allwel /2015 Honda /2015 Ford si	ct 8 unit multifam Building family home family home family home family home family home d Boat 18' w/Murc 4 wheeler VIN 12 ngle cap VIN 6698	cury 115 HP	200,000 88,500 200,000 630,700 424,075 230,000 230,000 230,000 2,174,775 21,500 7,689 26,750 11,506	0 360 360 360 360 360 360 360	0 0 0 0 0 0 0 0 0 0 0 0 0 0 420,467 215,571 33,861 30,667 30,667 765,094 11,825 92 2,006	1925 1925 1,925 14,136 7,667 7,667 7,667 7,667 1,098 1,098 1,098 1,098 1,098	5 C C C C C C C C C C C C C C C C C C C	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	30,00 60,00 120,00 36,5 150,00 186,5 200,00 189,2 194,3 188,4 191,6 191,6 4 1,343,8 7,5 6,4 22,0 10,8
				1/1/ 1/1/ 10/1/ 10/1/ 7/20/ 7/20/ 1/1/ 1/1/  Equipr 7/1/ 12/1/ 3/31/	/1991 MH Ho /1996 1937 A /2000 Office /2011 single /2012 single /2012 single /2012 single /2010 Allwel /2015 Honda /2015 Ford si	ct 8 unit multifam Building family home family home family home family home family home d Boat 18' w/Murc 4 wheeler VIN 12 ngle cap VIN 6698	cury 115 HP	200,000 630,700 424,075 230,000 230,000 230,000 2,174,775 21,500 7,689 26,750 11,506 67,445	0 360 360 360 360 360 360 360	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	able 21,023 1,4136 7,667 7,667 7,667 7,667 1,098 6,2,675 6,685 6,608	5	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	30,00 60,00 120,00 36,5 150,00 186,5 200,00 189,2 194,3 188,4 191,6 1,343,8 7,55 6,4 22,0 10,8 46,9
				1/1/ 1/1/ 10/1/ 10/1/ 7/20/ 7/20/ 1/1/ 1/1/ 1/1/ Equipr 7/1/ 12/1/ 3/31/ 7/15/2	/1991 MH Ho /1996 1937 A /2000 Office /2011 single /2012 single /2012 single /2012 single /2010 Allwel /2015 Honda /2015 Ford si /20XX Honda	ct 8 unit multifam Building Family home family home family home family home family home d Boat 18' w/Murc 4 wheeler VIN 12 ngle cap VIN 6698 4 wheeler VIN 99	cury 115 HP	200,000 88,500 200,000 630,700 424,075 230,000 230,000 230,000 2,174,775 21,500 7,689 26,750 11,506	0 360 360 360 360 360 360 360	0 0 0 0 0 0 0 0 0 0 0 0 0 0 420,467 215,571 33,861 30,667 30,667 765,094 11,825 92 2,006	able 21,023 1,4136 7,667 7,667 7,667 7,667 1,098 6,2,675 6,685 6,608	5	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	30,00 60,00 120,00 150,00 186,5: 200,00 189,2: 194,30 188,41 191,60 1,343,89 7,5: 6,49 22,00 10,88 46,9:
				1/1/ 1/1/ 10/1/ 10/1/ 7/20/ 7/20/ 1/1/ 1/1/ 1/1/ Equipr 7/1/ 12/1/ 3/31/ 7/15/2	/1991 MH Ho /1996 1937 A /2000 Office /2011 single /2012 single /2012 single /2012 single /2012 single /2015 Honda /2015 Ford si 20XX Honda	ct 8 unit multifam Building family home family home family home family home d Boat 18' w/Murc 4 wheeler VIN 12 ngle cap VIN 6698 4 wheeler VIN 99	cury 115 HP 34 38 & Trailer	200,000 88,500 200,000 630,700 424,075 230,000 230,000 230,000 2,174,775 21,500 7,689 26,750 11,506 67,445 2,550,720	0 360 360 360 360 360 360 360 360 360 84	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	able 21,023 1,4136 7,667 7,667 7,667 7,667 1,098 6,2,675 6,685 6,608	5	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	30,00 60,00 120,00 36,5 150,00 186,5 200,00 189,2 194,3 188,4 191,6 191,6 1,343,8 7,5,6,4 22,0 10,8
				1/1/ 1/1/ 10/1/ 10/1/ 7/20/ 7/20/ 1/1/ 1/1/ 1/1/ Equipr 7/1/ 12/1/ 3/31/ 7/15/2	/1991 MH Ho /1996 1937 A /2000 Office /2011 single /2012 single /2012 single /2012 single /2012 single /2015 Honda /2015 Ford si 20XX Honda	ct 8 unit multifam Building Family home family home family home family home family home d Boat 18' w/Murc 4 wheeler VIN 12 ngle cap VIN 6698 4 wheeler VIN 99	cury 115 HP 34 38 & Trailer	200,000 630,700 424,075 230,000 230,000 230,000 2,174,775 21,500 7,689 26,750 11,506 67,445	0 360 360 360 360 360 360 360	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	able 21,023 1,4136 7,667 7,667 7,667 7,667 1,098 6,2,675 6,686 6,608 6,74,359	5	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	30,0 60,0 120,0 150,0 186,5 200,0 189,2 194,3 188,4 191,6 1,343,8 7,5 6,4 22,0 10,8 46,9 1,697,3

## EQUIPMENT AND OTHER <u>CAPITAL EXPENDITURES</u> – NAHASDA SPECIFIC TREATMENT

§ 200.439 Equipment and other capital expenditure is generally allowable to be charged to the Federal award BUT requires written approval of the Federal agency.

**NOT applicable** to ONAP Programs (IHBG and ICDBG) since property acquired with IHBG funds is owned by the Tribe/TDHE and is not federal property. Capital expenditures for general purpose equipment, buildings, and land are Allowable costs to the IHBG

Recording the capital expenditure: grant expenditure.

DEBIT EQUIPMENT EXPENDITURE, CREDIT CASH

If equipment and capital costs are equal to or exceed Tribe/TDHE's capitalization threshold you must also record the capital purchase as an ASSET

DEBIT EQUIPMENT ASSET, CREDIT EQUIPMENT EXPENDITURE - CONTRA ACCOUNT

or

DEBIT EQUIPMENT ASSET, CREDIT INVESTMENT IN CAPITAL ASSETS (Fixed Assets Fund)



### **Responsibility & Segregation of duties:**

- Employer maintains Personnel Policies and/or Employee Handbook that details the responsibilities of the Employer and Employee, Employee Benefits, and other Human Resource policies.
- Employee fills out timesheet, Supervisor reviews and approves, P/R Clerk Processes Payroll and Accounting Supervisor approves final processing.
- Approval process for all new hires/changes in employment, terminations.
- Process for charging and review of staff time charged to various grants and programs based on actual work performed.
- Process for reviewing payroll checks, direct deposits, and associated payroll liabilities to be paid.
- Budgets should be accurate and reasonable involves significant planning and documentation to support budget allocations. Budgets support positions approved for operations.



### **Physical and Preventative Controls:**

- Follow written policy and procedures in Personnel Policy that define the treatment, rights, obligations and relations of people in your organization.
- Use hire documents that include the details of employment including DOH, rate of pay, benefits, authorizing deductions, pay periods, etc. The employer is required to provide employee with I-9 and W-4 to fill out at employee's hire date.
- Payroll Action Forms (PAF). PAFs are the authorizing document for employee set up in payroll.
- Use of timesheets or leave reports for all time worked, leave taken, and administrative leave.
- Procedures to insure timely submittal of payroll reports and payments such as workers compensation, Federal Withholding, Social Security and Medicare Liability, W-2's.
- Review budget to actual reports of each grant for planned vs actual work allocated to grant(s).

#### SAMPLE PAYROLL ACTION FORM (PAF)

NAME

**JOB TITLE** 

DOH OR EFFECTIVE DATE OF CHANGE

**EXEMPT OR HOURLY** 

**PAY RATE** 

**HOURS PER DAY** 

**BENEFITS: YES/NO** 

**ACCOUNT CODE** 

**CLASS** 

**SUBCLASS 1:** 

**SUBCLASS 2:** 

**EMPLOYEE SIGNATURE** 

**AUTHORIZING SIGNATURE** 

**EMPLOYEE NAME** 

HOUSING COORDINATOR

**OCTOBER 1, 2021** 

**HOURLY** 

**\$25.00 PER HOUR** 

8

YES

7220

**600 NAHASDA** 

**100 ADMINISTRATION** 

**300 YOUTH ACTIVITY** 



## §200.430(i) Standards For Documentation Of Personnel Expenses

Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed and must be supported by:

- (i) Policies and procedures: Should consider Employee eligibility and payment for holidays, various leave, paid travel time, training and administrative leave;
- (ii) A System of Internal Control: documented processes provide reasonable assurance that the charges are accurate, allowable, and properly allocated (example employee certification and supervisor approval);
- (iii) Payroll Records: position descriptions, hire documents, payroll authorization forms, timesheets, check copies etc. are incorporated into the official records of the recipient.

## § 200.430(i) Standards For Documentation Of Personnel Expenses

- (iv) Timesheets reflect actual hours worked or, if allocation models are used, the percentage breakdown on all activities for federally funded and non-federally funded activities.
- (v) Allocation models created for budget purposes are estimates and can be used for different projects from the same funding source, BUT charges to multiple projects funded with different Federal grants should be based on actual time worked on those projects.
- (vi) Repeat: Budget estimates alone do not qualify as support for charges to federal awards You must have a system of internal controls to review and adjust final amount charged to the federal award to ensure the charge is accurate, allowable, and properly allocated.

### TIMESHEETS: NON-EXEMPT EMPLOYEES

- Non-exempt employees receive (earn) an hourly wage and are eligible for overtime pay under the Fair Labor Standards Act (FLSA).
- Record actual hours worked by funding source, activity or project (Employer defined).
- Record of time worked (timesheet) must be certified by employee.
- An employee working more than 8 hours in a day and/or more than 40 hours in a week, must be paid time-and-one-half (1.5 times) his/her hourly rate for those extra hours worked (Alaska - know your State requirements).
- Timesheet must be reviewed and approved by the supervisor.

					Tı	ribe/T	DH	ΙE						
Employee N	lame:				Emp	oloyee Pos	ition:					Employee	ID:	
	•				•								•	
Week end:	9/30/2	2023	_											
Date	Day	Туре	Hours	PROGRAM / PROJECT 1	Hours	PROGRAM / PROJECT 2	Hours	PROGRAM / PROJECT 3	Hours	PROGRAM / PROJECT 4	Hours	PROGRAM / PROJECT 5	Hours	TOTAL
9/24/2023	Monday	Regular												0.00
***	Monday													0.00
9/25/2023	Tuesday	Regular					L							0.00
9/26/2023	Wednesday	Regular					D	ocume	≥nt	time				0.00
***	Wednesday	regulai												0.00
9/27/2023	Thursday	Regular			<u> </u>	l	vor	ked E	AC	H day	/			0.00
***	-									_				0.00
9/28/2023	Friday	Regular					by	proje	ct/c	grant				0.00
***							Ĺ	. ,		<u> </u>				0.00
9/29/2023	Saturday	Regular												0.00
***														0.00
9/30/2023	Sunday	Regular					1							0.00
														0.00
***	Identify other	hours: Exam	ple: Ove	rtime, Persor	nal Time	, etc	l		l .		l	Total Ho	ours	0.00
COMMENTS	:													
						-								
Employee s	ignature:				Date:									
Supervisor	signature				Date:	-	Depa	rtment Mar	ager (	D/T approv	al Sig	nature		

- HR/accounting set up accounts in payroll system that links hours worked on projects/activities to specific grants.
- Overtime hours must be approved before hours are incurred and authorized by Department Manager.
- Timecards filled out accurately by employee. Charge hours worked by Program/Project based on Work Orders completed.
- Must be signed by employee and authorized by Supervisor

#### TIMESHEET- EXEMPT EMPLOYEES

- Must qualify for exempt status based on position and responsibilities, i.e. work in bona fide executive, administrative, professional, outside sales, and computer-related fields.
- Each position must meet requirements set out in the Fair Labor Standards Act (FLSA) to qualify as exempt.
- Receive a salary for the work they perform, not less than weekly base payment set by the FLSA.
- Not eligible to receive overtime pay.
- Salary is not subject to reduction because of the quality or quantity (actual hours) of work in a week, BUT
- Employers can require exempt employees to work a minimum workweek, to track time AND
  may require exempt employees to use leave for full and partial days off follow your policy.
- Employer may consider a leave report rather than a time sheet.

https://www.dol.gov/agencies/whd/fact-sheets/17a-overtime https://www.dol.gov/agencies/whd/overtime/rulemaking/faqs

### **Best Practices**

If you do not require an exempt employee to track hours worked, Consider having an exempt employee submit a "leave report" every pay period to track the type of leave hours taken during that payroll period for recording and accounting of exempt employee's leave benefits. Any leave taken will be deducted from the exempt employee's leave bank. Partial days leave are allowable, However an employer may not reduce weekly pay of exempt employees for time not worked.

EXE	EMPT F	PERSON	<b>NEL LEA</b>	VE REPO	ORT	
			Report due at e Days Taken- Pe			
Period from		Period to	Days Takell- Pe	ersonar ir leave	= was not used	
First Name	Ļ	ast Name			Employee	D#
Position Title						
Department						
Type of Leave Taken	Dates Take	en		7	Total Days	
Personal						
Jury Duty	<u> </u>					
Bereavement						
Administrative	ļ					
Holiday						
Leave without Pay						
			Total	Days Taken		
Comments						l
mployee Certification:		Supervi	sor Certification:			
After signatures, submit to Payroll Departr	nent		on Employee Leave of Personne I periodically to the	el Policies. Leave		will be

## **ACCURATE REPORTING**

§200.430(i)(1): Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed.

### **Exempt Employees:**

- Track actual hours worked if charged to a federal grant.
- Tracking hours does not affect salary amount for given pay period.
- No overtime paid.

EXEMPT EMPLOYEE PAYRO	LL ALLOCATI	ON TO	GRANTS
ANNUAL SALARY	\$ 72,000.00	Α	
BI-WEEKLY SALARY (80 HOURS)	\$ 2,769.23	В	
		% of	\$2,769.23
HOURS TRACKED FOR THE PAY	Hours	Total	Salary
PERIOD	worked	Hours	Allocation
		D	DxB
Project A - ICDBG	25.00	28%	\$ 769.23
Project B - OTHER	25.00	28%	\$ 769.23
NAHASDA - DEVELOPMENT	40.00	44%	\$ 1,230.77
			1
TOTAL	90.00	100%	\$ 2,769.23
NOTE: NO OVERTIME PAID			

## **Payroll Guidance And Reporting**

File FWHT, SS and Medicare tax liabilities within required timeline for your entity (either semi-weekly or monthly) to comply with IRS requirements.

<a href="https://www.irs.gov/forms-pubs/about-publication-15">https://www.irs.gov/forms-pubs/about-publication-15</a>

Required to file taxes using electronic funds transfer (EFT)

Quarterly: Complete and file Form 941 Employer's quarterly Federal Tax Return and Schedule B to report your liability for income taxes, Social Security tax, and Medicare tax liabilities.

Annual: The employer is required to issue Form W-2 to employees to report employee's annual wages and taxes withheld from paychecks. And

**Payroll Record Retention**: Per IRS - Keep employment tax records for at least 4 years after the date that the tax becomes due or is paid, whichever is later.

# INTERNAL CONTROLS: Business Credit Card

## **BENEFITS** of having company business credit cards?

- Efficient method for making purchases.
- Effective tracking of expenses, i.e. matching all charges against statements
- Documented travel expenses and other purchases.
- Accountability to holder/user of the card

**RISKS:** Unauthorized use or unallowable costs such as:

- Personal use of business credit card
- Unallowable purchases or purchases aboe authorized limits
- Loss of receipts.



## INTERNAL CONTROLS: Credit Card

The use of credit cards for purchases requires a high level of control by the organization. Internal controls should include the following:

## Responsibilities & Segregation of Duties:

- Written policy Document a credit card policy that details the rules for using the card.
- Limit use of the credit card through procedures and strict management oversight.
- Establish cardholder responsibilities, including purchase limits and allowable purchases.
- Prohibit personal use of business credit card.
- Outline consequences if business card user deviates from the policy.
- Incorporate procurement requirements of using credit card for purchases.
- Control the number of credit cards assigned and prohibit card sharing.

### **Preventative Controls**

- Controls to ensure invoices are received in a timely manner with required information: business purpose, account code, approvals.
- Review and approval for processing and payment.
   Approvals documented on the invoice.
- Establish spending limits Assign spending limits to employees appropriate for their position.
- Reconcile monthly The monthly credit card bills should be reconciled timely to receipts by the Accounting Office.
- Credit card statements should be paid timely to avoid penalty and finance charges.
- Attach consequences on users for missing receipts, i.e. freeze credit card for that user.

## INTERNAL CONTROLS: Credit Card

## Responsibility and <u>segregation of duties</u>

- Card Administrator:
  - Has access to on-line banking and on-line statements of card-holders.
  - Can control credit card usage and limits through on-line access.
- Cardholders:
  - Sign an "Agreement and Acknowledgement of Understanding."
  - Documents cost code, business purpose and signature on face of the invoice or pay request
  - Submits invoices within agreed timeline submittal to Supervisor for review and approval.
- Accounting:
  - Credit card charges are entered into the Accounts Payable system on a timely basis.
  - Charges are reconciled to the statement prior to payment.
  - Credit card payments are made within required timeframe to avoid penalties and interest.

## **POLL QUESTION**

Exercise: Tribe/TDHE has applied to its bank for a company credit card to issue to employees. Credit cards were issued to managers without written policies and procedures.

Which of the five components of COSO Framework did the Tribe/TDHE overlook?

- 1. Control Environment
- 2. Risk Assessment
- 3. Control Activities
- 4. Information and Communication
- 5. Monitoring

# REVIEW CREDIT CARD PROCEDURE

REVIEW
SAMPLE CREDIT CARD HOLDER
AGREEMENT

The bank reconciliation process compares the cash balance of a Tribe/TDHE's GL Bank balance to the amount on reported on the bank statement.

- The Recipient's cash accounts must reconcile to the bank statements.
- Reconciling bank accounts each month is an important internal control as it:
  - confirms the Recipient's book cash balance
  - allows for review of cleared and outstanding checks
  - confirms all transactions that have cleared the bank are posted in the general ledger.

## Recommendation

- Keep a separate general ledger (GL) account for each bank account. This facilitates the bank reconciliation process, which should be performed monthly.
- Follow up on checks that have not cleared the bank for several months.
- Bank statements can be obtained electronically for timely reconciliation.
- Conduct bank reconciliations using your accounting system. This ensures accuracy of your accounting records

### **Administrative Preventative Controls:**

- Utilize online banking and have quick access to bank accounts.
- Maintain a bank reconciliation file.
- Records of the monthly reconciliations should be filed by month for easy access and use in various audits.
- Periodically the bank reconciliation should be completed by someone other than the bookkeeper.
- Include bank reconciliation process in written financial management policies and procedures.

## **Physical and Preventative Controls:**

Perform bank reconciliations timely.

Include segregation of duties – review and approval.

Research all outstanding checks and deposits for accuracy.

Manage ACH receipts and payments – establish a process.

Verify and reconcile electronic Tenant Rent Deposits timely (daily).

Ensure all Federal funds are fully insured by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Insurance (NCUI).

## **Common Oversights:**

- Not performing bank reconciliations timely (monthly) so cash balances in the general ledger are not supported (not correct).
- Reconciliations are not reviewed and approved by someone other than the person preparing the bank reconciliations.
- Not posting grant eLOCCS drawdowns timely (when they are received).
- Not managing the outstanding checks (research checks over three (3) months to determine the cause and reissue if necessary), causing cash balances to be incorrect.
- Not insuring Federal funds:
  - Must have bank depository agreement with bank
  - Bank Accounts fust be fully insured by the FDIC or NCUA and/or must be fully collateralized
  - Refer to FORM 52736-A or Form 52736-B

## **HUD Form 52736-A**

Approved OMB #: 2577-0218 Exp. 07/31/2025

### **DEPOSITORY AGREEMENT**

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing



## **Banking Accounts**

(herein called the "Accounts"). Any portion of Recipient funds not insured by a Federal Insurance Organization shall be fully (100%) and continuously collateralized with specific and identifiable Investments prescribed by HUD. -The Depository agrees, for the purpose of insuring and guaranteeing any portion of the Recipient's funds not insured by a Federal Insurance Organization/SIPC, to pledge and, at all times while in custody of such funds, maintain the pledge of collateral security of the classes described, and under the terms and conditions set forth, in paragraph 5 of PIH Notice 96-33, Required HA Cash Management and Investment Policies and Procedures issued June 30, 1997, and extended on August 2, 2002, indefinitely.

### **BANK RECONCILIATIONS – PROCEDURES**

Reconciling bank accounts <u>each month</u> is an important internal control.

Description	Bank Statement	General Ledger (Books)
Unreconciled Ending balances @ 12/31/20XX	\$170,309.67	\$171,352.51
Deposit in Transit-has not been received by the bank – Need to account in bank	+\$19,923.50	Already recorded in GL
Outstanding Checks – have not cleared the bank – Need to account in bank	-\$18,900.66	Already recorded in GL
Monthly bank charges and fees - Need to record in GL	Already included in bank account	-\$120.00
Bank interest earned - Need to record in GL	Already included in bank account	+\$100.00
Reconciled Ending balances at 12/31/20XX	\$171,332.51	\$171,332.51

	SAMPLE: BANK RECONCILIATION FIRST TOWN GENERAL OPERATING									
		1111 First T	own Bank General Operating							
Step 1	Balance per B	ank Statemen	t December 31, 20XX	170,309.67						
	Add:	Deposits in T	ransit	19,923.50						
	Less:	Outstanding of	checks	(18,800.66)						
		Adjusted Bala	ance per Bank	171,432.51						
Step 2	Balance per B	ooks at Decei	mber 31, 20XX	171,352.51						
	Adjustments:									
	add:	Interest earne	ed	100.00						
	less:	Monthly bank	charges	(120.00)						
	Less:	Returned che	ecks	0.00						
		Adjusted Bala	ance per Books	171,332.51						
	Deposits in Tr	ansit:								
	12/31/20XX		Rent Payments Prop 1	1,203.50						
	12/31/20XX		Rent Payments Prop 2	850.00						
	12/30/20XX		IHBG Draw	17,870.00						
				19,923.50						
Step 3	Outstanding C	hecks								
	Date	Check No	Payee	Amount						
	12/07/20XX	1429	Jungle JJ Flooring	8,900.00						
	12/15/20XX	1523	Staples office Jet	539.65						
	10/26/20XX	1533	Circle Air	439.00						
	12/15/20XX	1534	James White LLC	2,300.00						
	11/30/20XX	1906	James Jones	2,174.36						
	11/28/20XX	1544	Standing Lumber yard	4,447.65						
			Total	18,800.66						
Prepare	ed by:		Date:							

Approved by:

## **SEGREGATION OF DUTIES**

## Sample Procedures for Internal Controls on Bank Reconciliations

Responsibility and Segregation of Duties:

- The Receptionist <u>receives</u> the banks statement and stamps it received;
- The Bookkeeper <u>reconciles</u> the bank statement, attaches the reconciliations, signs and dates it as completed.
- The Tribal Administrator <u>reviews</u> and <u>approves</u> the reconciliation.

Must sign and date

\_\_\_\_\_ Date: \_\_\_\_\_ 117

# PAY ATTENTION TO UNCLEARED TRANSACTIONS!

		Ва							
		Ва	nk Statement Reconciliation Summary:						
		\$							
a)		+ Deposits Cleared							
b)									
		=	Bank Statement Ending Balance						
		\$	Uncleared transactions as of (statement date)						
		12/31/2024							
c) ·	<b>&gt;</b>	\$	Uncleared transactions as of (reconciling date)						
		\$	Register (GL) ending balance as of (reconciling date)	3/31/2025					
		De	tails:						
b)		\$	Checks and Payments cleared (LIST Bank Cleared)						
a)		\$							
		Ad							
c)	-	\$	UNCLEARED CHECKS as of Reconciling Date (LIST O/S)						
c)	<b></b>	\$	UNCLEARED DEPOSITS as of Reconciling Date (LIST O/S)						

# INTERNAL CONTROLS: Journal Entries

- 1. An accounting journal entry is the action of recording accounting transactions into your accounting system.
- 2. Journal entries create an audit trail of the transactions made that can be followed and traced to original documentation that are attached to the journal entry and filed as part of your accounting transaction records.
- 3. Accounting software automatically posts journal entries to the general ledger when transactions are recorded through subsidiary ledgers, such as the Cash Management, Accounts Receivable, Accounts Payable and Payroll.
- 4. It may be necessary to create and post manual journal to the general ledger or to post transactions that do not post through the subsidiary ledgers for:

Correcting	Post entry to correctly
Posting	classify payroll charge to
Error	the right class for work
	performed.
Adjusting	Book month end
Entries	allocations or indirect
	cost allocations.
Adjust	Recording depreciation of
Accounting	expenses and
Balances	accumulated
	depreciation.

# INTERNAL CONTROLS: Journal Entries

An adjusting journal entry (AJE) form is the control document for creating a journal entry and should have the following:

- Adjusting Journal Entry number
- Account numbers, account name, class or fund, and account descriptions
- Debit and credit amounts that balance
- Reason for the journal entry
- Preparer name, signature and date signed
- Reviewer/approver's name, signature and date signed
- All AJE's are to be signed by both the preparer and reviewer prior to posting

The preparer is responsible for:

- Providing detailed supporting documents and ensuring they are complete and accurate.
- Documenting the reason to justify the AJE.
- Ensuring AJE is in balance (debits = credits), and the correct funds/classes are identified
- Preparer cannot approve the same journal entry.

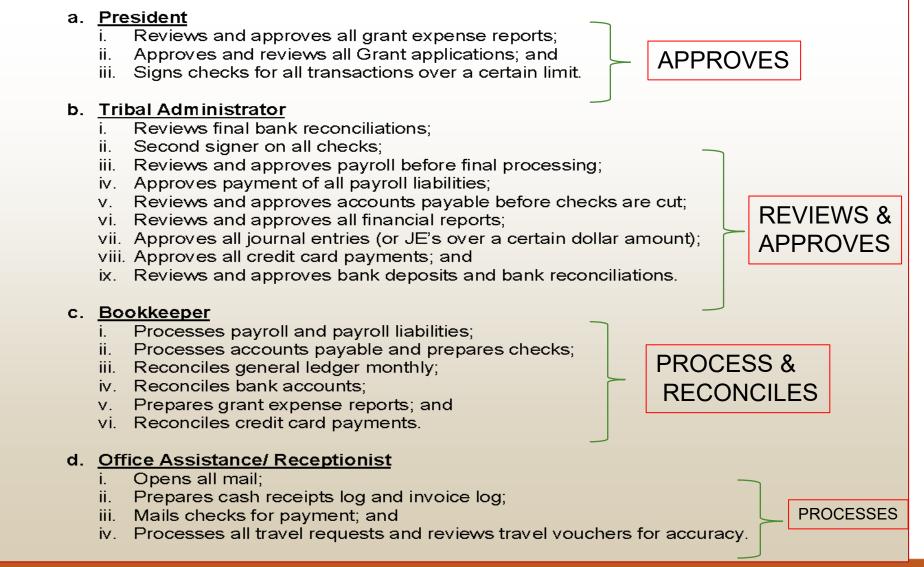
All posted journal entries and related documentation should be maintained in an accessible file for review by management and external auditors, if necessary.

# INTERNAL CONTROLS: Journal Entries

	SA	MPLE G	ENERAL JOURNAL F	ENTRY FORM		
UPNOR	TH VILLA	GE		AJE NUMBER		
DATE	ACCOUNT	CLASS	DESCRIPTIO	ON	Debit	Credit
XX-XX-XXXX  posting date/transaction	XXXX XXXX date of	XXX	enter description (shows in		\$\$\$	\$\$\$
sho	rt description	of why yo	u are creating the journal o	entry.		
Name and sign	ature of prep				Date of	Preparaton
Prepared by: Name and siga Approved by:	ture of review	ver/approv	must be different from the Preparer, such as the Administrator or Council Member	Date Date		
	ntry should ha	ve complet	er the journal entry and su te documentation to suppo			

# DESIGNING INTERNAL CONTROLS EXAMPLE 1

There is not a "one size fits all" for designing a good system of internal controls because no two organizations are the same.



# DESIGNING INTERNAL CONTROLS EXAMPLE 2

#### REMEMBER INTERNAL CONTROLS ARE UNIQUE TO YOUR ORGANIZATION

**COMPLIANCE:** Are expenses eligible to the grant; are you in compliance with federal and state requirements; are you following GAAP? Do you have policy and procedure for consistent treatment of like transactions?

**EFFECTIVENESS AND EFFICIENCY:** Is there separation of duties; are you protecting your assets; do policies and procedures insure effective and efficient operations while assigning authority and responsibility?

**RELIABILITY:** Do your internal controls ensure reliable finance reporting; is everyone held to the same standard; can the granting agency rely on your financial reports to be accurate and compliant?

REVIEW INTERNAL CONTROL EXAMPLE 2 IN REFERENCE MATERIAL

## INTERNAL CONTROLS EXERCISE

Consider Internal Controls in your organization.

Name an internal control for each of the following:

- Cash collections
- Cash disbursements
- Payroll disbursements
- Assets
- Journal Entry



## Section 6: Budgeting

## **BUDGET PROCESS**

Start with strategic priorities

Know your resources

Identify activities

Ensure program eligibility

Determine Capacity

- 1. Start Early and Engage Everyone!!!
- 2. Start with strategic priorities-Consider short and long-term strategic goals and objectives.
- 3. What are the needs of Tribal members and how many families can be served?
- 4. What is the housing inventory in the community?
- 5. Plan to build? Need a multi-year Capital Budget.
- 6. Identify and budget all program activities

- 7. Ensure planned activities are program eligible
- 8. Identify <u>all sources of funds</u>. What sources of funds are available or will be needed to achieve the program goals for the coming program year?
- 9. Identify all expenses.
- 10. Determine capacity need: current and future growth.
- 11. Use prior year's budget as a starting point for current year budget.

## WHY IS BUDGETING IMPORTANT?

- Required by Uniform Guidance §200.302(b)(5): The Financial Management
   System must provide for comparison of expenditures with budget amounts for each
   Federal award.
- Financial plan for operations and development
- Management tool measures recipient's performance to your plan
- Realistic estimate of sources of funds to perform and achieve goals and objectives
- Planned expenditures to achieve planned outcomes
- Provides information for analyzing Budgeted to actual expenditures
- Budget should be realistic, consistent, flexible, and measurable
  - Budgets help set targeted outcomes
  - Strategy requires funding
  - Identify Tribal priorities
  - Control and Accountability

## **BUDGET CONTROLS: QUESTIONS TO ASK**

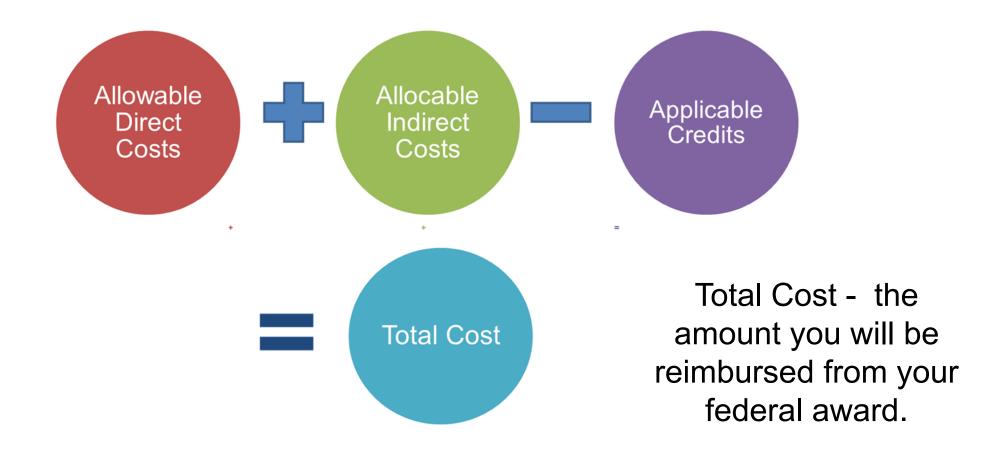
- Are defined activities measurable?
- Can activity be completed within budget timelines?
- What are your total resources available?
- Are costs being applied consistently, and are all costs allowable to the Program(s?,
- Are activities progressing as planned?
- Is the cost/unit in line with expectations?
- Who is responsible and accountable?



## **BUILD THE BUDGET**

- a) Develop a sources and uses budget for each of the activities.
- b) Budget DIRECT COSTS = Costs that are incurred specifically for the Federal award.
- c) Identify all COSTS = Cost are necessary for the overall operations of the Recipient. Include allocable Direct Costs.
- d) Identify ALLOCABLE INDIRECT cost: those cost that benefit the IHBG and other work of the recipient (or other Federal awards).
  - Apply Indirect Cost Allocation methodology
  - ii. Based on the proportional benefit received (to the Federal award)
  - iii. Cost allocation method must be reasonable and documented
  - iv. Certify Cost Allocation Method(s) and retain in your files.
- e) Remember Budget limits for Planning and Administrative Costs

## § 200.402: COMPOSITION OF COSTS



Cost can be identified specifically with a particular final cost objective (of the Federal award)

Costs directly support the Federal award – costs incurred to achieve the objectives of the Federal award.

## DIRECT COSTS

Costs that are normally treated as indirect costs can be charged directly to a Federal award if they are integral, specifically identifiable and not recovered as indirect costs.

Cost incurred for the same purpose in like circumstances must be treated consistently as direct or indirect costs

## **INDIRECT COSTS**

## (§200.414) Indirect Costs are:

- Administration: general administration and general expenses such as the director's office, accounting, personnel.
- Facilities: depreciation, equipment, capital improvements, interest on debt, and operations and maintenance expense.
- Not always easy to classify as direct or indirect cost but must be afforded consistent treatment.
- If Recipient has a negotiated indirect cost rate they must apply it to all Programs
- Recipients that do not have a Federally negotiated IDCR may elect to charge a de minimis rate of up to 15% of modified total direct costs (MTDC)

## **INDIRECT COSTS**

Uniform Guidance UPDATE:
De Miniminis rate changed
from 10% to 15%; subaward
threshold: changed from
\$25K to \$50K

## De minimis rate §200.414(f)

- Can be used by recipients that do not have a current Federal negotiated indirect cost rate.
- De minimis rate can be up to 15% of modified total direct costs (MTDC).
- Modified total direct costs includes all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$50,000 of each sub-award).
- Once elected, the De minimus rate must be used for all Federal awards until the recipient negotiates a rate.
- Does not required documentation to justify use and can be used indefinitely.
- How to apply? Apply the De minimis rate to each Function, Fund, Federal Grant, etc. based on total direct expenditures of each, with an offset to Administration Revenue to fund Administration expenses.

## **CLASSIFICATION OF COSTS § 200.412**

YOU decide and consistently treat each item of cost for the same purpose as Direct or Indirect

- There is no universal rule for classifying certain costs as either direct or indirect.
- A cost may be direct with respect to some specific service or function, but indirect with respect to the Federal award or other final cost objective.
- Indirect Costs refer to Facilities & Administration §400.414

## **ALLOCABLE COSTS**

A cost is allocable if the goods or services involved are chargeable or assignable to that Federal award or other cost objective in accordance with relative benefits received (§200.405).

This standard is met if the cost:

- 1. Is incurred specifically for the Federal award;
- Benefits both the Federal award and other work of the recipient and can be distributed in proportions that may be approximated using reasonable methods; or
- 3. Is necessary to the overall operation of the non-Federal entity and is assignable to the Federal award.

## QUESTION

An employee works on several units in 2 different buildings that were built with Non-NAHASDA and NAHASDA funds. His supervisor changes his timecard and charges all his time to the NAHASDA program because there are funds in that budget whereas the Non-NAHASDA program does not. The supervisor was justified in assigning all the employee's time to NAHASDA because Personnel wages and expenses are allowable costs under any federal grant so it should not matter where it is charged to.

True or False, and WHY?

## **ALLOCABLE COSTS §200.405**

- All activities that benefit from the indirect cost must receive the appropriate allocation of the costs.
- Costs allocable to a particular Federal award cannot be charged to other Federal awards to overcome fund deficiencies.
- Must document the allocation method and basis used to create the allocation.
- Recipient may obtain written approval from the Federal agency for cost allocation models, but this is not required.
- Must consistently apply direct and indirect costs, and cannot charge like costs as direct if they are indirect costs.

## **COST ALLOCATION MODELS**

# Develop allocation models to allocate costs to multiple FUNDS/PROGRAMS/PROJECTS based on the proportional benefit received.

- a. May set up more than one cost "pool" to allocate like costs (office supplies, insurance).
- b. Define the pool and the base. Pool is the indirect cost pool and the base is the total programs the indirect costs will be allocated to.
- C. Allocation method is reasonable and rational to equitably distribute costs to programs and cost objectives based on benefits received.
- d. Use your accounting system to track and allocate costs to grants and/or programs.
- **e.** Consider setting up account codes for POOL Expenses in General Ledger and have system distribute costs to benefiting programs:



10-5555-00-100 POOL - SUPPLIES 10-5556-00-100 POOL - VEHICLE EXPENSES

## ALLOCATION SAMPLE-BASE: NUMBER OF EMPLOYEES

Allocation Table 1: Ad	ministrative							
Allocation method: nu	mber employee	es						
used to allocate admir	nistrative expen	ses:						
	Supplies							
	Office Utilities							
	Office Internet	/Telephor	ne					
	Postage							
	4.25	100.00%	\$	2,616.00	\$ 1,300.00	\$ 1,350.00	\$ 317.65	Insert
						Internet/		Amount
Grant	Number Ees	%		Supplies	Office Utilties	Phone	Postage	
BIA Tribal Allocation	1	23.53%	\$	615.53	\$ 305.88	\$ 317.65	\$ 74.74	`
ICDBG Competitive	0.25	5.88%	\$	153.88	\$ 76.47	\$ 79.41	\$ 18.69	
ICDBG	0	0.00%	\$	-	\$ -	\$ -	\$ -	
Tribal Transportation	1	23.53%	\$	615.53	\$ 305.88	\$ 317.65	\$ 74.74	
IHBG	2	47.06%	\$	1,231.06	\$ 611.76	\$ 635.29	\$ 149.48	
Totals			\$	2,616.00	\$ 1,300.00	\$ 1,350.00	\$ 317.65	

# ALLOCATION SAMPLE – BASE: TOTAL BUDGET EXPENSES

rance & Audit							
Allocation method: Budgeted Expenses							
nce and Audit I	Expenses						
							Insert
\$875,500.00	100.00%	\$	6,300.00	\$	11,000.00	\$30,000.00	Amount
Budgeted		G	en Liability		Property	Audit	here
Expenses	%		Insurance		Insurance	Services	
\$ 38,500.00	4.40%	\$	277.04	\$	483.72	\$ 1,319.25	,
\$122,000.00	13.93%	\$	877.90	\$	1,532.84	\$ 4,180.47	
\$125,000.00	14.28%	\$	899.49	\$	1,570.53	\$ 4,283.27	
\$150,000.00	17.13%	\$	1,079.38	\$	1,884.64	\$ 5,139.92	
\$115,000.00	13.14%	\$	827.53	\$	1,444.89	\$ 3,940.61	
\$325,000.00	37.12%	\$	2,338.66	\$	4,083.38	\$11,136.49	
		\$	6,300.00	\$	11,000.00	\$30,000.00	
	\$875,500.00 Budgeted Expenses \$ 38,500.00 \$122,000.00 \$125,000.00 \$150,000.00	\$875,500.00 100.00%  Budgeted Expenses  \$ 38,500.00 4.40%  \$ 122,000.00 13.93%  \$ 125,000.00 17.13%  \$ 115,000.00 13.14%	Separate   Separate	Separation   Sep	Separation   Sep	Separate   Separate	Septed Expenses   September   September

# ALLOCATING COSTS TO DIFFERENT ACTIVITIES OR PROGRAMS

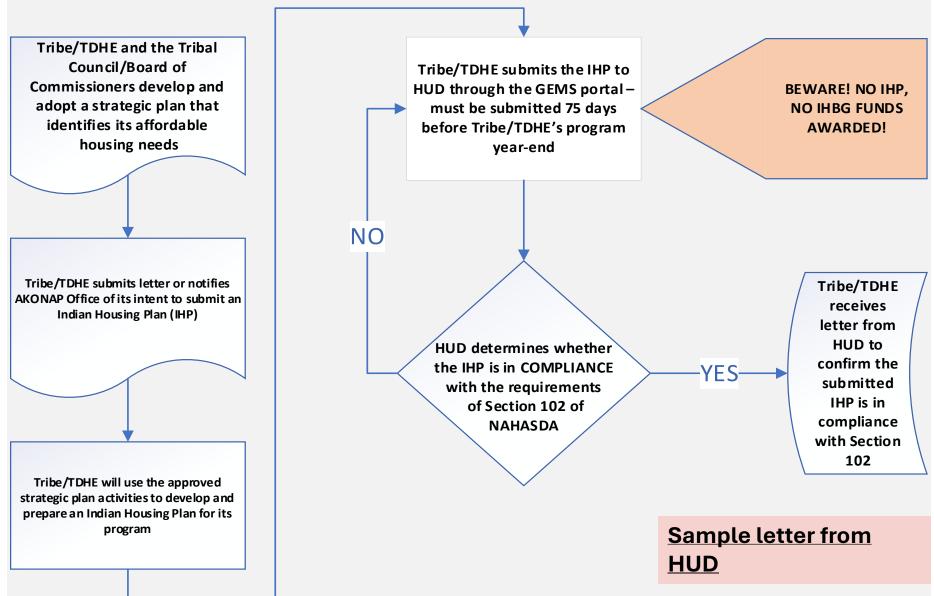
	COLUMN	1	2	3	4	5	6	7	8	9	10
	COLONIII				-	J		Fringe Ben		3	10
		Employee	Employee	Employee	Employee		% of	FICA/	CIICO	Tele-	Office
		A	C	D	E	Total	Total	Medicare/ESC	401K		Supplie
	FTE	1.00	0.50	1.00	1.00	3.50					
PROGRAI	VI:										
Rehab Pro	gram	25,000	-		-	25,000	14.7%	2,068	2,000	324	1,324
SFH Cons	truction					-					
Tribal Offic	e Bldg Dev	15,000				15,000	8.8%				
Emergenc	y Assist		10,000		-	10,000	5.9%	827	800	129	529
Youth Act	ivity	-	5,000		-	5,000	2.9%	414	400	65	265
HB Assist	Program					-	0.0%	-	_	-	_
Other Prog	grams		2,000	29,485	30,000	61,485	36.2%	5,085	4,919	796	3,255
Planning 8	Admin	-	-	18,515	35,000	53,515	31.5%	4,426	4,281	693	2,833
Bu	dget Totals	40,000	17,000	48,000	65,000	170,000	100%	14,059	13,600	2,200	9,000
The shows	schedule ill	uetratae :									
1 1			Housings	taff of 3.5.	TEe are dire	ectly charge	ad to NAH	ASDA activities	or othe	r progr	ame
'			_	r those area		scuy charge	SO TO INALI		or ourie	ii progr	a1115
2	and other establishe	programs.	For exam to apply to	ple, the Re	hab Progran	n bears 14.	7% of the	es are being ch cost of wages r expenses su	. The pe	ercent	

## WHAT IS THE INDIAN HOUSING PLAN?

- 1. IHP: The Indian Housing Plan (IHP) is the Tribes/TDHEs plan of eligible activities and outcomes that will be performed with Indian Housing Block Grant (NAHASDA) grant funding. It is a one year plan.
- 2. IHBG: The Indian Housing Block Grant Program is a **formula grant** awarded to eligible Tribes/TDHE's to carry out a range of affordable housing activities on Indian reservations and Indian areas under the NAHASDA Program.
- 3. To receive an IHBG, a recipient <u>must</u> submit a One-Year IHP, as required by NAHASDA §101(b)(1).
- 4. The Tribe/TDHE will NOT receive IHBG funds if:
  - They do NOT prepare and submit a One-Year IHP as required by NAHASDA §101(b)(1), or
  - The IHP is NOT submitted at least 75 days before the Tribe/TDHE's program year.

Tribe/TDHE may request a waiver from HUD for a period not more than 90 days beyond the IHP submission due date.





## **BUDGET SECTION IHP**

- Purpose: Describe recipient's sources & uses of funds
- Statutory/Regulatory Sections: §102(b)(2)(C)
- Key Contents:
  - Funds on hand at beginning of year
  - Funds received during year
  - Funds expended during year
  - Carry over
- Recipient programs that are fully or partially funded by IHBG, IHBG program income, Title VI funds, Title VI program income, or 1937 Housing Act funds must be included in the IHP.
- Per §200.328: Must use standard OMB approved reports.
   Form HUD 52737 PIH Notice 2023-30

# HUD-52737 SECTION 3 PROGRAM DESCRIPTIONS: ELIGIBLE ACTIVITIES

Refer to Program
Guidance 2018-02A
IHP and APR and PIH
2023-30

Eligible Activity	Output Measure	Output Completion
(1) Modernization of 1937 Act Housing [202(1)]	Units	All work completed and unit passed final inspection
(2) Operation of 1937 Act Housing [202(1)]	Units	Number of units in inventory at Program Year End (PYE)
(3) Acquisition of Rental Housing [202(2)]	Units	When recipient takes title to the unit
(4) Construction of Rental Housing [202(2)]	Units	All work completed and unit passed final inspection
(5) Rehabilitation of Rental Housing [202(2)]	Units	All work completed and unit passed final inspection
(6) Acquisition of Land for Rental Housing Development [202(2)]	Acres	When recipient takes title to the land
(7) Development of Emergency Shelters [202(2)]	Households	Number of households served at any one time, based on capacity of the shelter
(8) Conversion of Other Structures to Affordable Housing [202(2)]	Units	All work completed and unit passed final inspection
(9) Other Rental Housing Development [202(2)]	Units	All work completed and unit passed final inspection
(10) Acquisition of Land for Homebuyer Unit Development [202(2)]	Acres	When recipient takes title to the land
(11) New Construction of Homebuyer Units [202(2)]	Units	All work completed and unit passed final inspection
(12) Acquisition of Homebuyer Units [202(2)]	Units	When recipient takes title to the unit
(13) Down Payment/Closing Cost Assistance [202(2)]	Units	When binding commitment signed

# §1000.238: ADMINISTRATIVE AND PLANNING(A&P) EXPENSES

- If Grant is more than \$500,000:
  - Up to 20% of annual expenditures of grant funds or up 20% of annual grant amount, whichever is greater.
  - 20% also applies to a Recipient who is a TDHE for multiple grant beneficiaries whose allocation each is more than \$500,000.
- 2. If Grant is less than or equal to \$500,000:
  - Up to 30% of annual expenditures of grant funds or up to 30% of annual grant amount whichever is greater.
  - 30% also applies to a Recipient who is a TDHE for multiple grant beneficiaries whose allocation each is less than or equal to \$500,000.
- 3. HUD approval is required if a higher % is requested by the recipient.
- 4. Recipients combining grant funds with other funding may request HUD approval to use a higher % based on its total expenditure of funds from all sources for that year.

(2) Estimated Sources of Funding (NAHASDA § 102(b)(2)(C)(i)) (Complete the non-shaded portions of the chart below to describe your estimated or anticipated sources of funding for the 12-month program year. APR Actual Sources of Funding -- Please complete the shaded portions of the chart below to describe your actual funds received. Only report on funds actually received and under a grant agreement or other binding commitment during the 12-month program year.)

	IHP						AF	PR			
SOURCE	(A) Estimated Amount on hand at beginning of program year	(B) Estimated amount to be received during 12-month program year	(C) Estimated total sources of funds (A + B)	(D) Estimated funds to be expended during 12-month program year	(E) Estimated unexpended funds remaining at end of program year C minus D)	(F) Actual amount on hand at beginning of program year	(G) Actual amount received during 12- month program year	(H) Actual total sources of funding (F + G)	(I) Actual funds expended during 12- month program year	(J) Actual unexpended funds remaining at end of 12- mo program year (H minus I)	(K) Actual unexpended funds obligated but not expended at end of 12- month
1. HBG Funds	100,000	525,000	625,000	590,564	34,436	100,000	525,000	625,000	530,622	94,378	
2. IHBG Program Income	0	34,420	34,420	34,420	In	ocludes			ı	IDI	
3. Title VI	0	315,000	315,000	315,000		estment	<b>I</b> V		LIT	IPL	
Title VI     Program Income	0	0	0	0		ncome					
5. 1937 Act Operating Reserves							SC		RC	FS	
6. Carry Over 1937 Act Funds											$\mathbf{O}$
LEVERAGED FUNDS											
7. ICDBG Funds									UN	D2	
8. Other Federal Funds								_			
9. LIHTC											
10. Non-Federal Funds			0	0	0						
TOTAL	100,000	874,420	974420	939,984	34,436	100,000	1,017,380	1,117,380	1,023,00	94,378	

#### Notes:

- a. For the IHP, fill in columns A, B, C, D, and E (non-shaded columns). For the APR, fill in columns F, G, H, I, J, and K (shaded columns).
- b. Total of Column D should match the total of Column N from the Uses Table on the following page.
- c. Total of Column I should match the Total of Column Q from the Uses Table on the following page.
- d. For the IHP, describe any estimated leverage in Line 4 below (Estimated Sources or Uses of Funding). For the APR, describe actual leverage in Line 5 below (APR).

# APPROVE AND IMPLEMENT THE BUDGET

- The Indian Housing Block Grant may be only one source of funding for your Organizations
- 2. Include all sources and activities/programs when developing your budget
- 3. Be sure to review chart of accounts and the reporting requirements to insure you are capturing information to easily report activities of each grant award
- 4. Build your budget include revenue and expenses
- 5. Remember to start early and involve everyone that is responsible for carrying out the activities of the budget (housing services, maintenance, etc.)
- 6. Multiple reviews to ensure all activities are budgeted and in compliance with grant awards. Also assigns responsibility.
- 7. Final budget (financial plan) is approved by Governing Body (Board of Commissioners or Tribal Council)

# APPROVE AND IMPLEMENT THE BUDGET

- APPROVAL: The governing body (Tribal Council/Board of Commissioners) formally adopts the budget by resolution.
- 2. IMPLEMENTATION: Enter the budgets into the accounting software system.
- **3. MANAGE:** Manage expenses using internal controls. Are all expenses necessary, reasonable and comply with grant purpose? Compare budget to actual.
  - Alerts to errors
  - b. Modify spending
  - c. Timing of revenue or expense activity
  - d. Change your future budgetary strategy
  - e. Helps you better plan future budgets
- **4. REPORT:** Share budget to actual reports with stakeholders (Executive Director, Managers, etc. on a regular basis (monthly).

Budget Setup
Allows for
Tracking by
Eligible Activities

				H TRIBAL I AHASDA E					
	1937 Act Budget	NAHASDA Dev Budget	Housing Services Budget	Moderniza tion Budget	MH Program Budget	Title VI Budget	NAHASDA Admin Budget	TBRA Budget	Total NAHASDA Budget
Income									
4000 · Rental Income	8,400		23,100		7,000				38,500
4010 · Administrative Exp - MH					4,320				4,320
4300 · Federal Grants	40,173	250,000	14,250	51,448	21,693	98,000	110,000	5,000	590,564
4500 · Proceeds from Debt		315,000							315,000
48801 · Interest Income									0
Total Income	48,573	565,000	37,350	51,448	33,013	98,000	110,000	5,000	948,384
Expense									
5000 · Salaries & Wages-Tribe Paid	11,960	86,200	22,500	43,600	11,960		65,000		241,220
5005 · Benefits	2,153	15,516	4,050	7,848	2,153		11,700		43,420
5130 · Legal									0
5135 · Accounting/Auditing			6,300				14,064		20,364
5200 · Travel			2,500				2,500		5,000
5406 · Utilities - Fuel	8,000				4,000		1,200		13,200
5407 · Utilities - Water/Sewer	6,000				3,000		1,600		10,600
5408 · Utilities - Electri	6,000				6,300		2,233		14,533
5505 · Telephone & Communications	560						4,700		5,260
5550 · Insurance-general liability							3,000		3,000
5600 · Supplies			2,000				4,003		6,003
5605 · Fuel Operations	2.500								0
5610 · R&MBuildings	2,500				3,600				6,100
5615 · Groundskeeping/snow removal	3,000				2,000				5,000
5700 · Program Assistance-Emergency								5,000	5,000
5710 · Child Care Assistance									0
5780 · Interest Expense		45 4 70 4				36,000			36,000
5800 · Capital Assets-Building		454,784							454,784
5800.99 · Contra Exp-Buildings									0
5803 · Land Improvements									0
5803.99 · Contra Exp-Land									U
5804 · Capital Infrastructure									0
5804.99 · Contra Exp-Infrastructure									0
5805 · Capital Assets - Equipment									0
5805.99 · Contra Exp - Equipment		0.500				62,000			70 500
5890 · Principal Payments on Loan		8,500				62,000			70,500
5890.99 · Contra Exp-Principal Payment Total Expense	s 40,173	565,000	37,350	51,448	33,013	98,000	110,000	5,000	939,984
·	8,400	·			·	·		·	
Net Income	0,400	0	0	0	0	0	0	0	8,400

	UPNOF	TH TRIBAL HO	USING				
		20XX BUDGET					
Shows IHBG as						Total	
	ANTHC			ICDBG		NAHASDA	TOTAL
one of many	Budget	BIA Budget	CCS Budget	Budget	IRR Budget	Budget	BUDGET
budgets						38,500	38,500
budgets  4010 · Administrativ - MH						4,320	4,320
4300 · Federal Gran	38,500	125,000	20,000	150,000	265,000	590,564	1,189,064
4500 · Proceeds from Debt	00,000	.20,000	20,000	.00,000	200,000	315,000	315,000
48801 · Interest Income						0	0.0,222
Total Income	38,500	125,000	20,000	150,000	265,000	948,384	1,546,884
Expense	,	,	,	, , , , , , , , , , , , , , , , , , , ,	,		,, - , - , - , - , - , - , - , - , - ,
5000 · Salaries & Wages-Tribe Paid		000,08			145,350	241,220	466,570
5005 · Benefits		14,400			26,163	43,420	83,983
5130 · Legal		6,000			30,000	0	36,000
5135 · Accounting/Auditing		4,720	967		10,250	20,364	36,301
5200 · Travel		5,500			5,700	5,000	16,200
5406 · Utilities - Fuel		1,000	200		800	13,200	15,200
5407 · Utilities - Water/Sewer		1,000	200		800	10,600	12,600
5408 · Utilities - Electri		1,500	200		800	14,533	17,033
5505 · Telephone & Communications		2,500	700		2,500	5,260	10,960
5550 · Insurance-general liability		1,500	200		2,500	3,000	7,200
5600 · Supplies		2,780	1,533		25,137	6,003	35,453
5605 - Fuel Operations		250				0	250
5610 · R&M Buildings						6,100	6,100
5615 · Groundskeeping/snow removal 5700 · Program Assistance-Emergency		3,850				5,000 5,000	5,000 8,850
5710 · Child Care Assistance		3,000	16,000			5,000	16,000
5780 - Interest Expense			10,000			36,000	36,000
5800 · Capital Assets-Building						454,784	454,784
5800.99 · Contra Exp-Buildings						0	707,107 N
5803 · Land Improvements				150,000		0	150,000
5803.99 · Contra Exp-Land				.00,000		a	0
5804 · Capital Infrastructure	38,500					o	38,500
5804.99 · Contra Exp-Infrastructure	,					0	0
5805 - Capital Assets - Equipment					15,000	0	15,000
5805.99 · Contra Exp - Equipment						0	0
5890 - Principal Payments on Loan						70,500	70,500
5890.99 · Contra Exp-Principal Payments						0	0
Total Expense	38,500	125,000	20,000	150,000	265,000	939,984	1,538,484
NetIncome	0	0	0	0	0	8,400	8,400

### **BUDGET CONTROLS: BASIC ELEMENTS**

Compare actual with budget

Report deviations

Budget or program revisions

# Revenue and Expense September 30, 202X

(5) Must be able to compare expenditures to budget for each federal award.

	Period to	Year to			
	<u>Date</u>	·	<u>Annual</u>		<u>Budget</u>
Account Number & Description	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>% Used</u>	<u>Variance</u>
311000 11 000 000 Dwelling Rents	17,855.00	120,509.95	235,769.00	51.11	(115,259.05)
369000 00 070 000 Other Revenues	3,708.80	3,708.80	0.00	0.00	3,708.80
390010 00 070 000 IHBG Grant Revenue	263,876.20	1,613,308.15	3,807,579.00	42.37	(2,194,270.85)
Total Revenue	320,551.93	1,977,507.80	4,556,945.00	0.43	(2,579,437.20)
411000 00 070 000 Administrative Salaries	75,566.86	284,994.66	587,175.00	48.54	302,180.34
411001 00 070 000 Fringe Benefits	31,026.09	118,959.23	270,716.00	43.94	151,756.77
413000 00 070 000 Legal Expense	0.00	630.00	180.00	350.00	(450.00)
414400 00 070 000 Staff Training	8,608.00	40,320.31	112,320.00	35.90	71,999.69
417000 00 070 000 Auditing Fees	43.80	18,010.92	17,885.00	100.70	(125.92)
419020 00 070 000 Membership Dues	0.00	4,150.20	4,530.00	91.62	379.80
419030 00 070 000 Office Supplies	3,066.71	8,902.62	20,440.00	43,55	11,537.38
	٠ ]	J	Z	Z	ş
Total Expenditure	320,551.93	1,977,507.80	4,556,945.00	0.43	2,348,987.78
Excess Revenue over (under) Expenditures	0.00	0.00	0.00		(230,449.42)

(2) Uses of Funding (NAHASDA § 102(b)(2)(C)(ii)) (Note that the budget should not exceed the total funds on hand and insert as many rows as needed to include all the programs identified in Section 3. Actual expenditures in the APR section are for the 12-month program year.)

			IHP		APR			
PROGRAM NAME (tie to program names in Section 3 above)	Unique Identifier	(L) Prior and current year IHBG (only) funds to be expended in 12- month program year	(M) Total all other funds to be expended in 12- month program year	(N) Total funds to be expended in 12- month program year (L + M)	(O) Total IHBG (only) funds expended in 12-month program year	(P) Total all other funds expended in 12- month program year	(Q) Total funds expended in 12-month program year (O+P)	
DEVELOPMENT- HOME REHAB PROGRAM	200	50,000	0	50,000	50,000	0	50,000	
DEVELOPMENT - SFH CONSTRUCTION	210	0	0	0	0	0	0	
DEVELOPMENT - ADDITION TO TRIBAL OFFICE	220	70,000	75,000	145,000	70,000	75,000	145,000	
HOUSING SERVICES - EMERGENCY ASSISTANCE	300	20,000	0	20,000	20,000	0	20,000	
HOUSING SERVICES - YOUTH ACTIVITY	310	15,000	0	15,000	15,000	0	15,000	
HOMEBUYER DOWN PAYMENT ASSISTANCE	500	25,000	0	25,000	25,000	0	25,000	
Planning and Administration		120,000	0	120,000	120,000	0	120,000	
Loan repayment – describe in 4 and 5 below.								
TOTAL		300,000	75,000	375,000	300,000	75,000	375,000	

#### Notes:

- a. Total of Column L cannot exceed the IHBG funds from Column C, Row 1 from the Sources Table on the previous page.
- b. Total of Column M cannot exceed the total from Column D, Rows 2-10 from the Sources Table on the previous page.
- c. Total of Column O cannot exceed total IHBG funds received in Column H, Row 1 from the Sources Table on the previous page.
- d. Total of Column P cannot exceed total of Column H, Rows 2-10 of the Sources Table on the previous page.
- e. Total of Column Q should equal total of Column I of the Sources Table on the previous page.

### **IHP (BUDGET) AMENDMENT**

§ 1000.232 Can an Indian tribe or TDHE amend its IHP?

#### **IHP AMENDMENTS REQUIRED**

There are only two instances when an IHP amendment must be submitted to HUD for review and determination of compliance:

- (1) When the recipient is adding a new activity that was not described in the current One-Year IHP that was determined to be in compliance by HUD; or
- (2) When the recipient is reducing the amount of funds budgeted to protect and maintain the viability of housing assisted under the 1937 Act.

#### **IHP AMENDMENT NOT REQUIRED**

The recipient is <u>not required to submit an</u> <u>amended IHP</u> to HUD:

- 1. If the revision simply alters the IHBG budget, including moving funds among planned tasks, or
- 2. If it deletes a planned activity, *unless* the reprogrammed funds from the budget amendment or task deletion will be used for a new task not currently in an IHP determined by HUD to be in compliance, *or unless* the change is to reduce the budget supporting 1937 Act units.

### SUBMISSION OF IHP AND APR

Submit the Indian Housing Plan/Annual Performance Report Online on HUD's Grants Evaluation Management System (GEMS)

A recipient with inadequate internet service may use the fillable PDF version of form HUD 52737 after submitting a request to the Area ONAP and receiving written approval. The request should be submitted prior to the recipient's IHP due date.

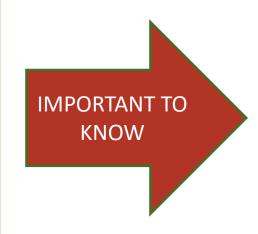
KNOW WHAT HUD <u>DOCUMENTS</u> YOU'LL RECEIVE IN RESPONSE TO SUBMITTING YOUR IHP.

# Section 7: Procedures for Accessing IHBG Grant Funds

### WRITTEN PROCEDURES: PAYMENTS

2 CFR200.302(b)(6):

The Tribe/TDHE must have written procedures to implement the requirements of §200.305 Payment



- HUD's "3-Day Rule" on payments
- Managing and accounting for the IHBG funds
- Written procedures for payment to access and draw funds via eLOCCS

### **ACCESSING FUNDS (THROUGH ELOCCS)**

**Advance Payments** 

Reimbursement Payments

Depository (Tribe/TDHE) Bank Account

### **ACCESS IHBG FUNDS VIA ELOCCS**



#### What is eLOCCS?

Electronic Line of Credit Control System (eLOCCS) – HUD's online grant disbursement system

- Electronic access to IHBG grant activities and
- Maintains grant history and balances

GUIDANCE NO. 2014-08(R) Effective January 1, 2015

eLOCCS Quick Reference Guide | HUD.gov / U.S. Department of Housing and Urban Development (HUD)

### **ADVANCED PAYMENTS**

#### Advanced Payments <u>must be paid</u> provided:

- Written procedures are maintained that minimize the time elapsing between the transfer of funds and disbursement
  - Minimizing time between transfer of funds and their use must be "timely"
  - HUD has defined "timely" to mean 3 business days (not regulatory)
  - If not possible, justification should be documented Refer to PG 1998-03
- Financial management systems are maintained that meet the standards for fund control and accountability; and
- They are limited to the minimum amounts needed for immediate cash requirements.

### WITHHELD PAYMENTS

Payments to Recipient may be withheld if [§ 200.305(b)]:

- The federal awarding agency sets a specific condition per §200.208.
- Failure to comply with the project objectives, federal statutes, regulations, or the terms and conditions of the federal award.
- Delinquent in a debt to the United States. (Funds would be released upon subsequent compliance).
- Where non-federal entity intends to withhold payment to contractors to assure satisfactory completion of work.

[reference with §200.208 special conditions]

## REIMBURSEMENT PAYMENTS § 200.305(b)(3)

#### Reimbursement is the preferred method when:

- The Recipient is unable to meet the requirements of timely disbursement of funds; or
- The Federal awarding agency sets a specific condition due to past performance; or
- The Recipient requests payment by reimbursement.

### **IHBG REIMBURSEMENT PAYMENT**

Upl			
Reve	enue and Expense Re	port	
	as of 10/31/202X		
	Fund: IHBG		
		Month	Year to
Account	Description	to Date	Date
4300	NAHASDA Revenue	0	104,030
5000	Salaries & Wages	5,630	56,300
5005	Benefits	732	7,319
5600	<b>Operating Supplies</b>	629	6,290
5650	Communications	375	3,750
5660	Utilities	555	5,550
5665	GL Insurance	0	3,600
5667	Property Insurance	0	5,000
7005	Tenant R&M	1,901	19,010
7010	Tenant Utilities	360	3,600
7015	Janitorial	600	6,000
7020	Grounds	150	1,500
	Total Expenses	10,932	117,919
	Net Income	-10,932	-13,889

IHBG	
RECONCILING	
Total IHBG Draws	
02/13/202X	26,600
03/30/202X	10,500
04/16/202X	9,900
05/20/202X	9,750
06/15/202X	10,500
07/16/202X	10,990
08/12/202X	12,230
09/13/202X	13,560
Total IHBG Draws	104,030
Total YTD Expenses	117,919
Amount to Draw	13,889

# ACCOUNTING FOR IHBG REIMBURSEMENT FROM ELOCCS

ACCOUNT	ACCOUNT DESCRIPTION	DEBIT	CREDIT
1430	Grants Receivable - IHBG	3,621.37	
4300	Grant Revenue - IHBG		3,621.37

To record grants receivable and recognize IHBG grant revenue reimbursement of eligible IHBG expenses for month of June, 202X.

ACCOUNT	ACCOUNT DESCRIPTION	DEBIT	CREDIT
1111	Operating Fund - Cash	3,621.37	
1430	Grants Receivable - IHBG		3,621.37

To record receipt of IHBG funds from eLOCCS drawdown to reimburse eligible expenses incurred for the month of June. 202X.

### **EXERCISE**

You drew a large amount of IHBG funds from eLOCCS (say \$35,000) to pay the building contractor. However, after you had drawn the funds from eLOCCS, you found out that the contractor had not completed the work. You demanded they complete the job before being paid. 10 days later, the contractor finished the work to your satisfaction, you paid them, even though you did not disburse the funds within the 3 working days timeframe.

Question 1: Were you justified in withholding the payment beyond HUD's "3 working days rule" since it was not your fault, but the contractor's fault?

**YES** or **NO**? Explain your response.

Question 2: What (if any) responsibility do you have for the money drawn down from eLOCCS but not paid within 3 business days. [Refer to PG 2019-01]

# WRITTEN PROCEDURES PAYMENTS §200.302(b)(6)

#### WRITTEN PROCEDURES – IT IS A REQUIREMENT!

#### FOR PAYMENTS

- Written procedures should facilitate, not hinder what needs to be done.
- Follow the procedures, otherwise the procedures do not matter (and there will be a non-compliance finding).
- Don't overly complicate the procedures keep it simple but reliable.
- Revisit your written procedures periodically to ensure it aligns with what you actually do.

# DEPOSITORY ACCOUNTS [§ 200.305(b)(7-9)]:

- Administering Agencies cannot require Tribe/TDHE to have separate depository accounts for different Federal grants.
- Regulations do not establish any eligibility requirements for depositories for funds provided.
- The Tribe/TDHE must be able to account for the receipts and expenditures of IHBG funds through its accounting system.
- Bank accounts must be sufficiently insured e.g. Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Share insurance Fund (NCUSIF).

Refer to PG 2019-01 – Process for Repayment of Federal Funds

HUD 52736-A - Banking Accounts Depository Agreement

### **POLL QUESTION**

1. Does your Tribe/TDHE maintain a bank account for each grant?
YES

NO – maintain only one general account.

#### 2. If your response to (1) above is YES, it is because:

- a. Your policy and procedures state you must have separate bank accounts for each grant you manage.
- b. The Tribe/TDHE has always maintained separate bank accounts for each grant to avoid comingling of funds.
- c. That's how our bank accounts have always been set up.

#### **ACTIVITY:**

Review Procedures to Implement the

Requirements of 2 CFR 200.305 PAYMENTS to comply with 200.302(b)(6) (attachment)

# Section 8: Procedures for Determining Allowability of Costs

# WRITTEN PROCEDURES FOR ALLOWABILITY OF COSTS

- (§200.302(B)(7)) Recipient must have written procedures to determine the allowability of costs, and
- Comply with Subpart E Cost Principles and §200.400 Policy Guide.
- Remember: NECESSARY, REASONABLE, ALLOCABLE



# Recipient Responsibilities for Expending Federal Awards (§ 200.400)

- Efficient and effective administration with sound management practices.
- Administer the IHBG grant in accordance with the NAHASDA statutes and regulations.
- Employ sound organization and management techniques tailored to unique needs to administer IHBG award.
- Apply cost principles consistently & provide adequate documentation to support costs charged to the IHBG award.
- Must not earn profit unless authorized by the terms and conditions of the Federal award. (For example, Program income under NAHASDA).

# WHAT MAKES COSTS ALLOWABLE FOR YOUR PROGRAM? § 200.403



(a) Necessary, reasonable, allocable



(b) Conform to grant award criteria



(c) Consistent with policies and procedures



(d) Accorded consistent treatment – direct or indirect



(e) Determined in accordance with GAAP



(f) Cannot use as cost sharing or matching requirements of other federally funded program – in either current or a prior period



(g) Be adequately documented



(h) Must be incurred during the approved budget period

NAHASDA
does not
prohibit use of
IHBG as
matching
funds 24 CFR
§1000.122

### WHAT ARE REASONABLE COSTS?

- Generally recognized as ordinary and necessary for the efficient performance and administration of the Federal award.
- Must be comparable to market prices for goods or services.
- Indicate that individuals acted with prudence for the circumstances.
- Do not significantly deviate from established practices and policies.
- Must be adequately documented to be allowable.

# COST PRINCIPLES – GENERAL PROVISIONS FOR SELECTED ITEMS OF COST SUBPARTS E OF 2 CFR §200.420 - 476

### NAHASDA TREATMENT OF CERTAIN COSTS

#### 1. COSTS THAT REQUIRE HUD PRIOR APPROVAL:

- Depreciation method other than Straight Line
- Cost of Housing
- 2. UNALLOWABLE COSTS:
  - Penalties, damages, fines and other settlements
- 3. CONSULTANT SERVICES in an employer-employee relationship Must be reasonable & cannot exceed the equivalent daily rate for Level IV of the Executive Schedule for 2025: (\$195,200/year; \$750.77/day; \$93.85/hr).

Refer to 1000.26(b)(1) and (2)

### **§200.426 BAD DEBTS**

#### **UNALLOWABLE**

- Bad debts (debts which have been determined to be uncollectable), including losses (whether actual or estimated) arising from uncollectable accounts and other claims, are not allowed to be charged to the IHBG award.
- Related collection costs, and related legal costs, arising from such debts after they have been determined to be uncollectable are also unallowable.
- Whereas, § 200.428. cost for collection of improper payments allowable.

# §200.431(a) COMPENSATION - FRINGE BENEFITS

Provides specificity and clarity on allowable costs for fringe benefits: leave, employee insurance, pension plans, post-retirement health plans, and severance pay.

Overarching criteria of §200.431 – Benefits are reasonable, and are required by law, an organization-employee agreement, or established policies.



# § 200.431(b) COMPENSATION – FRINGE BENEFITS

**LEAVE PAY** – authorized absences - ALLOWABLE if all of the following criteria are met:

- provided under established written leave policies
- costs are equitably allocated to all related activities and federal awards
- the accounting basis (cash or accrual) selected for costing each type of leave is consistently followed.

**Examples:** annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative...

# § 200.431(e) COMPENSATION – FRINGE BENEFITS

#### **INSURANCE**

ALLOWABLE – examples include:

- Unemployment insurance (ESC)
- Workers Compensation
- Costs of insurance on the lives of trustees, officers, or other employees holding positions of similar responsibility are allowable only to the extent that the insurance represents additional compensation.



UNALLOWABLE - the costs of such insurance when the recipient is named as beneficiary.

# § 200.431(f) COMPENSATION – FRINGE BENEFITS

### **AUTOMOBILES**

That portion of automobile costs furnished by the entity that relates to personal use by employees (including transportation to and from work) is <a href="UNALLOWABLE">UNALLOWABLE</a> as fringe benefit or indirect costs regardless of whether the cost is reported as taxable income to the employees.



# § 200.431(i) COMPENSATION – FRINGE BENEFITS

### **SEVERANCE PAY**

#### **ALLOWABLE IF:**

- it is required by
- Law;
- Employer-employee agreement;
- Established policy that constitutes an implied agreement on the recipient's part;
- Circumstances of the particular employment.

### **UNALLOWABLE IF:**

- It is in excess of standard severance pay paid, or
- Pay is contingent upon a change in management control over, or ownership of, the recipients entity's assets.

### § 200.432 CONFERENCES

A CONFERENCE is an event whose primary purpose is to disseminate technical information that is necessary and reasonable for successful performance under the Federal awards.

#### - ALLOWABLE:

"...unless further restricted" by award terms/conditions:

- cost of identifying, <u>but not providing</u>, locally available dependent care resources are <u>allowable</u>.
- conference hosts/sponsors must exercise discretion...conference costs are appropriate, necessary, and managed to minimize costs.
- federal awarding agency may authorize exceptions where appropriate for programs including Indian tribes, children, and the elderly.

### **ENTERTAINMENT COSTS § 200.438**



Entertainment costs including amusement, diversion, and social activities and associated costs are UNALLOWABLE

Unless they have a specific and direct programmatic purpose and are included in a Federal award.

Cost of prizes or challenges are allowable if they have a specific and direct programmatic purpose.

# EMPLOYEE HEALTH AND WELFARE COSTS § 200.437

Employee health and welfare costs are those costs incurred for improving working conditions, employer-employee relations, employee health and employee performance.

**ALLOWABLE:** in accordance with the recipients documented policies ...

Caution: ensure cost allowability procedures do not include activities that are associated with "employee morale" but rather refer to the eligible costs (above).

# FUND RAISING AND INVESTMENT MANAGEMENT COSTS § 200.442(a)

Costs associated with fundraising are UNALLOWABLE. Fundraising cost for meeting the Federal program objectives are allowable with prior written approval of the Federal Agency.

IHBG exception: ALLOWABLE if

- Fund raising costs are for the purposes of meeting the IHBG objectives (does not require prior written approval).
- Investment costs related to IHBG investments.
- Costs related to the physical custody and control of monies and securities.

# GOODS OR SERVICES FOR PERSONAL USE § 200.445

#### **SPECIFIC TO EMPLOYEES:**

- (a) Cost of goods for personal use unallowed.
- (b) Cost of housing (rent), housing allowances and personal living expenses are only **allowable** as direct costs but must be approved in advance by Federal awarding agency.
- (c) Program Specific Requirements: Requires Prior HUD Approval IHBG § 1000.26(b)(1)(iii).

# INSURANCE AND INDEMNIFICATION REFERENCE § 200.431(e) & 200.447

### **ALLOWABLE**

- Cost of insurance required or approved and maintained, pursuant to the Federal award. Example: General Liability
- Costs of other insurance in connection with the general conduct of activities if type, extent and cost of coverage are in Tribe/TDHE policy and sound business practice. Example: Property Insurance.
- Minor losses not covered under insurance.
- Contributions to self-insurance programs to extent cost and rates are comparable to purchased insurance.

#### **UNALLOWABLE**

- Insurance against defects to correct defects in the Tribe/TDHE's materials or workmanship.
- Actual losses which could have been covered by permissible insurance.

# MATERIALS AND SUPPLIES, INCLUDING COSTS OF COMPUTING DEVICES § 200.453(c)

- Materials and supplies used for the performance of a federal award may be charged as direct costs.
- In the specific case of computing devices, charging as <u>direct costs</u> is allowable for devices that are essential and allocable, <u>but</u> not solely dedicated, to the performance of a <u>federal award</u>.



### TAXES (INCLUDING VALUE ADDED TAX) § 200.470)

#### **ALLOWABLE**:

- Taxes legally required to pay (e.g., payroll taxes), except for taxes that disproportionately affect federal programs.
- User fees (gasoline taxes, motor vehicle fees).

# NOTE: NAHASDA Program - §1000.242 -246 and Sec. 101 of NAHASDA:

 Exempt from taxation: Rental Housing and lease-purchase homeownership units assisted with IHBG units Payment in Lieu of Taxes (PILOT) may be negotiated between the Tribe/TDHE and the local government.

### TELECOMMUNICATION COSTS AND VIDEO SURVEILLANCE COSTS§ 200.471

Costs incurred for telecommunications and video surveillance services or equipment such as phones internet, video surveillance, cloud servers are

#### **ALLOWABLE...**

provided that a NFE does not procure, contract or obtain equipment, services and systems from entities (Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities) described in §200.216 – Prohibition on certain telecommunications and video surveillance services or equipment.

## **TRAVEL COSTS § 200.475(c)**

**ALLOWABLE** – Travel costs for official business are allowable – travel must be for official business, necessary for the Federal award, and be reasonable and consistent with Recipients written policy.

- 1. ALLOWABLE: Temporary dependent care costs above and beyond regular dependent care provided that:
  - i. Direct result of the individual's travel for the federal award;
  - ii. Costs are reasonable and consistent with documented travel policy;
  - iii. Temporary only for the travel period.

## **TRAVEL COSTS § 200.475(e)**

#### 2. COMMERCIAL AIR TRAVEL - AIRFARE:

**ALLOWABLE:** LEAST EXPENSIVE UNRESTRICTED AIRFARE.

UNALLOWABLE: Airfare costs IN EXCESS of the basic least expensive unrestricted accommodations class offered by a commercial airlines, except when such accommodations would:

- require circuitous routing;
- require travel during unreasonable hours;
- excessively prolong travel;
- result in additional costs that would offset the transportation savings; or
- offer accommodations not reasonably adequate for the traveler's medical needs. firstclass or business-class airfare must be justified to be allowable.

### PRACTICE EXERCISE – TRAVEL COSTS

A TDHE employee was required to attend an approved training conference related to her work that is funded with a federal grant. The employee brought her young daughter with her who required day care services. There were a couple of days in the conference where the employee had to participate in training that lasted longer than she anticipated, causing her to use the day care services beyond the 8 hours a day she normally would pay for childcare services.

**Question:** Temporary dependent care is included in TDHE written travel policy. How much of the cost is allowable?

- A. 100% of the total cost of the day care services.
- B. Only the cost pertaining to the hours above and beyond the 8 hours a day the employee would have paid for child services.

**Question 2:** what if the Employee is required to pay day care at home even if her child does not attend (during the days of travel). Does this make a difference to how much of the Day Care cost paid at the location of the conference?

### **EXERCISE**

- Review General Provisions for <u>Selected Items of</u> <u>Cost</u> in the Uniform Guidance; and
- Review written procedures on <u>cost allowability</u> in the sample Financial Management Policy
- Review sample <u>financial management policies</u> and <u>procedures</u>

# Section 1 -Audit: Introductions, Purpose, and Requirement

# **Audit Preparation Training Objectives**

- What is a Single Audit, and the requirements as set forth in 2 CFR 200, Subpart F.
- How to Prepare for a Single Audit?
  - Auditee responsibilities in preparation for the audit
  - Auditor responsibilities for the audit
- Provide and review tools and best practices to facilitate preparation and readiness for the audit



## § 200.500 - § 200.521 Subpart F - Audit Requirements

§ 200.500 - § 200.521 Subpart F - Audit Requirements

### **PURPOSE**

...sets forth standards for obtaining consistency and uniformity among federal agencies for the audit of non-federal entities expending federal awards.

What is a Single Audit?



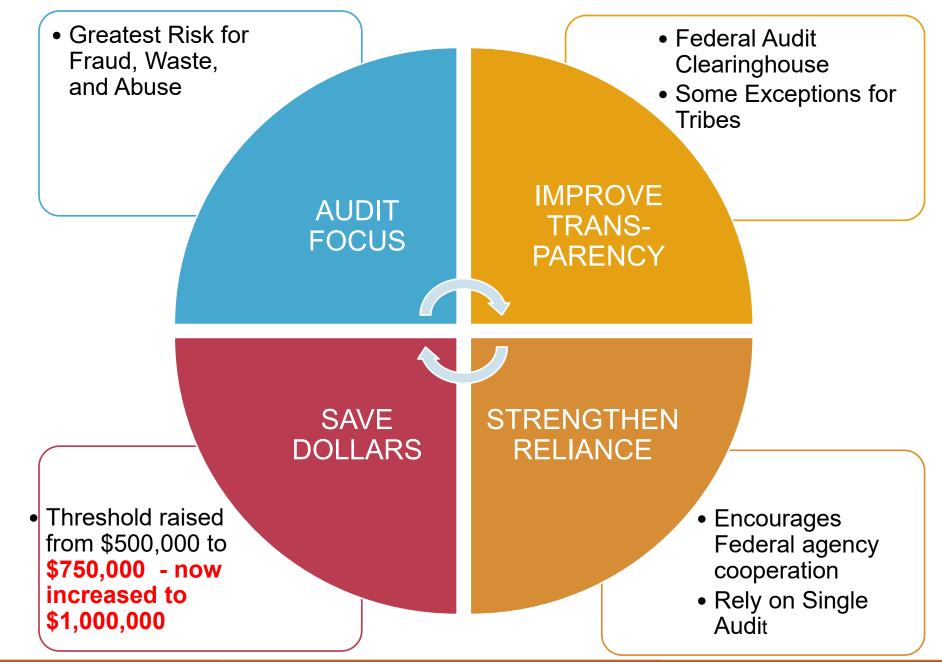
A Single Audit is an organization-wide *financial* statement AND compliance audit for non-federal entities that expend \$1,000,000 (increased from \$750,000) or more in federal funds in one year.

### Single Audits comprise of two main sections:

- 1 **Financial Statements Audit:** Audit of a recipient's financial statements, policies, documentation, and system of internal controls.
- 2 **Programmatic Compliance Audit**: Test of a recipient's compliance with the requirements of their federal awards and assesses the effectiveness of award spending and evaluate performance progress.

## What is a Single Audit?

- Established by the Single Audit Act of 1984: [was under OMB Circular a-133] - NOW 2 CFR part 200 - Subpart F.
- Provides assurance to the Federal government that grant recipients have:
  - adequate internal controls in place.
  - are complying with Federal statutes, regulations, and program requirements.
- It is called a Single Audit because it combines one audit covering all of the Tribe/TDHE's federal grants.
- Sets standards for consistency and uniformity among Federal agencies.



## § 200.500 - § 200.521 Subpart F - Audit Requirements

General:200.500

Purpose.

Audits: 200.501 - 200.507

Audit required. Basis for determining Federal awards expended. Relation to other audit requirements. Frequency of audits. Sanctions. Audit costs. Program-specific audits.

Auditees: 200.508 – 200.512
Auditee responsibilities. Auditor selection. Financial statements. Audit findings follow-up. Report submission.

Federal Agencies: 200.513

Responsibilities.

Auditors: 200.514 - 200.520

Scope of audit. Audit reporting. Audit findings. Audit documentation. Major program determination. Criteria for Federal program risk. Criteria for a low-risk auditee.

**Management Decisions: 200.521** 

Management decision.

## Let's Review Common Acronyms

Generally Accepted Accounting Principles (GAAP)	Generally Accepted Auditing Standards (GAAS)
Minimum standards and guidelines for financial accounting and reporting.	Minimum standards CPAs must follow when performing audits.
Reporting in accordance with GAAP ensures consistency, reliability and comparability among like entities.	Conducting audits using GAAS standards ensures uniformity and consistency in performing audits.
Governmental Accounting Standards Board (GASB) establishes financial and reporting standards for state and local governments.	AICPA established standards "STATEMENTS ON AUDITING STANDARDS (SAS) - referred to as Generally Accepted Auditing Standards or GAAS.
GAAP: Establishes standards for HOW AUDITEE'S FINANCIAL STATEMENTS ARE PREPARED.	GAAS: Establishes standards for HOW THE FINANCIAL STATEMENTS ARE AUDITED.

## **Let's Review Common Acronyms**

### Generally Accepted Government Auditing Standards (GAGAS)

- GAGAS is a set of additional standards over and above GAAS.
- 2. Additional requirements that an auditor must follow when performing an audit in accordance with GAGAS:
  - Prepare a report called 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.
  - Issued with the audited financial statements.

Auditors must follow these standards when auditing State, Local and Tribal governments and non-governmental organizations that receive federal funds.

GAGAS is published by Government Accountability Office (GAO) as GOVERNMENTAL AUDITING STANDARDS or "Yellow Book Standards".

## What are the Objectives of a Single Audit?

Auditor to determine if the grantee receiving federal funds has engaged in the following activities:

- Established an accounting system with adequate internal controls that provide full accountability for revenues, expenditures, assets, and liabilities.
- Prepared financial statements are presented fairly and in accordance with generally accepted accounting principles (GAAP)
- Submitted financial reports such as SF-425, Annual Performance Reports (APR), grant reimbursements, etc., are accurate, can be relied on, and are presented in accordance with the terms of applicable agreements.
- Federal funds were expended in accordance with the terms of award agreements and those provisions of federal law or regulations that could have a material effect on the financial statement.

### **Audit Type Requirements**

§ 200.501: A non-federal entity – as a recipient or a sub-recipient - that expends \$1,000,000 or more during the non-federal entity's fiscal year in federal awards must have either a:

- 1. A single audit, or
- 2. A program-specific audit or
  - For an auditee that expends Federal awards <u>under only one</u>
     <u>Federal program</u> (excluding R&D), and
  - Federal agency does not require a financial statement audit
  - Auditor expresses an opinion based on their audit of:
    - Financial Statements of the Federal Program
    - Compliance for a Federal Program
- 3. Alternative Compliance Examination

# NAHASDA Requirements for Audit

§200.501: **After Oct 1, 2024,** threshold will increase from \$750,000 to \$1,000,000

### § 1000.544 What audits are required?

Per NAHASDA section 405(a), the recipient must comply with the requirements of the Single Audit Act, implemented by <u>2 CFR part 200</u>, <u>subpart F</u>, which require annual audits of recipients that expend federal funds equal to or in excess of an amount specified by the Office of Management and Budget (OMB), as set out in <u>2 CFR 200.501</u> (\$1,000,000).

 If recipient has not expended federal funds in excess of (\$1,000,000), shall certify that they do not meet the threshold for a single audit and include the information in the recipient's Annual Performance Report (APR).



# Single Audit Requirement Effective Date Subpart F

Effective for fiscal years beginning on or after October 1, 2024

- §200.501 Audit Requirements
  - Audit Threshold: Increased from \$750,000 to \$1,000,000.
     Applicable for fiscal year end September 30, 2025, and beyond.

Fiscal Year End	\$750,000 Single Audit Threshold	\$1,000,000 Single Audit Threshold
September 30	September 30, 2024	September 30, 2025
December 31	December 31, 2024	December 31, 2025
March 31	March 31, 2025	March 31, 2026
June 30	June 30, 2025	June 30, 2026

# § 200.506-What are Allowable Audit Costs? – Refer to § 200.425 (b) Audit services

#### Allowable audit costs:

- a) A reasonably <u>proportionate</u> share of the costs of audits required by, and performed in accordance with the Single Audit Act, implemented by 2 CFR 200 Subpart F.
- b) A <u>proportionate</u> share of the <u>financial statement</u> audit cost of a non-federal entity <u>exempted</u> from single audit if included in a <u>cost allocation plan</u> or <u>indirect cost proposal.</u>
- c) The cost of agreed upon procedures to monitor sub-recipients who are exempted from the single audit, if conducted in accordance with GAGAS attestation standards;

# NAHASDA Specific – Eligible Audit Costs

- Refer to IHBG §1000.546 Are audit costs eligible program or administrative expenses?
  - Yes, audit costs are an eligible program or administrative expense.
  - If the Indian tribe is the recipient, then program funds can be used to pay a prorated share of the tribal audit or financial review cost that is attributable to NAHASDA funded activities.

Federal exp less than \$1,000,000 For a recipient not covered by the Single Audit Act, <u>but which</u> <u>chooses to obtain a periodic financial review</u>, the cost of such a review would be **an eligible program expense**.

## Section 2 - Auditee Responsibilities

- 1. Procure Audit Services
- 2. Prepare for the Audit

\$200.509
Procure an Auditor

§200.511

Prompt followup and take corrective action on audit findings

§200.508 - §200.512 Key Auditee Responsibilities §200.510
Prepare
Financial
statements
including SEFA

Provide Auditor with access to necessary documents

# §200.509 Auditor Selection

- To procure auditing services, follow procurement policy and procedures that meet the requirements of §200.317- §200.327 of Subpart D.
- In procuring an auditor, emphasis is on:
  - "...the objective is to obtain high-quality audits."
     Therefore, use the Request For Proposal (RFP) method of Procurement.
  - "...the objectives and scope of the audit must be made clear, and
  - the non-federal entity must request a copy of the <u>audit</u> organization's <u>peer review report</u> which the auditor is required to provide under GAGAS (generally accepted government auditing standards).

# §200.509 - Auditor Selection

• Ensure tribes/TDHE Request for Proposals (RFPs) for audit services includes a request for auditor's peer review report.



• If an auditor cannot provide recent peer review report, determine the proposal is unresponsive.





June 03, 2019	
Firm Name	SAMPLE AUDIT PEER REPORT
Dear:	REVIEW REPORT

It is my pleasure to notify you that on May 31, 2019, the Ohio Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is March 31, 2022. This is the date by which all review documents should be completed and submitted to the administering entity. Since your due date falls between January and April, you can arrange to have your review a few months earlier to avoid having a review during tax season.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.
Sincerely,
Chair
OSCPA Peer Review Committee
peerreview@ohiocpa.com (800) 686-2727
The Ohio Society of CPAs

#### **Review Ratings:**

- PASS
- PASS WITH DEFICIENCIES or
- FAIL

## **Procure Audit Services Early**

- Procure audit services by independent auditors in advance of your fiscal year end.
- Know what type(s) of audit(s) you are procuring and engage independent auditors with expertise in those specific programs, or to meet a contractual agreement.

For example: May engage two independent auditors to perform separate audits such as:

- Audit for LIHTCs
- Single Audit for Tribe/TDHE
- Secure an auditor and plan the audit fieldwork:

3-6 months before fiscal year end

### **Procure Audit Services**

Procure auditor services <u>competitively</u> using the <u>Request</u> <u>For Proposal (RFP)</u> method.

The following requirements must be observed [2 CFR §200.320(b)(2) & §200.321]:

- Advertise the RFP and identify all evaluation factors;
- Solicit proposals from an adequate number of qualified sources;
- Have a written method for conducting technical evaluations of the proposals;
- Award contracts to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered;

### **Procure Audit Services**

- Consider qualifications of auditors to ensure the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation; and
  - Must actively take steps to solicit small and minority businesses, women's business enterprises, and labor surplus area firms §200.321
  - o §1000.50: NAHASDA is subject to Indian preference under 7(b) of the Indian Self-Determination Act, so must apply tribal employment and contract preference laws adopted by the Tribe or in the absence of the above, Indian Preference.

### Review & Evaluate RFP Responses

#### **Review Committee:**

- The review of the auditor's proposals should be thorough, uniform, and well documented.
- Establish a review committee to evaluate and conduct the auditor selection process.
- Maintain independence no conflict of interest.
- Use evaluation criteria that is <u>not</u> based solely on price.
- Retain evaluation forms in procurement files.
- Obtain a signed written contract formalizing the agreement between the Tribe/TDHE and the auditor (Auditor Engagement Letter)



### **Evaluation Criteria**

#### Evaluate each proposal for:

- Peer and external quality control reviews
- Responsiveness to the request for proposal
- Capacity and capability of staff: professional qualifications and technical abilities.
- Prior experience in Indian Housing Programs.
- Tribal employment and contract preference, if applicable, or Indian Preference under the Indian Self Determination and Education Assistance Act (25 U.S.C. 450e(b)) and §1000.52).
- Small businesses, minority-owned firms, and women's business enterprises (2 CFR §200.321)
- References
- Price



RFP Scoring Criteria:

		CRITERIA	MAXIMUM POINTS TO AWARD
	a)	Qualifications of the firm's staff as it relates to this project. This list shall include the entire audit team, including partners, managers, and audit staff, and shall specify qualifications (CPA, CPA candidate, and experience the senior and manager) have on performing the audits of similar size and thity type.	15
	b)	ka Native/American Indian owned business preference (if able) <b>OR</b> Small/Minority/Woman-Owned/ Section 3	15 OR
REFE HAND		Concern (if applicable).	5
	C)	HASDA, For profit, Not-for-profit and companies involved in social enterprise. Provide a list years by the above categories  Technical assistance team: The social grants, including the last five years by the above categories.	20
	d)	exp Auditor Selection Cr	<mark>iteria</mark>
		business types, including capital development, property management, social enterprise, and general governmental, forprofit, not-for-profit companies.	
	e)	Provide three references from Tribes/TDHEs you audited in 2021.	10
	f)	Price: Include price for audit of combined financial statements, statement of cash flow, notes to financial statements, and supplemental information, including the management discussion and analysis, as well as standalone financial statements and tax returns. If price is subject to change based on major programs with regard to state and federal single audit	20
		requirements, price structure must be clearly defined. In addition, price structure should reflect experience of senior and manager of audit team.	

## **Engagement Letter**

### The engagement letter is a written contract between the auditor and auditee:

- 1. It documents and confirms auditor's acceptance of the audit.
- 2. Outlines the purpose, objective of the audit engagement.
- 3. Specifically, what the Auditor "will and won't do" (the scope of the audit).
- 4. Management's (Tribe/TDHE) responsibilities.
- 5. Reliance on facts the client gives the CPA.
- 6. Confirm their understanding of when the audit will be complete.
- 7. Audit fee estimates and out of pocket expense.
- 8. Communication with the Tribe/TDHE on other matters.
- 9. Request for the client's signature.
- 10. Instructions to return the signed engagement letter.
- Review sample <u>Engagement Letter</u> handout

## Prepare for the Audit using "Prepared By Client List (PBC)"

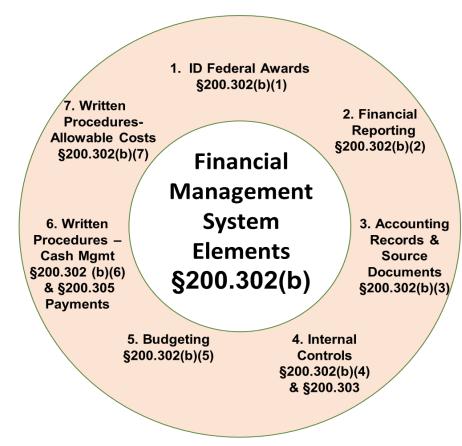
- The PBC list is the auditor's list of documents to be prepared by the client before the site visit start date.
- It is not all inclusive it is just the start of what the auditor will test or ask for.
- To be "audit ready" start with the PBC list.

Review sample PBC

# Comply with All Requirements of the Awards

#### Review and be familiar with:

- NAHASDA Statute and Regulations and 2 CFR Part 1000.
- Uniform Guidance at 2 CFR Part 200.
- Know what sections of the UG apply to the NAHASDA program and what does not.





### Prepare for the Audit

Use the Auditor's "Prepared by Client List" to help you compile documents and prepare for the audit BEFORE the auditors begin the audit.

- Create an electronic folder and include:
  - Basic Financial Statements
    - Statement of Net Position/Balance Sheet
    - Statement of Activities/"Income Statement"
    - Cash Flow if required.
  - Prepared Schedule of Federal Awards (SEFA).
  - An adjusted year end Tribal Balance
    - with references to the online folders for each account for which you have prepared work papers to support the account balances.
    - Ensure balances are supportable.



## Prepare for the Audit

- Make sure all expenditures have been recorded in the general ledger(credit card, etc.)
- Review all lease agreements, contracts, grant agreements to record all required activity.
- Reconcile all balance sheet accounts to ensure balances are correct and supported – do not send auditor General Ledger and Trial Balance until this activity is completed!
- Prepare all support schedules (Bank Reconciliations, Fixed Asset Schedules etc.) for completeness and accuracy.
- Prepare fixed asset and accumulated depreciation schedule.
- Prepare other required items on the PBC Listings such as grant analysis worksheets and supporting documents.



## Prepare for the Audit

- Conduct physical inventory and ensure items are still there!
- Review all personnel files for completeness and ensure salary/wage and increases and tax and employment forms – such as W-4 and I-9 are included.
- Review internal controls.
- Include new and updated policies and procedures.
- Provide Board/Council documents to include minutes and resolutions and a list of Board of Commissioners/Tribal Council.
- Upload documents on the electronic platform provided by the auditor (i.e. sharefile)
- Be prepared to respond to Auditor's questions on significant increases/decreases in account activities!

## What/When Does a Federal Expenditure Occur?

Federal Awards	When Is it Expended?
<ul> <li>Grants, cost reimbursement contracts:</li> <li>IHBG Grant</li> <li>ICDBG Grant</li> <li>IHBG CARES Grant</li> <li>IHBG and ICDBG ARP Grants</li> </ul>	When the expenditures or expenses occur
Amounts Provided to Subrecipients	When the disbursement is made to the Subrecipient
Loan and Loan Guarantee Loans:  • Title VI Loan Guarantee	When the loan proceeds are used by the Tribe/TDHE

## Schedule of Expenditures of Federal Awards (SEFA) AUDITEE responsibilities: § 200.510(b) - Prepare the

SEFA:

Must be prepared for the same period as the financial statements and must include total federal awards expended - §200.502 (Basis for Federal Awards Expended).

- The Schedule of Expenditures of Federal Awards (SEFA) is a key schedule that the auditor uses to determine the scope of the single audit.
- Reconciles to accounting and other records used in preparing financial statements.
- Completeness and accuracy is critical to avoid missed programs.
- Auditor is responsible for determining whether auditee includes all required SEFA elements.
- The auditor uses the SEFA for risk assessments and to determine which grants are MAJOR PROGRAMS that they will test for program compliance

## Schedule Of Expenditures of Federal Awards (SEFA)

**Prepared by Client:** SEFA is a summary document of all federal grant awards and loan guarantee loans.

Refer to §200.502

#### It includes:

- a. Federal agency (HUD)
- b. Grant Name (Indian Housing Block Grant) or Loan Guarantee Type (Title VI)
- c. Grant number
- d. ASSISTANCE LISTINGS (AL) TITLE AND NUMBER
- e. Grant Award amount
- f. Eligible expenditures

Grant Title	Grant <u>Number</u>	Assistance Listing <u>Number</u>	Federal Expenditures
U.S. Department of the Treasury Direct:			
COVID-19 Local Assistance and Tribal Consistency Fund COVID-19 Coronavirus State and Local Fiscal	LATCFTR0490	21.032	\$172,429_
Recovery Funds Total U.S. Department of the Treasury	SLFRP4451	21.027	854,996 1,027,425
U.S. Department of the Interior Passed through Kawerak, Inc.:			
BIA Road Maintenance Small and Needy	None None	15.033 15.021	10,557 67,703
Johnson O'Malley Tribal Operations	None None	15.130 15.022	17,784 27,619
Total U.S. Department of the Interior	None	15.022	123,663
U.S. Environmental Protection Agency Direct:			
Indian General Assistance Program	GA02J00501	66.926	33,696
U.S. Department of Housing and Urban Development Direct:			
Indian Housing Block Grant	55IT0215300	14.867	152,886
Title VI - Federal Guarantees for Financing: Tribal Housing Activities	None	14.869	575,728
Tribal Housing Activities	None	14.869	878,583
Total ALN 14.869			1,454,311
Total U.S. Department of Housing and Urban Development			1,607,197
Total Expenditures of Federal Awards			\$2,791,981_
Reconciliation to Financial Statements: Expended from Schedule of Expenditures of Federal Awards			\$ 2,791,981
Less: Title VI outstanding loan guarantees			(1,454,311)
Total federal sources per financial statements			\$ 1,337,670

### The Real Fun Begins!

**Be Audit Ready!** 

**Support Your Numbers!** 

**Prepare Your Schedules!** 

#### UPNORTH TRIBAL HOUSING

TRIAL BALANCE
DECEMBER 31, XX

BALANCE SHEET SECTION

		WorkPap
	Dec 31, 20XX	Referen
1111 · First Town Bank General Operati	170,229.01	a1
1112 · First Town Bank Investment	372,355.00	a2
1150 · FTB-Security Deposits	1,200.00	а3
1300 · Trade Accounts Receivable	0.00	
1310 · Tenant Accounts Receivable	1,920.00	b1
1120 · Petty Cash	500.00	a4
1160 · MEPA Investments	47,920.00	а5
1400 · Grants Receivable:1415 · Grants Receivable-ICDBG	48,300.00	b2
1400 · Grants Receivable:1425 · Grants Receivable-BIA TPA	4,109.45	b3
1400 · Grants Receivable:1430 · Grants Receivable IHBG	60,622.23	b4
1501 · Prepaid Expenses	12,000.00	c1
1901 · Land	120,000.00	d1
1905 · Land improvements & Infrastruct	188,500.00	d2
1910 · MH Homes	200,000.00	d3
1911 · Buildings	1,974,775.00	d3
1915 · Furniture and Equipment	67,445.00	d4
1923 · Accum Depr - Buildings	-830,920.00	d5
1924 · Accum Deprec Furnture/Eqpt	-20,531.00	d6
1925 · Accum Depr - Infrastructure	-1,925.00	d6
1950 · Construction Work In Progress	429,060.00	d8
2000 · Accounts Payable	-4,861.56	e1
2201 · Credit Card-BA-9605	-13,318.25	e2
2100 · Accrued Payroll	-13,873.02	f1
2110 · Payroll Liabilities · FWT	-326.53	f2
2110 · Payroll Liabilities · SS/MEDICARE	-2,379.02	f3
2110 · Payroll Liabilities · ESC	-320.32	f4
2110 · Payroll Liabilities · Workers Comp Liability	-777.46	f5

#### **EXERCISE**

Review - Sample <u>Audit Workpapers</u> in preparation for the audit.

		112
		i1
Jooo Opening Balance Equity	-1,070,071.00	- 11
3200 · Retained Earnings	587,595.80	i1

g1

g2 a5 h1

## Section 3 -Single Audit Process

## Auditor (Scope) Responsibilities [§200.514]

#### a) General:

- Audit must be conducted in accordance with GAAS and GAGAS.
- The audit must cover the entire operations of the auditee.

#### b) Review Financial Statements:

- FINANCIAL STATEMENTS: Determine whether the financial statements of the auditee are presented fairly in all material respects in accordance with generally accepted accounting principles (GAAP).
- **O** SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS: Determine whether the schedule of expenditures of federal awards is stated fairly in all material respects in relation to the auditee's financial statements taken as a whole.

## Auditor (Scope) Responsibilities [§200.514]

## (c) Review Internal Controls

NO – Auditor determines they cannot rely on IC, and it is **NOT EFFECTIVE** in preventing or detecting non-compliance Auditor obtains
UNDERSTANDING of
Internal Controls (IC)
over federal programs
and plans the audit

Plan and perform testing of IC based on **ASSESSMENT** of existing internal controls.

Auditor **TEST** Internal Controls.

- 1. Is it reliable?
- 2. Is it Effective?

YES – Auditor determines IC in place are **EFFECTIVE** and can be relied on.

- Auditor must report a significant deficiency or material weakness
- Consider if additional compliance tests are required because of ineffective internal control

Auditor perform procedures to support a low assessment level of control risk (level of risk auditors are willing to accept) relevant for major programs.

## Auditor (Scope) Responsibilities [§200.514]

#### d) Compliance - Determine compliance of major programs

The auditor must use the **COMPLIANCE SUPPLEMENT** to determine whether the Tribe/TDHE has complied with federal statutes, regulations, and the terms and conditions of federal awards that may have a direct and material effect on each of its <u>major programs</u>.

#### e) Audit Follow-up on prior audit findings

The auditor must follow-up on prior year audit findings and must perform procedures to assess the reasonableness of the (resolutions to) prior audit findings prepared by the Tribe/TDHE (auditee).

### f) Data Collection Form: Complete and sign data collection form (SF-SAC):

The auditor must complete, and sign specified sections of the online data collection form (SFAC) – a form for reporting on audits of states, local governments, Indian tribes and non-profits.

## Major Program Determination [§200.518(a)]

#### **GENERAL**: a risk-based approach

Auditor must use a <u>risk-based approach</u> to determine which federal programs are <u>major programs</u>, and considers:

- current and prior audit experience,
- oversight by federal agencies and pass-through entities, and
- the inherent risk of the federal program.

NOTE: the risk-based approach reflect the increased focus on oversight and greatest **risk** of waste, fraud, and abuse of taxpayer dollars.

## Major Program Determination [§200.518(a)-(e)]

- 1. Auditor must use risk-based approach to determine which federal programs are major programs.
- 2. Auditor must follow these steps to determine major programs to audit

Step 1: Identify Type A or Type B Programs

Type A: => \$1 Million; Type B: below \$1 Million

Step 2: Risk Assessment – Identify **Type A** programs which are **NOT LOW-RISK** (must audit)

Step 3: Risk Assessment - Identify HIGH-RISK

Type B Programs – (no more than < ¼ of low-risk

Type A programs); Type B programs > 25% of Type A threshold. (must audit)

Step 4: Auditor must audit all major programs identified in Step 2 and Step 3:

- Percent of Coverage Rule
  - Low Risk Auditee 20% of Federal Expenditures
  - Non-Low Risk Auditee 40% of Fed Expenditures

## Are You a Low-Risk Auditee (§200.520)?

You are a low-risk auditee and eligible for reduced audit coverage if you meet the conditions below in the last 2 audit periods:

- The auditor issued unmodified opinions on your financial statements and the SEFA.
- Timely submission of the data collection form and the reporting package to the FAC.
  - Note A non-Federal entity that has biennial audits does not qualify as a low-risk auditee.
- No deficiencies in <u>internal control</u> which were identified as material weaknesses under the requirements of GAGAS.

## Are You a Low-Risk Auditee (§200.520)?

#### **CONT'D** .....You are a low-risk auditee

The auditor did not report a substantial doubt about the auditee's ability to continue as a going concern.

- No Type A programs had audit findings from any of the following:
  - (1) Internal control deficiencies material weaknesses
  - o (2) A modified opinion on a major program
  - (3) Known or likely questioned costs that exceeded five percent of the total Federal awards expended for a Type A program during the audit period.

Year ended December 31, 2025

#### How Do You Know if You are a Low-Risk Auditee?

Check your audited financial statements under:

**SUMMARY OF** 

AUDITOR'S RESULTS
AND SCHEDULE OF
FINDINGS AND
QUESTIONED COSTS

#### Financial Statements

Type of auditor report issued:		Unmodified
Material weakness in internal control over financial reporting identified?	Yes	<u>x</u> No
Significant deficiency not considered a material weakness identified?	Yes	<u>x</u> No
Noncompliance related to the financial statements identified?	Yes	<u>x</u> No

#### Federal Awards

Type of auditor report issued on compliance over major programs:		Unmodified
Material weakness in internal control over major programs identified?	Yes	<u>x</u> No
Significant deficiency not considered a material weakness identified?	Yes	<u>x</u> No
Audit findings that are required to be reported in accordance with Title 2 U.S. CFR Part 200, Uniform Guidance?	Yes	<u>x</u> No

#### Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster of Programs	New Threshold
14.228	HUD - Community Development Block Grants	beginning
14.867	HUD – Indian Housing Block Grants	September 30, 2025
04-007	DOT - SLFRF	

#### <u>Section II – Financial Statement Findings, Required to be reported in Accordance with</u> Governmental Auditing Standards

The Authority did not have any findings that relate to the financial statements that are required to be reported in accordance with GAGAS.

## Section 4 - Grant Compliance of MAJOR PROGRAMS

### **EXERCISE**

#### 2 CFR PART 200, APPENDIX XI

#### **COMPLIANCE SUPPLEMENT**

Review and Navigate the Compliance Supplement

**AL 14.867: IHBG** 



May 2024
EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

## **Compliance Requirements**

- The Compliance Supplement is <u>published annually</u> and is issued by the OMB (available <u>2024 Compliance Supplement (whitehouse.gov)</u>
- Provides information about Federal program objectives, procedures and compliance requirements subject to audit.
- Serves to identify compliance requirements that the Federal government expects to be considered as part of an audit required under the Single Audit Act.
- Auditors utilize the Compliance Supplement as the primary tool in determining the Recipient's compliance requirements on programs undergoing single audit.
- Federal awarding agencies must:
  - Provide annual updates to OMB
  - Design compliance requirements that may detect improper payments, fraud, waste and abuse
- Does not include all federal grant programs

### **Compliance Supplement**

- The compliance supplement is made up for 8 parts:
  - Part 1 Background, Purpose, and Applicability
  - Part 2 Matrix of Compliance Requirements
  - Part 3 Compliance Requirements
  - Part 4 Agency Program Requirements
  - Part 5 Cluster of Programs
  - Part 6 Internal Controls
  - Part 7 Guidance for Auditing Programs Not Included in this Compliance Supplement
  - Part 8 Appendices

## Testing 2024 Compliance Supplement Requirements

	~ (+; -; +) \	
Y	Activities Allowed or Unallowed	A
Y	Allowable Costs/Cost Principles	В
N	Cash Management	С
Y	Eligibility	E
N	Equipment/ Real Property Management	F
N	Matching, Level of Effort, Earmarking	G
N	Period Of Performance	Н
Y	Procurement Suspension & Debarment	I
N	Program Income	J
Y	Reporting	L
N	Subrecipient Monitoring	M
Y	Special Tests and Provisions	N

Of the 12 types of compliance requirements for the IHBG Program – 6 (Y) will be reviewed for FY2024 audit

### **Program Compliance**

#### A. Activities - Allowable and Unallowable

- 1. Auditor will test whether Tribe/TDHE's activities for the fiscal year are eligible activities allowed under the NAHASDA Program. See list in <a href="Section 202">Section 202</a> of NAHASDA.
  - a. Indian Housing Assistance Provision for Operating and maintaining 1937 Housing Act Units.
  - b. Development]: Acquisition, new construction, major rehab, etc.
  - Housing Services: Housing counseling, self-sufficiency program resident support, etc.
  - d. Housing Management Services: Tenant based rental assistance, ops and maintenance.
  - e. Crime Prevention and Safety Activities
  - f. Model Activities not housing, but support the program and requires HUD Secretary approval
  - g. Reserve Accounts IHBG funds for P&A reserves maximum is no more than ½ of the 5-year average of P&A.
- 2. Auditor will test that Tribe/TDHE does not use IHBG funds for property tax. Instead, there must be a Local Cooperative Agreement (See Sec 101(c)) to pay PILOT (payment in lieu of taxes. Secretary may waive requirement.

### Program Compliance

- B. Allowable Costs/Cost Principles Auditor will test whether all expenses charged to the IHBG grant are allowable costs, and
- 1. Will review NAHASDA Program specific requirements for evidence of prior HUD approval for:
  - a. Depreciation Methods cannot be changed without HUD approval
  - b. Cost of Housing, housing allowances and personal living expenses, regardless whether reported as taxable income.
- 2. Fines, penalties, damages, and other settlements are unallowable.
- 3. Persons providing consultant services in an employer-employee type of relationship cannot have compensation exceeding the equivalent of the daily rate paid for a Level IV of the Executive Schedule (2024 \$191,900, 2025 \$195,200).

### **Program Compliance**

#### E. Eligibility - Eligibility for Individuals

- 1. Must have written policies governing the eligibility, admission and occupancy of families for housing assisted with the IHBG funds, serving:
  - **a. Low-income families** (Income is at 80% or below of AMI).
  - **b. Non-low-income families** but cannot receive the same benefits as low-income families.
  - c. Non-low-income family whose housing needs cannot be met without the IHBG assistance AND the meets the "Essential to the well-being of Indian families."
  - **d. Law enforcement officer** may be assisted if currently employed in law enforcement and recipient determines their presence in community may deter crime.

## Summary of Requirements For Serving Non-Low-Income Families

Summary of Requirements For Serving Non-Low-Income Families

Applicability	HUD Approval Required	Rent/Homebuyer Payment differential Required by HUD	Counts Against 10% Authority
Essential Family	No	No	No
Law Enforcement	No	No	No
Continued Occupancy	No	Determined by Tribe/TDHE Occupancy Policy	No
Non-Low- Income Families (10% Authority) between 80-100% of median income	No	Yes	Yes
Secretary Approved: Exceeding 10% Authority to serve Indian families at 80 – 100% of median income	Yes	Yes	By definition these families exceed the 10% cap.
Secretary Approved: Indian family over 100% of median income	Yes	Yes	No

## EXAMPLE OF CALCULATION OF RENT FOR NON-LOW INCOME FAMILY

Non-low Income (NLI) Family Income	120,000.00
Area Median Income –Anchorage (2025)	99,500.00
80% of AMI Anchorage	79,520.00
Ratio of NLI/80% of AMI	1.51
Established Low Income Family Rent	500.00
Non-low Income Family Rent (rounded)	755.00

#### **Procurement and Suspension and Debarment**

Written Procurement Policy and Procedures

IHBG must require Indian Preference under section 7(b) of the Indian Selfdetermination and Education Assistance Act or if applicable under Section 101(k) of NAHASDA.

Must provide for Tribal preference in employment and contracting to the greatest extent feasible:

- (i) Preference and opportunities for training and employment shall be given to Indians; and
- (ii) Preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned economic enterprises as defined in section 3 of the Indian Financing Act of 1974 (25 U.S.C. 1452).

Indian Preference ref: 24 CFR §1000.48 - 54

#### **Procurement and Suspension and Debarment**

- 2. The following do not apply:
  - Exception per 24 CFR 1000.26 (a) (10), §200.317 "procurement by states" does not apply
  - Exception per 24 CFR 1000.26 (a) (11), sections § 200.318 through 200.327 apply, as modified in this paragraph:

<u>De minimis Procurement</u>: A recipient shall not be required to comply with 2 CFR 200.318 through 200.327 with respect to any procurement, using IHBG grant for goods and services with a value of less than \$5,000.

#### **Procurement and Suspension and Debarment**

#### 3. <u>Domestic Preference for procurements 200.322</u>:

Recipient should, to the greatest extent practicable, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the US. The requirements must be included in in all subawards, contracts, and purchase orders under Federal awards.

Federal agencies providing Federal financial assistance for infrastructure must implement the Buy America preferences included in 2 CFR 184 and PIH Notice 2024-35 (Revised)

#### 4. <u>Utilizing federal supply sources in procurement</u>:

In accordance with section 101(j) of NAHASDA, recipients may use federal supply sources made available by the general services administration pursuant to 40 U.S.C. 501.

## New Micro-Purchase Threshold PIH 2023-01

Under the revised 2 C.F.R. § 200.320(a)(1), Tribes and TDHEs may:

- Establish a threshold higher than the micro-purchase threshold of \$10,000 micro-purchase threshold to up to \$50,000.
- To the extent practicable, a recipient must distribute micro-purchases equitably among qualified suppliers.
- TDHE must maintain documentation of annual self-certification in accordance with 2 C.F.R. § 200.334 and 24 C.F.R. § 1000.552:
- Annual self-certification to be made available to ONAP and auditors upon request and must include the follow elements (Self Certification Elements):
  - 1. Clear identification of the threshold amount;
  - 2. Justification for the threshold amount; and
  - 3. Supporting documentation of any of the following:
    - a) A qualification as a low-risk auditee, in accordance with the criteria in 2 C.F.R.§ 200.520 for the most recent audit or
    - b) An annual internal institutional risk assessment described to identify, mitigate, and manage financial risks (if not subject to Single Audit)



#### **IHBG** SPECIFIC 2 CFR 200.320 PROCUREMENT METHODS **De Minimis** Micro-**Small** Sealed Competitive Non-**Purchases Purchases Purchases Bidding Proposals** Competitive • Up to • IFB • IFB • RFP Procurement Emergency Exemption \$10,000 or below \$5,000 \$50,000 • \$10,000 or >\$250,000 Most Sole Source \$50,000 to advantageous • HUD \$250,000 Tribal No quotes Award to proposal Preference lowest necessary approval does NOT Award to responsive Cost must Lack of apply. lowest and be responsive responsible competition and bidder reasonable responsible • Minimum 2 Indian bidder Preference quotes • Minimum 2 is required quotes

## Program Compliance I. REPORTING

Auditors will review the following IHBG program required reports:

- 1. FINANCIAL REPORTING
  - SF-425 FEDERAL FINANCIAL REPORT

- 2. PERFORMANCE REPORTING
  - ANNUAL PERFORMACE REPORT [HUD 52737]

# Program Compliance I. REPORTING

#### 1. FINANCIAL REPORTING

Federal Financial Report – SF425:

Track the status of financial data tied to a particular Federal grant award.

- Auditors will test for COMPLETENESS, ACCURACY, AND TIMELINESS of quarterly submissions.
- Auditors will review Box 12 (or attachment) of investment information for reasonableness of the investment status explanation.

View Burden Stater	nent	Federal Fin (Follow for		•	İ		OMB Number: 4040-0014 Expiration Date: 02/28/2025
1. Federal Agency and O	rganizational Element to Wh	ich Report is Submi					umber Assigned by Federal FFR Attachment)
3. Recipient Organization Recipient Organization N Street1:	(Name and complete addre	ss including Zip coo	de)	<u> </u>			
City: State:		Count	y:		Province:		
4a. UEI	4b. EIN			lent Accour	/ Postal Code: nt Number or Ide grants, use FFR		
6. Report Type  Quarterly Semi-Annual Annual Final	7. Basis of Accounting  Cash  Accrual	8. Project/Grant F From:	Period To:		9. Reporting	Period End	Date
10. Transactions (Use lines a-c for single or multiple grant reporting)						С	umulative
	rt multiple grants, also use	FFR attachment):	:				

#### Purpose of SF-425:

- Record and track revenue and expenditures of grant program funds
- Assess anticipated obligations of grant funds – paid expenses that will be paid with grant funds
- Record and Track Program Income

m. Program income expended in accordance with the deduction alternative	0.00
n. Program income expended in accordance with the addition alternative	0.00
o. Unexpended program income (line i minus line m and line n)	0.00

#### 1. FINANCIAL REPORTING: SF425

Auditors will review and ascertain:

- (1) The financial reports were prepared in accordance with the required accounting basis.
- (2) All applicable accounts were included in the sampled reports (e.g., program income, expenditure credits, loans, interest earned on federal funds, and reserve funds).
- (3) Trace the amounts reported to accounting records that support the audited financial statements and the SEFA and verify accuracy and completeness of the reports and that they agree with the accounting records.
- (4) For any discrepancies noted in SF-425 reports concerning cash status, review subsequent SF-425 reports to ascertain if the discrepancies were appropriately resolved.

# Program Compliance I. REPORTING

#### 2. PERFORMANCE REPORTING: ANNUAL PERFORMANCE REPORT [HUD-52737]

HUD-52737 – Indian Housing Plan/Annual Performance Report (now filed through GEMS):

Auditor will review the APR for: COMPLETENESS, ACCURACY, AND TIMELINESS of submission.

			IHP			APR	
PROGRAM NAME		(L)	(M)	(N) ends to be	(O) Total IHBG (only)	(P) Total all other funds	(Q) Total funds expende
(tie to program names in Section 3 above)	Unique Identifie	Source docum	ent for the A	APR	funds expended in 12-month program year	expended in 12- month program year	in 12-month program year (O+P)
		Totals in Colur					
		is your accoun	ting records	. /			
202X-01 Senior Low Rent (1937 Act Housing				/3	27,995	0	27,995
202X-02 Development – Family Housing		250,000	315,00	565,000	225,628	314,660	540,288
202X-03 Housing Services		14,250	23,100	37,350	11,476	16,800	28,276
202X-04 Modernization/ Rehabilitation		51,448		51,448	51,332	0	51,332
202X-05 Mutual Help Program		21,693	11,320	33,013	4,259	10,920	15,179
202X-06 Tenant Based Rental Assistance		5,000	0	5,000	1,865	0	1,865
Tanning and Administration		110,000	0	110,000	110,879	0	110,879
Loan repayment – describe in 4 and 5 below.		98,000	0	98,000	97,188	0	97,188
TOTAL		590,564	349,420	939,984	530,622	342,380	873,002

# Sample: Annual Performance Report (APR) – Total Sources

FY 2	2024 REPORT -	DECEMBER	R 31, 2024									
SOURCES INDIAN HOUSING PLAN							ANNUAL PERFORMANCE REPORT					
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
		Estimated	Estimated	Estimated	Estimated	Estimated	Actual	Actual	Actual	Actual	Actual	Actual
		amount on	amount to	total	Funds to be	amount	Amount on	Amount	Sources of	Funds	Unexpended	unexpended
		hand	receive in	sources of	expended	unexpended	hand -	received in	Funding	expended	at FY2024	funds
		beginning	FY2024	funds	during	- FY2024	beginning of	FY2024				obligated
		FY2024			FY2024		FY2024					but not spent
1	IHBG FUNDS	12,300,000	5,100,000	17,400,000	10,252,000	7,148,000	12,074,874	5,843,413	17,918,287	5,036,057	12,882,230	939,679
2	PROGRAM INCOME	300,000	450,000	750,000	250,000	500,000	376,504	886,337	1,262,841	500,000	762,841	
3	NON FEDERAL FUNDS	140,000		140,000	140,000	-	133,000		133,000	23,550	109,450	
4	ROSS GRANT	215,084	-	215,084	60,000	155,084	215,084	•	215,084	29,006	186,078	
TO	TAL SOURCES	12,955,084	5,550,000	18,505,084	10,702,000	7,803,084	12,799,462	6,729,750	19,529,212	5,588,613	13,940,599	939,679

#### Sample: Annual Performance Report (APR) – Total Uses

FY 202	4 REPORT - DECEMBER 31, 202	24							
USES C	F FUNDING								
		INDIAN HOUSING PLAN				ANNUAL PERFORMANCE REPORT			
		(L)	(M)	(N)		(O)	(P)	(Q)	
		Prior and	Total all						
		current year	other funds	Total Funds		Total IHBG	Total all		
		funds to be	to be	to be		only funds	other funds	Total Funds	
		expended in	expended in	expended in		expended in	exepnded in	expended in	
	Activities	FY2024	FY2024	FY2024		FY2024	FY2024	FY2024	
2024-01	CAS Modernization	950,000	-	950,000		873,931	23,550	897,481	
2024-02	CAS Management/Ops 1937 Hsg	1,675,000	325,000	2,000,000		1,475,856	504,869	1,980,725	
2024-03	Lending Subsidies for HBs	300,000	-	300,000		-		-	
2024-04	Rehab Assistance - Existing HBs	260,000	50,000	310,000		21,468		21,468	
2024-05	Rental Assistance Program	672,000	-	672,000		322,936		322,936	
2024-06	Other Housing Services	1,130,000	-	1,130,000		925,591	500,000	1,425,591	
2024-07	Housing Management	900,000	-	900,000		652,669		652,669	
2024-08	Acquisition of Rental Housing	615,000	15,000	630,000		163,180		163,180	
2024-12	Senior Housing Development	2,500,000	-	2,500,000		23,180		23,180	
2024-13	Single Family Housing Development	200,000		200,000				-	
		9,752,000	390,000	10,142,000		4,458,810	1,028,418	5,487,229	
Plannii	ng and Admin	500,000	-	500,000		577,247		577,247	
	TOTAL	10,252,000	390,000	10,642,000		5,036,057	1,028,418	6,064,476	

# Annual Performance Report Compliance Review

#### **Auditors will:**

- Review the supporting records and ascertain if all applicable data elements were included in the sampled reports.
- Trace the reported data to records that accumulate and summarize data.
- Perform tests of the underlying data to verify that the data were accumulated and summarized in accordance with the required or stated criteria and methodology, including the accuracy and completeness of the reports.

# Annual Performance Report Compliance Review

#### BE PREPARED TO RESPOND TO AUDITORS....

- Reports on the actual use of IHP budget activities completed during the 12-month program year.
- Financial data should be presented using the same basis of accounting as the Schedule of Expenditures of Federal Awards (SEFA) in the annual audit.
- Describes recipient's annual accomplishments, performance and progress for the program year.
- Highlights how recipient ensured compliance and financial accountability.
- Reports on Self-Monitoring activities. If the TDHE has an SMMA, must submit with the APR.
- If you exceed your spending cap for Planning and Administration Expense, must provide an explanation.
- Did the program year expenditures exceed single audit threshold? Must indicate on APR if "yes" and an audit in compliance with 2 CFR Part 200 must be conducted and submitted to the Federal Audit Clearinghouse website.

# Program Compliance N. Special Tests and Provisions (1) Wage Rate Requirements

- Wage Rate Requirements: Section 104(b) of NAHASDA requires that
  prevailing wage rates as determined by the Secretary of Labor (commonly
  known as Davis-Bacon wage rates) be paid to all laborers and mechanics
  employed in the development of affordable housing and that HUDdetermined prevailing wage rates be paid to all maintenance laborers and
  mechanics employed in the operation of affordable housing.
- Application of Tribal Law: (1) above does not apply if Tribe adopts a
   Tribally Designated Wage Rate (TDW) laws or regulations that requires the
   payment of not less than prevailing wages, as determined by the Tribe.

#### Reference:

- PG 2003-04: Application of Tribal Laws Pertaining to the Use of Tribally Determined Wages (TDW).
- 24 CFR Section 1000.16: What labor standards are applicable?

# Program Compliance N. Special Tests and Provisions (2) Environmental Review

Compliance Requirements Program regulations provide that a tribe:

- May assume responsibilities for environmental review and decision making under the requirements of 24 CFR Part 58 or
- May allow HUD to retain these responsibilities, where HUD will do reviews under the provisions of 24 CFR **Part 50** (24 CFR section 1000.20).
- The tribe is the responsible entity, whether or not a TDHE is authorized to receive IHBG grant amounts on behalf of the tribe (24 CFR section 58.2(a)(7)(ii)).
- HEROS HUD's Office of Environment and Energy has developed an online system for developing, documenting, and managing environmental reviews. It covers all levels of environmental reviews for both Part 50 and Part 58 projects and includes on-screen guidance for completing HUD environmental reviews.
- Reference: Environmental Review: 24 CFR Part 58; 24 CFR Part 1000.20(b)(3)

#### **PART 50 Environmental Review**

Refer to PIH 2024-24: SUBJECT: HUD Programmatic Part 50 Environmental Review for Indian Housing Block Grant....

- 1. Purpose: This Notice is a Part 50 programmatic determination for administrative, operations, planning, management, tenant based rental assistance, and certain maintenance activities.
- 2. You do not need to complete this portion under HUD Part 58 environmental review. HUD is determining under Part 50 that these activities are not subject to further environmental review because they do not alter the physical environment, and consequently, will not result in environmental impacts.
- 3. All activities and descriptions that are not included in this programmatic environmental review require a separate environmental review before HUD funding is committed or spent.

# N. Special Tests and Provisions (2) Environmental Review

#### **Auditors will determine whether**

- 1) the required environmental reviews have been performed, and
- 2) Program funds were NOT obligated or expended prior to completion of the environmental review process.
- Must be completed for ANY NAHASDA assisted activities not excluded from review under 24 CFR 50.19(b).
- Must document Environmental Review BEFORE the recipient may acquire, rehabilitate, convert, lease, repair or construct property, or commit HUD or local funds used in conjunction with such NAHASDA assisted activities with respect to the property (1000.20(a)).
- ☐ CANNOT SPEND ONE DOLLAR OF NAHASDA in a project (even with mixed funding), without an approval and release of funds has been received from HUD.

# N. Special Tests and Provisions (3) Investment of IHBG Funds

Auditor will determine whether the investment of IHBG funds by the recipient meets the requirements of <u>24 CFR section 1000.58</u> and will:

- Ascertain that prior written HUD approval had been obtained, and any conditions or restrictions on the approval.
- b. Verify that the funds were invested only in those allowable accounts or instruments and within any conditions or restriction on the approval.
- c. Verify that each of these accounts are separate from other funds of the recipient and subject to an agreement in a form prescribed by HUD (i.e., HUD-52736-A for bank accounts or HUD-52736-B for brokers and dealers).
- d. Ensure these agreements are fully executed and maintained by the recipient in an accessible place.
- e. Reference: PIH 2025-05

#### IV: OTHER INFORMATION



New under AL 14.867 are the following grants Auditors are required to test for Compliance:

- I. Indian Housing Block Grant CARES Grant
- II. Indian Housing Block Grant ARP Grants

#### **Exercise**

Review NAHASDA <u>Compliance</u> Requirements Assistance Listing (CFDA) 14.867

# Section 5 Responsibilities on Reporting of Findings, Corrective Actions and Resolution

# § 200.516(a) Audit Findings

### AUDITOR must REPORT in the schedule of findings and questioned costs:

- 1. Significant deficiencies and material weaknesses in internal control over major programs.
- 2. Material noncompliance with provisions of the award(s).
- 3. Known and likely known questioned costs greater than \$25,000 for a type of compliance requirement for <u>a major program.</u>
- 4. Known questioned costs over \$25,000 for a non major program [not audited, but found during the audit].
- 5. Reasons for an opinion that is other than an **unmodified opinion**.
- 6. Known or likely <u>fraud</u> affecting the federal award. [does not require the auditor to report publicly information that could compromise investigative or legal proceedings.]
- 7. Incorrect auditee report of corrective action on prior findings.

# SAMPLE Schedule of Findings and Questioned Cost

#### Schedule of Findings and Questioned Costs Year Ended September 30, 2024

#### Section I - Summary of Auditor's Results

Financial Statements								
	sued on whether the financial statements audited lified, adverse, or disclaimer]: Unmodified	were prepared	l in accordance					
Internal control over finance	ial reporting:							
Material weakness(e	s) identified?	yes	<u>X</u> no					
Significant deficience	y(ies) identified?	yes	_X_ no					
Noncompliance ma	terial to financial statements noted?	yes	X_no					
Federal Awards								
Internal control over major federal programs:								
Material weakness(es) identified?    yes								
Significant deficiency(ies) identified?    yes								
Type of auditor's report iss [unmodified, qualified, adverse,	ned on compliance for major federal programs or disclaimer]: Unmodified							
Any audit findings disclosed with 2 CFR 200.516(a)?	d that are required to be reported in accordance	yes	X no					
Identification of major fede	ral programs:							
AL Number(s)	AL Number(s) Name of Federal Program or Cluster							
14.867	14.867 Indian Housing Block Grants							
Dollar threshold used to di	stinguish between type A and type B programs:	\$75	0,000					
Auditee qualified as low-risk auditee? no no								

#### Section II – Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards

The Housing Authority did not have any findings related to the financial statements which are required to be reported in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*.

#### Section III - Federal Award Findings and Questioned Costs

There were no findings and questioned costs for federal awards (as defined in 2 CFR 200.516(a)) that are

#### § 200.516(b)

#### **Audit Findings**

Auditor Responsibility – specific information to be included in audit findings: must be presented with sufficient detail and clarity.

- 1) Federal program and specific **federal award identification**.
- 2) <u>Criteria or specific requirement upon which the audit finding is based.</u>
- 3) The **condition** found, including facts that support the deficiency identified.
- 4) A <u>statement of cause</u> (condition) and required state (criteria) a basis for recommendations for corrective action.
- 5) A <u>statement of the effect</u> or potential effect to establish impact of the difference between the condition and the criteria.
- 6) <u>Identify questioned costs</u> and how they were computed, by UEI number and federal award identification number.
- 7) When there are known questioned costs but the dollar amount is undetermined or unknown, auditor must include in the report a description of why the dollar amount was undetermined or otherwise, could not be reported.



# § 200.516(b &c) Audit Findings (Cont'd)

Auditor Responsibility – specific information to be included in audit findings: must be presented with sufficient detail and clarity.

- 8) Information to provide proper perspective for judging the prevalence and consequences of the audit findings...(is this an isolated instance or a systemic problem?).
- 9) Identify if audit finding was a <u>repeat of a finding</u>in the immediately prior audit and if so, any applicable prior year audit finding numbers.
- 10) Recommendations to prevent future occurrences.
- 11) Views (Comments) from auditee.

§ 200.516(c): Reference Numbers: Each audit finding in the schedule of findings and questioned costs must include a reference number in the format meeting the requirements of the data collection form submission required by §200.512 report submission, paragraph (b) to allow for easy referencing of the audit findings during follow-up.

# Audit Findings – Auditee Responsibility

- a. AUDITEE'S general responsibilities: § 200.511(a)
  - follow-up and corrective actions on <u>all audit findings</u> (compliance and financial statement audit).
  - o prepare the summary schedule of prior audit findings.
  - o prepare a corrective action plan for current year audit findings.
  - must <u>report the status of all audit findings</u> included in the prior audit's schedule of findings and <u>questioned costs</u>.
  - o must include <u>reference numbers</u> the auditor assigns to audit findings, and the fiscal year in which the finding initially occurred.
  - the corrective action plan and summary schedule of prior audit findings must include findings relating to the <u>financial statements</u> which are required to be reported in accordance with GAGAS.
  - PROMPT FOLLOW UP ON FINDINGS!

## Sample Auditor Schedule of Audit Findings and Questioned Costs

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS SEPTEMBER 30, 2023

#### **SECTION II - FINDINGS - FINANCIAL STATEMENTS AUDIT**

Finding 2023 – 001: Schedule of Expenditures of Federal Awards (SEFA) Preparation - Significant Deficiency

**Condition:** The Authority does not have sufficient controls to ensure the SEFA accurately reflects each award's federal expenditures. The Authority also does not have sufficient controls to ensure ALNs are identified properly.

*Criteria:* Management is responsible for the preparation and fair presentation of the Schedule of Expenditures of Federal Awards in accordance with accounting principles generally accepted in the United States of America (US GAAP); this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of the Schedule of Expenditures of Federal Awards that are free from material misstatement.

Questioned Costs: None.

**Effect:** The Authority was not able to produce an accurate SEFA, which required additional efforts and resources by the auditor during the audit process.

**Cause:** Insufficient training and understanding of US GAAP and Uniform Guidance, including some of the required elements of the SEFA, contributed to this finding.

**Recommendation:** We recommend the Authority becomes familiar with the SEFA reporting elements required by Uniform Guidance and management implements a process to reconcile federal funding received and corresponding expenditures incurred and reported in the general ledger to the SEFA in a timely manner at year end.

**Response:** See the corrective action plan that accompanies the schedule of findings and questioned costs.

SECTION III - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

Finding 2023 – 002: Procurement Policy and Documentation on Procurement (Partial Repeat of Finding 2022-001)

Assistance Listing Number: 14.867
Title: Indian Housing Block Grant
Material Weakness

**Condition:** During our review of procurement, suspension and debarment, we reviewed one transaction that met the capitalization threshold. It was determined that there were no bids obtained and there was not a search for suspension and debarment performed.

*Criteria:* In accordance with 2 CFR Section 200.319, all procurement transactions for the acquisition of property or services required under a Federal award must be conducted in a manner provided full and open competition consistent with the standards of this section and Section 200.320.

Questioned Costs: None.

**Effect:** Lack of adherence to policies and procedures consistent with Uniform Guidance procurement standards for the whole fiscal year could result in the Authority being non-compliant on purchases made with federal funds.

**Cause:** The Authority did adopt a new procurement policy addressing 2 CFR Section 200.319 in June of 2023. Due to the timing of the adoption of the updated policy, it was not implemented during the whole fiscal year under audit.

**Recommendation:** We recommend the Authority adhere to their policy and that all documentation related to procurement decisions be kept for all purchases according to the dollar threshold requirements and that all staff be trained in these procedures.

**Response:** See the corrective action plan that accompanies the schedule of findings and questioned costs.

#### **Audit Findings - Auditee Responsibility**

#### b. AUDITEE responsibilities for:

- i. PRIOR AUDIT FINDINGS [200.511(b)]
- 1. Fully corrected: list the audit findings and state that corrective action was taken.
- 2. Not corrected or only partially corrected: describe the reasons for the finding's recurrence and planned corrective action...
- 3. Not valid: if audit findings are no longer valid, state reasons.
  - ii. CORRECTIVE ACTION PLAN [200.511(c)]
  - 1. At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 audit findings, a corrective action plan to include in the current year auditor's report.

# § 200.511(c) Corrective Action Plan

- Name of non-federal entity and person responsible for corrective action: name, address, and contact information
- Finding number and title: 2024-002: Procurement Policy not followed
- Description of the finding and recommendation (by the auditor):
- Did you agree with the finding? if no, provide an explanation and specific reasons.
- Planned correction plan:
  - o outline proposed milestones and assign completion date for each
    - Have key staff take procurement training to understand the Housing Authorities procurement types and thresholds in purchasing using IHBG funds to ensure compliance with the procurement policy and procedures,
- Due date to complete the implementation of the corrective action plan: June 30, 2025

#### Section 6 -Auditor Report and Opinion

#### **HOORAY!!**

You made it through your audit and now you are ready for the results!



#### Audit Reporting [§200.515]



The auditor's report(s) may be in the form of either combined or separate reports and must state that the audit was conducted in accordance with 2 CFR Part 200, subpart F and include the following:

- a) Issue an opinion or disclaimer of an opinion on:
  - The Financial Statement
  - The Schedule of Federal Expenditures in-relation to the auditee's financial statements as a whole
- b) A report on internal control over financial reporting and compliance with laws/regulations/agreements which could have a material effect on the financial statements.

Report must include:

- Scope of testing of internal control and the results of the tests.
- Significant Deficiencies and/or Material Weaknesses? refer to Schedule of Findings and Questioned costs.

#### Audit Reporting [§200.515]

c) A report on compliance for each major program and a report on internal control over compliance. Report must include:

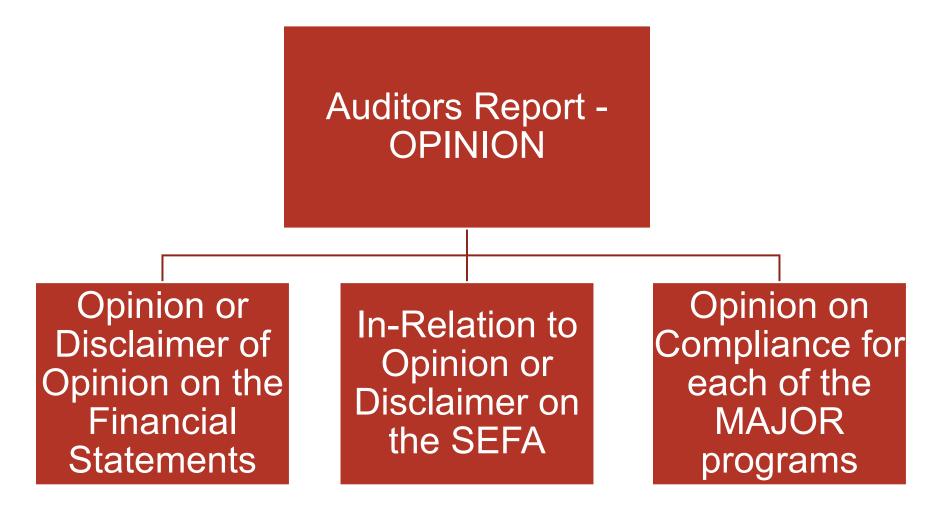
#### Description of the scope of testing of Internal Controls over Compliance

➤ Significant Deficiencies and/or Material Weaknesses? – refer to Schedule of Findings and Questioned costs.

#### An Opinion on each major Federal Program.

- O An opinion as to whether the auditee complied with Federal Statutes, regulations, and the terms and conditions of Federal awards which could have a direct and material effect on each MAJOR PROGRAM
- d) A schedule of findings and questioned costs.
  - Includes summary of auditor results and findings

#### Auditor Reporting – Issue an OPINION



#### **Auditor Reporting - Other**



#### **Audit Opinion - Unmodified**

The auditor will issue a report and express an opinion on the financial statements **taken as a whole** 

A) **Unmodified Opinion** is what you want to receive!

An unmodified opinion means that the:

- Financial statements conform with GAAP; and
- Financial statements present the entities financial accounts fairly

### **Audit Opinion - Modified**

B) a Modified Opinion is not a "clean" or unmodified opinion.

There are three types of modified opinions:

- 1. Qualified opinion
- 2. Adverse opinion
- 3. Disclaimer opinion



## **Modification of Audit Opinion**

Nature of Matter Giving Rise to the Modification	Auditor's <mark>Judgment</mark> About the Pervasiveness of the Effects or Possible Effects on the Financial Statements	
	Material but Not Pervasive	Material and Pervasive
Financial statements are materially misstated	Qualified opinion	Adverse opinion
Inability to obtain sufficient appropriate audit evidence	Qualified opinion	Disclaimer of opinion

## **Qualified Opinion**

#### 1. Qualified Opinion

- The auditor concludes that there is evidence of misstatements that are material, but not pervasive, or
- The auditor is unable to obtain sufficient appropriate audit evidence on which to base an opinion



- ✓ The report misstates or misclassifies accounting entries. Example: capital asset purchases were posted as supplies and were not capitalized on the fixed assets schedule
- ✓ Financial entries for accrued payroll and leave liability were not booked in the current period resulting in under-reporting of expenses and liabilities

### **Adverse Opinion**

#### 2. Adverse Opinion

The auditor concludes that the misstatements are

#### **BOTH** material and pervasive

and leads the auditor to conclude that the financial statements:

- Do not fairly represent the entity's accounts, and
- The audited statements do not comply with GAAP
- Auditor provides specific reasons for the opinion; specify accounting errors or departures from GAAP
- May trigger additional audits from HUD, Office of Inspector General, banks, and investors
- If the audit reveals illegalities, corporate officers may be held personally accountable

## **Example - Auditor Basis for Adverse Opinion**

- Has not completely reconciled its balance sheet accounts.
- Adjustments to fund balances do not tie to the prior year financial statements.
- Interfund activity, including due to/from's and transfers, do not balance.
- Cash, investments, accounts receivable, liabilities, due from other governments/advances from grantors and fund balances have not been fully reconciled.
- Management has not adopted a methodology for capital asset additions, deletions and depreciation, and accordingly, does not have amounts for accumulated depreciation and depreciation expense. Asset purchases have not been recorded.
- In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion" paragraphs, the financial statements referred to previously do not present fairly:
  - o the financial position of the [Entity Name] as of December 31, 20XX, or the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Disclaimer Of Opinion**

#### 3. Disclaimer Opinion:

- The auditor cannot obtain sufficient appropriate audit evidence on which to base an opinion
- The effects of undetected misstatements, if any, could be both <u>material</u> and pervasive and therefore, they believe they cannot audit *impartially*
- With the disclaimer, auditors recuse themselves

- The auditor's scope is limited. Auditors receive financial data that they cannot audit because the source documents are not available to audit
- Auditors have other doubts about the reports. For example: Reports may seem to violate accounting principles such as the matching concept
- Auditors cannot confirm the classification of certain revenues and expenses

## Audit Findings – Auditor Responsibility

Audit findings – reported in the Schedule of Findings and Questioned Costs

The auditor must report the following as audit findings:

- 1. <u>Significant deficiencies and material weaknesses</u> in <u>internal control</u> over major programs and significant instances of abuse relating to major programs.
- 2. <u>Material noncompliance</u> with the provisions of Federal statutes, regulations, or the terms and conditions of Federal awards related to a major program.

# Audit Findings – Auditor Responsibility

- 3. Known questioned costs for a MAJOR program that ARE OR LIKELY greater than \$25,000;
- 4. Known questioned costs for a **NON-MAJOR** program that **ARE** greater than \$25,000;
- 5. Known or likely fraud affecting a federal award, if the fraud has not already been included in the audit finding in the schedule of findings and questioned costs for Federal awards;
- 6. Instances where the results of audit follow-up procedures disclosed that the summary schedule of prior audit findings prepared by the auditee materially misrepresent the status of any prior audit finding

# Compliance Audit - What are Significant Deficiencies?

**Significant Deficiency:** Deficiency in internal controls over compliance that is less severe than a material weakness, yet important enough to merit attention by those charged with governance

- Incomplete grant files lacked required evidence of quarterly reports, no evidence of IHBG draws from eLOCCS
- Board of Commissioner/Tribal Council minutes files were incomplete and missing minutes
- Disbursement controls are lacking over invoices (lack of documentation, lack of approval)

## Compliance Audit - What are Material Weaknesses?

Material Weaknesses: Deficiency in internal controls over compliance such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected on a timely basis.



- Lack of General Ledger Maintenance and Monitoring
- Annual single audit is not timely completed and submitted as required by Subpart F, 2 CFR 200
- Ineligible participants in the program
- Activities and charges to the program were unallowable costs

### § 200.512(a) Report Submission

#### **GENERAL**

- (1) Audit must be completed, and the data collection form and the reporting package must be submitted
  - Within the <u>earlier</u> of 30 calendar days after receipt of the auditor's report(s), or
  - Nine (9) 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.
    - Cognizant or oversight agency is authorized to extend audit submission deadline when nine-month timeframe is burdensome.
- (2) Unless restricted by federal statutes or regulations:
  - auditees must make audit copies available for public inspection.
  - auditees and auditors must ensure reporting package does not include protected personally identifiable information.



## Audit Report Submission And Distribution

A copy of the recipient audit under the Single Audit Act relating to NAHASDA activities is only required to be submitted to the Federal Audit Clearinghouse (FAC) pursuant to 2 CFR Part 200, subpart F

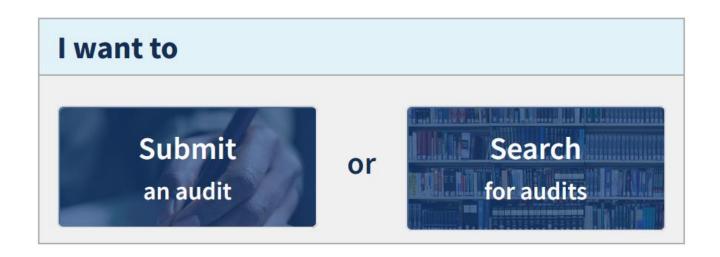
 A copy of the audit is NOT required to be submitted to HUD [24 CFR §1000.548 & 2 CFR §200.512].

If the TDHE is a recipient, it must submit a copy of its audit to the Indian Tribe (beneficiary) [24 CFR §1000.550]

#### The Federal Audit Clearinghouse



The Federal Audit Clearinghouse (FAC) is the place to submit and review federal grant audits.



## Reporting Exception For Indian Tribes & Tribal Organizations

#### 200.512(b)(2) INDIAN TRIBES AND TRIBAL ORGANIZATIONS

- May choose not to authorize the FAC to make the reporting package publicly available on a Web site, by excluding the authorization for the FAC publication.
- If this option is exercised, the auditee becomes responsible for submitting the reporting package:
  - Directly to any pass-through entities through which it has received a Federal award, and
  - To pass-through entities for which the summary schedule of prior audit findings reported the status of any findings related to Federal awards that the pass-through entity provided.
  - Must make copies of the report package available for public inspection.

## Management Decision and Time Requirements

- 1. The federal awarding agency (HUD) or pass-through entity is responsible for issuing a management decision (letter) and must do so within six months of acceptance of the audit report by the FAC.
  - The management decision letter (MDL)must clearly state whether or not the audit finding is sustained, the reasons for the decision, and the expected auditee action to repay disallowed costs, make financial adjustments, or take other action. If the auditee has not completed corrective action, a timetable for follow-up should be given.
- 2. The auditee must initiate and proceed with corrective action as rapidly as possible and corrective action should begin no later than upon receipt of the audit report.

**Reference:**§ 200.521(d)

### **Practice Exercise**

A single audit is an audit of a nonfederal entity that consists of:

- a. Only the compliance audit of federal awards.
- b. Audit of federal expenditures between \$500,000 and \$750,000.
- c. Audit of financial statement only.
- d. both the financial statement and the compliance audit of federal awards.

### Want a Successful Audit?

- 1. Audit preparations do not start at the end of the year ask questions during the year; give your auditor a call and discuss new transactions.
- 2. Use a calendar reminder for deadlines submission of reports with deadlines: Do not be late in filing your quarterly SF 425, IHP and APR, audit reports and other required reports (Payroll reports).
- 3. Review transactions and ensure you have supporting documents remember- document, document!
- 4. Account reconciliations should be performed every month or quarter, depending on the transactions; do not wait until the end of the fiscal year!
- 5. Engage the auditor early so that you have time to review and respond to the auditor's "Prepared by Client" list.



### Want a Successful Audit?

- 6. Review your accounting software and chart of accounts to ensure it is set up to separately track all revenues and expenses of each grant award.
- 7. Make sure you have accurate, financial statements. Prepare final adjusted trial balance and the SEFA.
- 8. Create an audit workpaper folder and back-up workpapers to support your trial balance numbers to ensure accuracy.
- 9. Review policies and procedures (financial and procurement) and ensure they are updated with 2 CFR 200 and NAHASDA regulations.
- 10. Perform accounting in accordance with Governmental GAAP.



## Wrap-up, Q&A, Review of Resources and Next Steps





THANK YOU!