



Basic Financial Management

Virtual Training

September 23-24, 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.

This material is based upon work supported by funding under an award with the U.S. Department of Housing and Urban Development. The substance and findings of the work are dedicated to the public. Neither the United States Government, nor any of its employees, makes any warranty, express or implied, or assumes any legal liability or responsibility for the accuracy, completeness, or usefulness of any information, apparatus, product, or process disclosed, or represents that its use would not infringe privately-owned rights. Reference herein to any specific commercial product, process, or service by trade name, trademark, manufacturer, or otherwise does not necessarily constitute or imply its endorsement, recommendation, or favoring by the U.S. Government or any agency thereof. Opinions expressed in this document are those of the authors and do not necessarily reflect the official position of, or a position that is endorsed by, HUD or by any HUD program.

Trainer Introduction



Maria Tagliavento
White River Consulting, LLC



Marcie Sherer
Sunrise Consulting

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

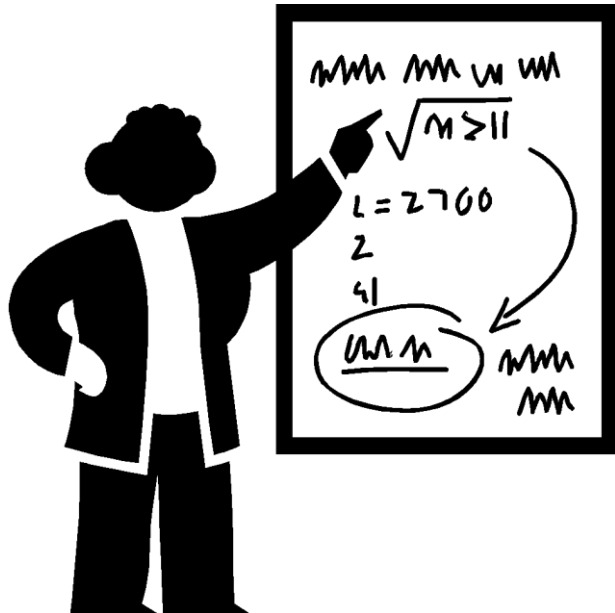
- Provide an overview of relevant sections of the Uniform Guidance for all federal awards (2 CFR 200) and the NAHASDA Statutes and Regulations for effective management of the IHBG grant.
- Summary review of the Indian Housing Block Grant, eligible activities, reporting requirements, and compliance requirements.
- 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.

TRAINING PURPOSE



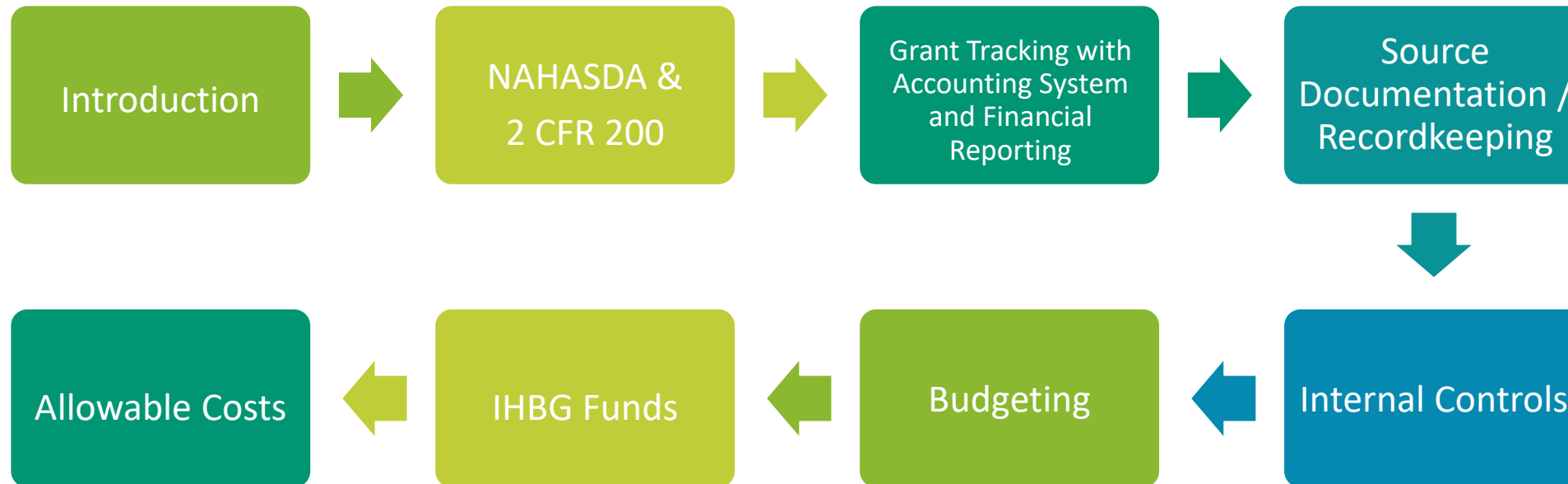
To Introduce the elements of a sound financial management system to enhance your understanding, knowledge and responsibilities of managing and administering the Indian Housing Block Grant in compliance with the Uniform Guidance (2 CFR Part 200) and the Indian Housing Block Grant.

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

1937 Housing Programs

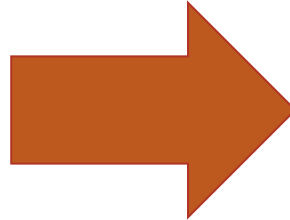
- Low Rent Units
- Mutual Help Program
- Section 8

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



NAHASDA

- Passage of NAHASDA (1996); implemented in 1997
- 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/DOC8141.PDF>

NAHASDA REGULATION

- https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title24/24cfr1000_main_02.tpl

PIH NOTICES

- https://www.hud.gov/program_offices/public_indian_housing/ih/regs/notices

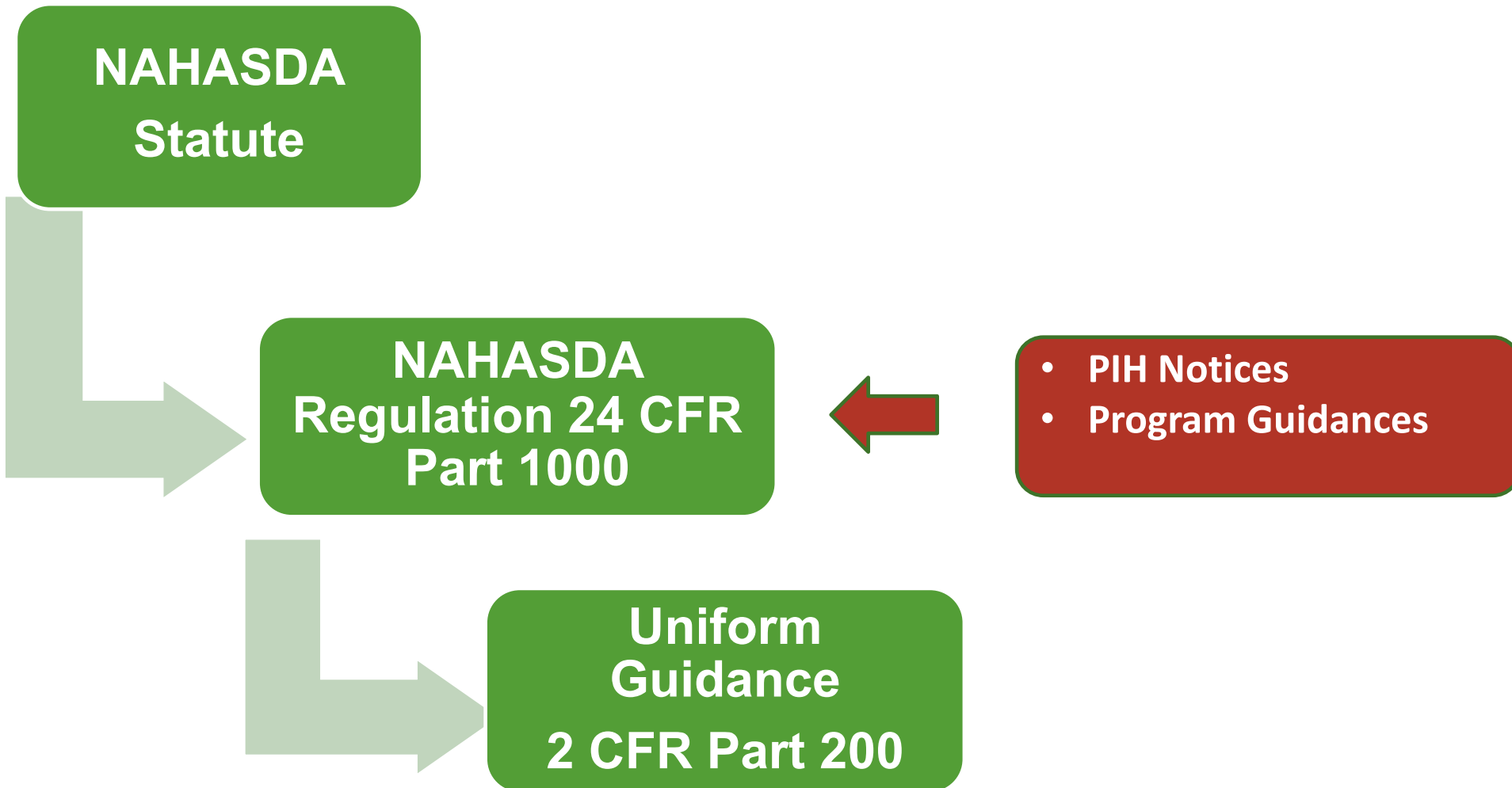
PROGRAM GUIDANCES

- https://www.hud.gov/program_offices/public_indian_housing/ih/codetalk/nahasda/guidance

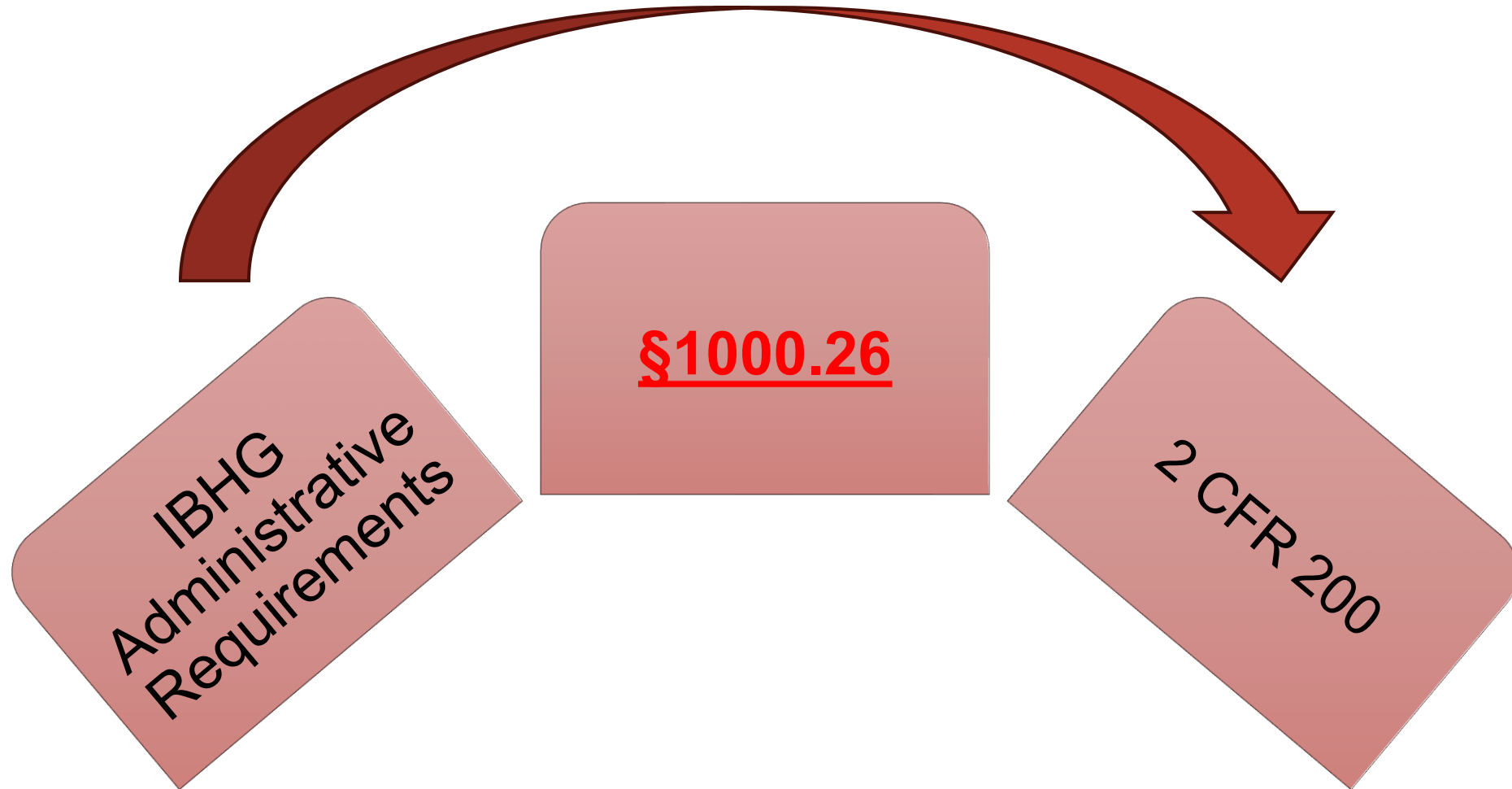
UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARD

- <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.
 - https://www.ecfr.gov/cgi-bin/textidx?tpl=/ecfrbrowse/Title24/24cfr1000_main_02.tpl

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
 - <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:

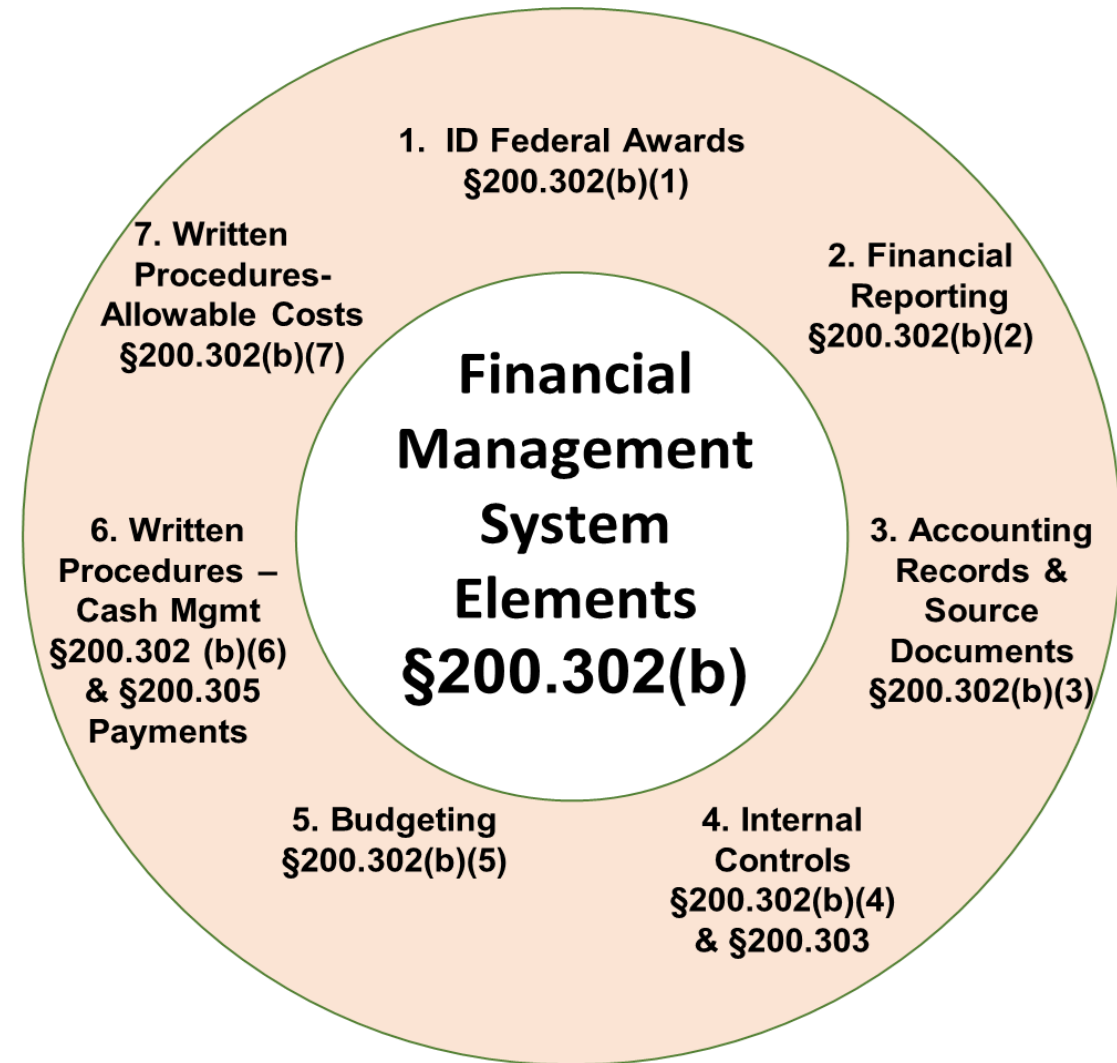
Per **§200.302(b)**, the recipient and subrecipient's financial management systems must meet the requirements of this part, to include

- 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)
<u>Assistance Listings</u> Title	Indian Housing Block Grant (IHBG)
<u>AL Number</u>	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 easily 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
	Communicatons
	Repair & Mainteancke
	Insurance
	Capital - Buildings
	Capital - Modernization
	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		
FUND	01	GENERAL FUND		
DEPARTMENT	20	HOUSING SERVICES		
GRANT	55	IHBG		
ACTIVITY	100	TENANT BASED RENTAL ASSISTANCE		
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

SAMPLE TRIAL BALANCE						
Fund	Account Code	Location	Grant	IHP Activity	Description	
01	111100	0	0	0	Master Account	
01	112200	0	0	0	Tenant Receivable	
01	112210	0	0	0	Allowance for Doubtful Accts	
01	112300	0	0	0	Mutual Help Homebuyers	52 -
01	112310	0	0	0	Allowance for Doubtful Accts	57,424.87
01	112900	0	0	0	Accounts Receivable-Other	691.4 -
01	115700	0	0	0	Due to/from	- 70,380.33
01	116210	0	0	0	Security Deposit Trust	33,000.00 -
01	116350	0	0	0	MH Equity (MEPA/VEPA)	103,552.24 -
01	121100	0	0	0	Prepaid Insurance	24,392.38 -
01	121500	0	0	0	Prepaid Expenses	210.00 -
01	211100	0	0	0	Accounts Payable	- 19,981.06
01	211200	0	0	0	A/P Inventory	- 161.86
10	311000	12	55	100	Dwelling Rents	- 120,509.95
10	311000	12	55	120	Administrative Fees Mutual Help	- 37,054.07
10	369000	12	55	100	Other Revenues	- 25.00
10	400000	12	55	100	Salary and Wages	133,688.85 -
-10	400001	12	55	100	Fringe Benefits	61,077.19 -
					TOTAL	24,097,685.00 24,097,685.00

**ANOTHER EXAMPLE:
Track by Fund, Location,
Grant and IHP Activity**

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

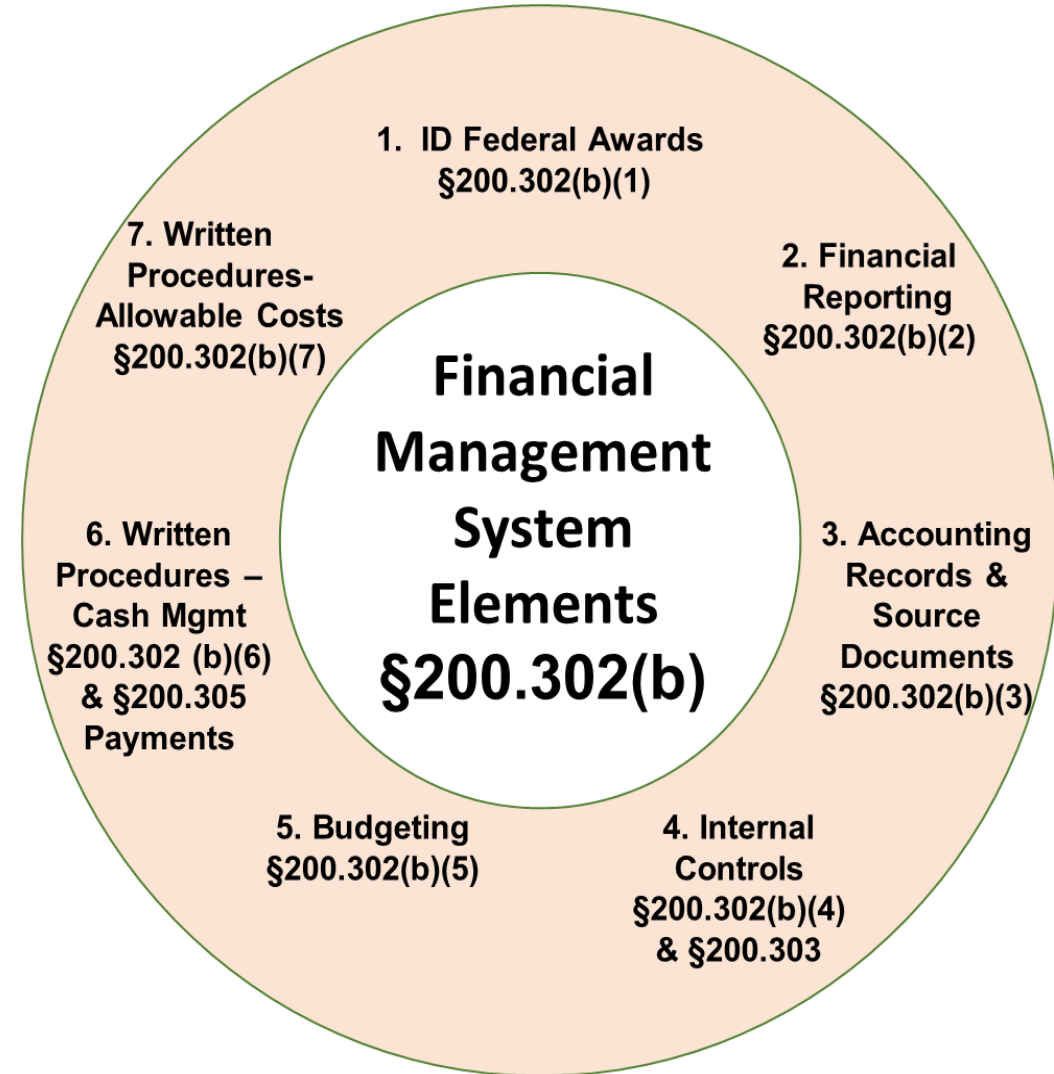
Your organization is using Classes and Donors. You receive a grant from a private foundation for \$100,000 for playground equipment that is part of a multi-family rental development that is leveraged using IHBG Funds. What is the correct course of action?

- 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
<ul style="list-style-type: none"> Accounting for revenues and expenditures are accurately recorded in accordance with GAAP. All transactions are consistently treated. Transactions are posted in the correct period. Balance Sheet accounts are reconciled on a regular basis. Sub-ledgers are reconciled to the General Ledger. 	<ul style="list-style-type: none"> Ensure all income and expenses of the grant are posted in your accounting system when costs are incurred, which may not be the same period as the date posted. Revenues are posted when earned. Consider the conditions of the grant, the grant amount and the grant periods. 	<ul style="list-style-type: none"> The Tribe/TDHE's accounting system must record ALL transactions for all accounting activities. Policies, Procedures and Internal Controls reduce risk of transactions not being posted, of being posted in the wrong period, or not being consistently treated. Also reduce the risk of fraud. Financial reports and budget to actual reports are tools for ensuring financial information is 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 reporting on an accrual basis (more on that later):

- the recipient must not be required to establish an accrual accounting system.
- the recipient may develop 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 4th 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
- b. 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

- 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.

SF-425 REPORTING Requirements:

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

FEDERAL FINANCIAL REPORT-WORKSHEET					
(Follow form instructions)					
1. Federal Agency and Organizational Element to Which Report is Submitted		2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment)		Page 1 of	Pages
ONAP		For 55IT or 55IH Grant			
3. Recipient Organization (Name and complete address including Zip code)					
4a. DUNS Number	4b. EIN	5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment)	6. Report Type <input type="checkbox"/> Quarterly (always) <input type="checkbox"/> Semi-Annual <input type="checkbox"/> Annual <input type="checkbox"/> Final	7. Basis of Accounting <input type="checkbox"/> Cash <input type="checkbox"/> Accrual	
8. Project/Grant Period From: (Month, Day, Year) Program years 10/01 - 01/01 - 04/01		To: (Month, Day, Year) Program years 8/30 - 12/31 - 3/31		9. Reporting Period End Date (Month, Day, Year) 12/31 - 03/31 - 06/30 - 9/30	
10. Transactions					Cumulative
(Use lines a-c for single or multiple grant reporting)					
Federal Cash (To report multiple grants, also use FFR Attachment):					
a.1 Cash Receipts - LOCCS draws received during period					\$0.00
a.2 Cash Receipts - Positive/negative cash on hand (Grant Payable/Grant Receivable) from prior FY and					\$0.00
a. Cash Receipts (a.1 plus/minus a.2)					\$0.00
b. Cash Disbursements - IHBG expenditures per accounting records cumulative for year					\$0.00
c. Cash on Hand (line a minus b) Should be equivalent to grant receivable (if negative) or grant payable if positive					\$0.00
(Use lines d-o for single grant reporting)					
Federal Expenditures and Unobligated Balance:					
d.1 Total Federal funds authorized - LOCCS balance at prior FY and					\$0.00
d.2 Total Federal funds authorized - new grant (once) received					\$0.00
d.3 Total Federal funds authorized - Positive/negative cash on hand (Grant Payable/Grant Receivable) from prior FY and					\$0.00
d. Total Federal funds authorized (d.1 plus d.2 plus/minus d.3)					\$0.00
e. Federal share of expenditures - IHBG expenditures per accounting records cumulative for year					\$0.00
f. Federal share of unobligated obligations (Not expenditures, but future obligations with unobligated balance)					\$0.00
g. Total Federal share (sum of lines e and f)					\$0.00
h. Unobligated balance of Federal funds (line d minus g)					\$0.00
Recipient Share:					
i. Total recipient share required (Tribal fund match for project / non-program income) N/A					
j. Recipient share of expenditures					
k. Remaining recipient share to be provided (i minus j)					
Program Income:					
l.1 Total Federal program income earned - prior FY and unobligated balance					\$0.00
l.2 Total Federal program income earned - Current year cumulative program income					\$0.00
l. Total Federal program income earned (l.1 plus l.2)					\$0.00
m. Program income earned - accordance with the deduction item N/A					
n. Program income earned - accordance with the deduction item N/A					\$0.00
o. Unobligated balance of Federal funds (line l minus m or n)					\$0.00
11. Income	a. Type	b. Date	c. Period From	d. Period To	e. Amount Charged
Expenditure	Donation				
q. Totals:					
12. Remarks (Attach any attachments deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation: Cash on Hand / Details of Invested IHBG funds (use attachment) / P&A Reserves / PI)					
13. Certification: By signing this report, I certify that it is true, complete, and accurate to the best of my knowledge. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)					
a. Typed or Printed Name and Title of Authorized Certifying Official			c. Telephone (Area code, number and extension)		
			d. Email address		
b. Signature of Authorized Certifying Official			e. Date Report Submitted (Month, Day, Year)		
14. Agency use only:					
Standard Form 425					
OMB Approval Number: 0348-0061					
Expiration Date: 10/31/2011					
Paperwork Burden Statement According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is 0348-0061. Public reporting burden for this collection of information is estimated to average 1.5 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0061), Washington, 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 rental 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”

<p>Routine management costs associated with operating a housing program (staff salaries, employee benefits, utility costs, office rent, etc).</p> <p>Routine maintenance costs of operating owned housing.</p> <p>Planning and administration</p>	<p>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 year² (residual funds³) lose their obligated designation at the end of such program year.</p>
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	<p>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.</p>

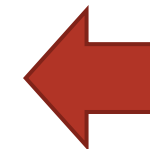
WHAT IS PROGRAM INCOME (1000.62)?

- 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-425 LINE 10 – PROGRAM INCOME				
Line	Program Income			
	I.1	Federal program income earned –carryforward cumulative unexpended program income from prior year		\$28,000
	I.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.**)

PROGRAM NAME (tie to program names in Section 3 above)	Unique Identifier	IHP			APR		
		(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)
202X-01 Senior Low Rent (1937 Act Housing)				40,173	27,995	0	27,995
202X-02 Development – Family Housing				0	225,628	314,660	540,288
202X-03 Housing Services				0	11,476	16,800	28,276
202X-04 Modernization/ Rehabilitation				51,448	51,332	0	51,332
202X-05 Mutual Help Program		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

Source information is
Financial data from your
general ledger for the APR
Totals in Column (O) and (P)

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).

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

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.

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



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 §1000.552 – must retain records for three years from the end of the tribal program year during which the funds were expended.
- § 200.335 – 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)

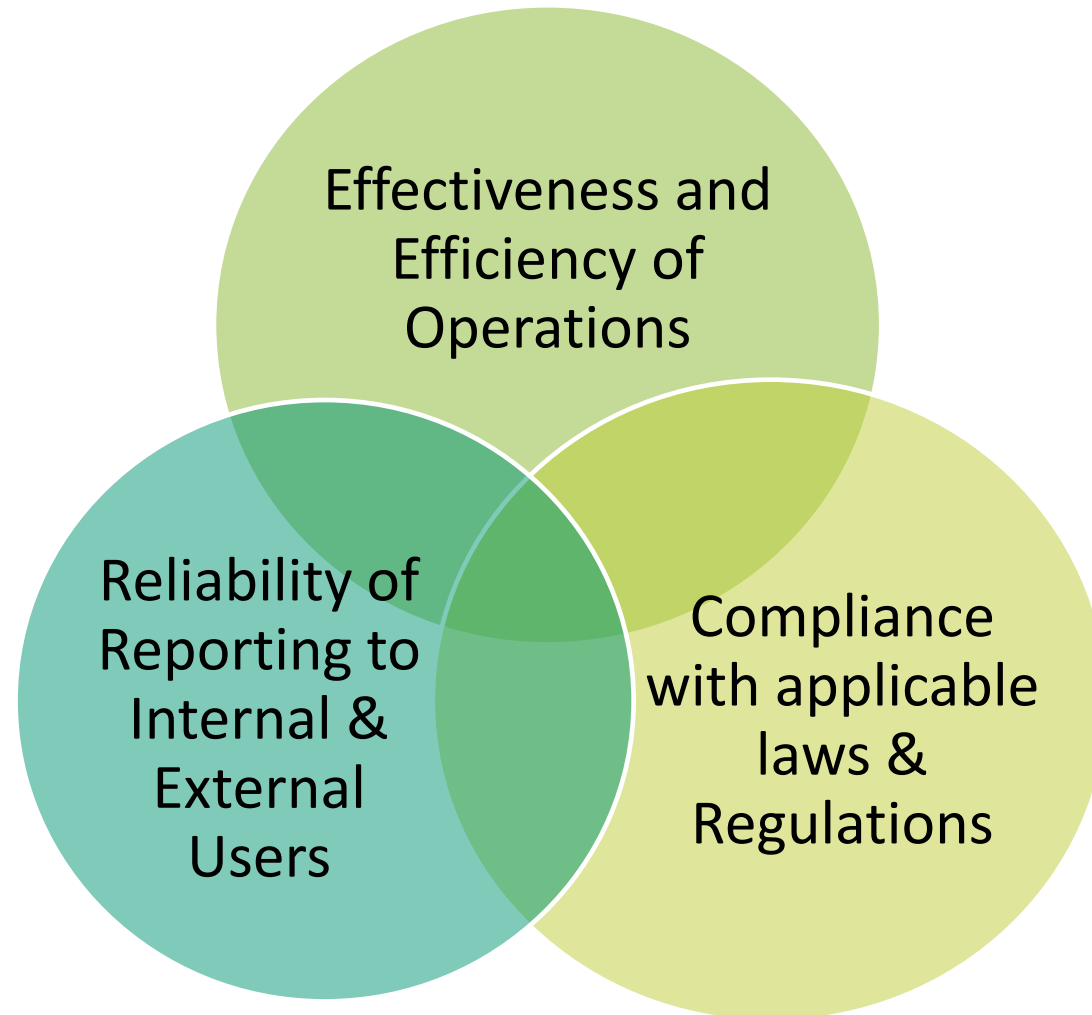
FINANCIAL MANAGEMENT – INTERNAL CONTROLS

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



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 **compliance** 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 Environment
– tone 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

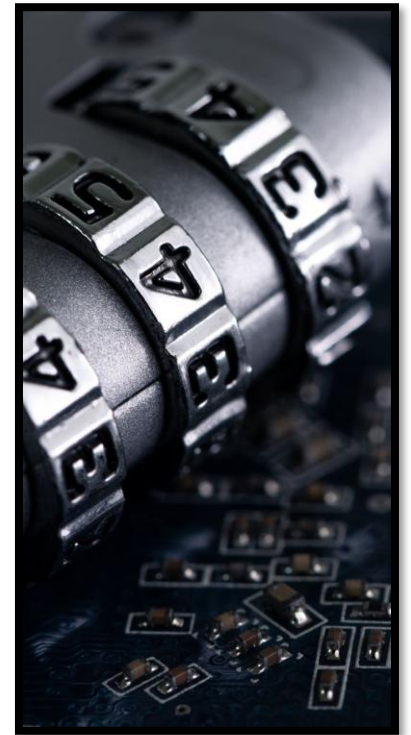
Control Environment Tone at the top – provides discipline and structure	<ul style="list-style-type: none">• Management sets reasonable budgets; identifies allowable expenditures and revenue sources. Board or Council approves.
Risk Assessment Identify and how to manage risk	<ul style="list-style-type: none">• Managers and staff are required to use the written policies and procedures as guidance to identify allowable or unallowable costs.
Information and Communication System	<ul style="list-style-type: none">• Department managers review monthly budget to actual expenditures for accuracy and initiate corrections.
Control Activities Ensures management directives are carried out	<ul style="list-style-type: none">• Managers follow established written procedures for authorization and approval of purchases based on approved budget, prior to purchase.
Monitoring Assess quality of internal controls	<ul style="list-style-type: none">• Accounting provides financial reports to managers for monthly review; includes the reports to the Board.

INTERNAL CONTROLS

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
 - **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

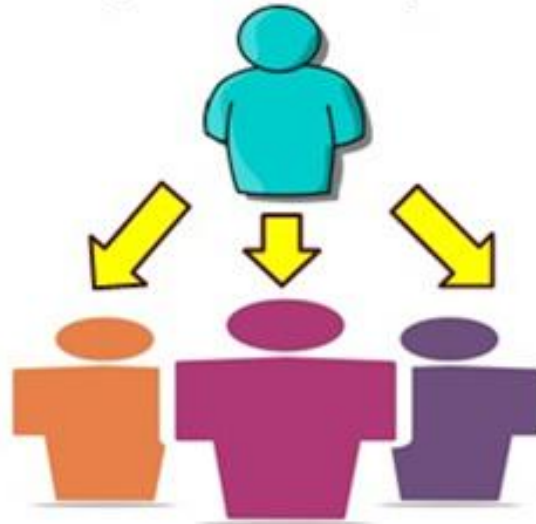
Incorporate Preventative Controls in written policies and procedures, such as:

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

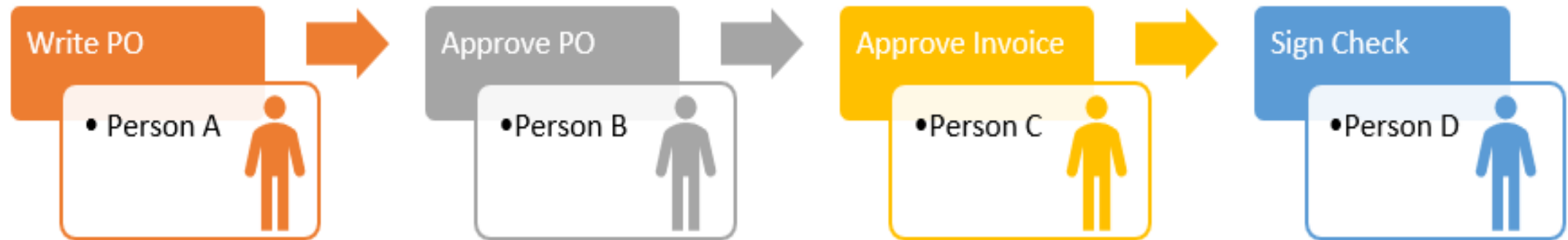
Segregation of Duties Definition



- 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

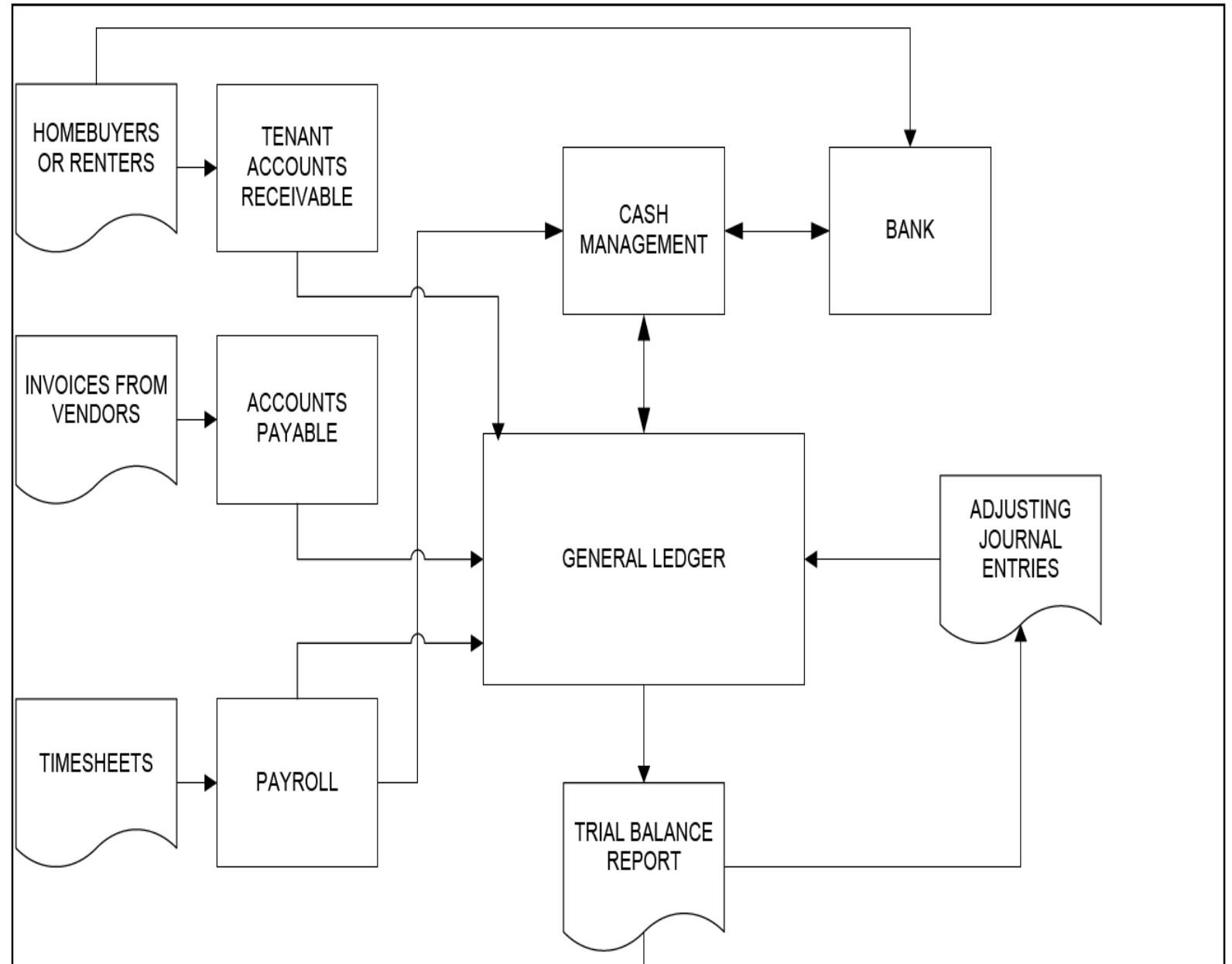
Self-monitoring

Conducting physical inventory

THE ACCOUNTING FLOWCHART

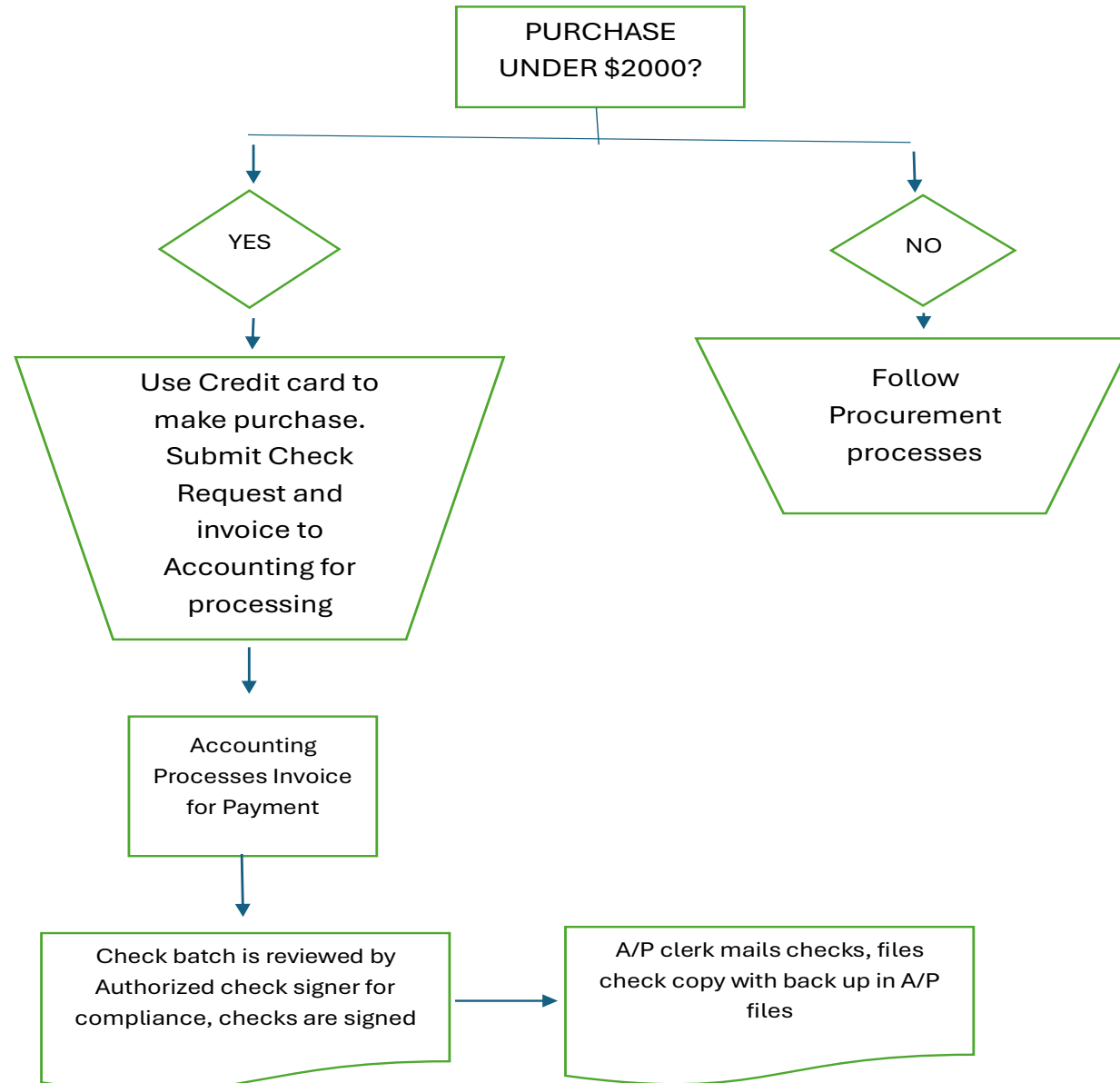
- Accounting flowchart is a tool that shows the flow of financial data in your organization.
- It provides a visual presentation of how transactions flow in your accounting system, identifying where internal controls are needed to ensure responsibility, accountability, reduce risk, and identify where 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

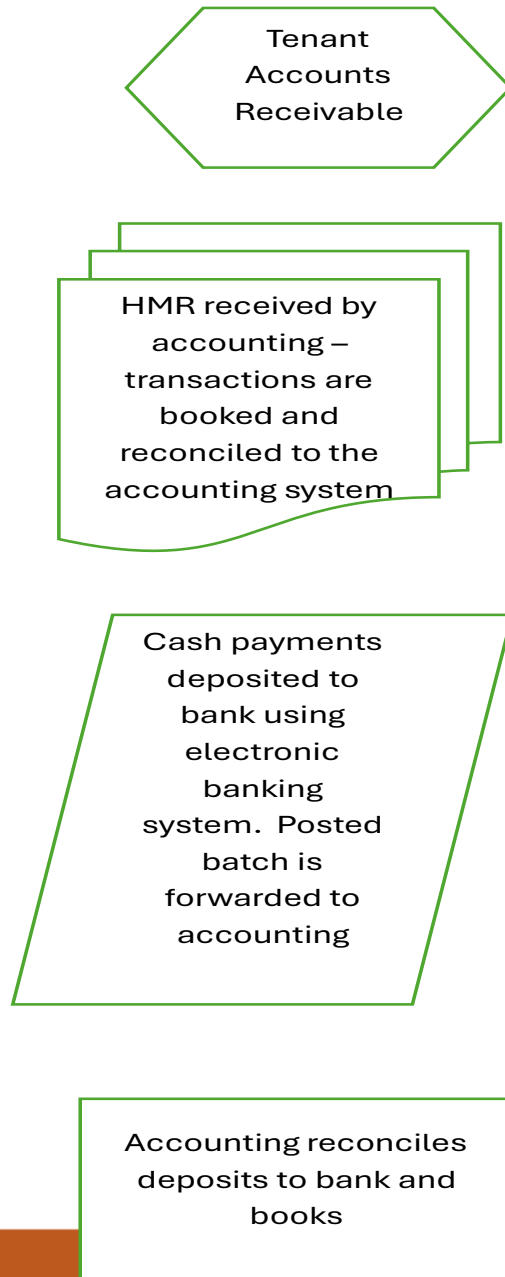
2. Physical Preventative Controls

- 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



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

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.

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 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.

INTERNAL CONTROLS: ACCOUNTS PAYABLE & DISBURSEMENT

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.

INTERNAL CONTROLS: ACCOUNTS PAYABLE & DISBURSEMENT

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.

INTERNAL CONTROLS: ACCOUNTS PAYABLE & DISBURSEMENT

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

INTERNAL CONTROLS: ACCOUNTS PAYABLE & DISBURSEMENT

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.

INTERNAL CONTROLS: ACCOUNTS PAYABLE & DISBURSEMENT

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.

INTERNAL CONTROLS: ACCOUNTS PAYABLE & DISBURSEMENT

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 > 1 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

Upnorth Village Tribal Housing Fixed Assets Schedule December 31, 20XX						
Date	Item	Source	Beginning Balance	Additions	Deletions	Ending Balance
Land						
6/1/1998	Land/Office Bldg: 1.5 acres	Donated Village Corp	30,000	0		30,000
7/15/2015	Land/Triplex 1.5: acres	Donated Village Corp	30,000	0		30,000
11/31/2015	Land/2 x 4 plexes	Donated Village Corp	60,000	0		60,000
		Total Land	120,000	0	0	120,000
Infrastructure/Land Improvements						
1/6/20XX	4 Plexes water sewer	ANTHC	0	38,500		38,500
1/6/20XX	4 Plexes Sand and Gravel Pad	ICDBG		150,000		150,000
		Total Land		188,500	0	188,500
Buildings						
1/1/1991	MH Homes (4)	HUD	200,000	0	0	200,000
1/1/1996	1937 Act 8 unit multifamily	HUD		0	0	630,700
10/1/2000	Office Building	BIA/NAHASDA		0	0	424,075
7/20/2011	single family home	NAHASDATitle VI		0	0	230,000
7/20/2011	single family home	NAHASDATitle VI				230,000
1/1/2012	single family home	NAHASDATitle VI				230,000
1/1/2012	single family home	NAHASDATitle VI				230,000
		Total Buildings				
Equipment						
7/1/2010	Allweld Boat 18' w/Mercury 115 HP	EPA/IGAP				
12/1/2015	Honda 4 wheeler VIN 1234	EPA/IGAP				
3/31/2015	Ford single cap VIN 6698	BIA TPA				
7/15/20XX	Honda 4 wheeler VIN 9988 & Trailer	IRR				
		Total Equipment				
		Total All				
Construction in Progress						
	(2) 4 plexes under construction	NAHASDA				
		Total CWIP				

Let's Review Sam

Let's Review Sample

Asset's Review Sample			December 31, 20XX		20XX		20XX		Ending	
			Beginning	20XX	20XX	20XX	Accumulated	Net		
			Depreciation	Additions	Deletions	Depreciation				
			0			0	30,000			
			0			0	30,000			
			0			0	60,000			
			0	0	0	0	120,000			
		240	0	1925		1,925	36,575			
		0	0			0	150,000			
			0	1,925	0	1,925	186,575			
Buildings										
1/1/1991	MH Homes (4)	200,000	0	non-depreciable			0	200,000		
1/1/1996	1937 Act 8 unit multifamily	630,700	360	420,467	21,023	0	441,490	189,210		
10/1/2000	Office Building	424,075	360	215,571	14,136	0	229,707	194,368		
7/20/2011	single family home	230,000	360	33,861	7,667	0	41,528	188,472		
7/20/2011	single family home	230,000	360	33,861	7,667	0	41,528	188,472		
1/1/2012	single family home	230,000	360	30,667	7,667	0	38,333	191,667		
1/1/2012	single family home	230,000	360	30,667	7,667	0	38,333	191,667		
		2,174,775		765,094	65,826	0	830,920	1,343,855		
Equipment										
7/1/2010	Alliweid Boat 18' w/Murcury 115 HP	21,500	120	11,825	2,150	0	13,975	7,525		
12/1/2015	Honda 4 wheeler VIN 1234	7,689	84	92	1,098	0	1,190	6,499		
3/31/2015	Ford single cap VIN 6698	26,750	120	2,006	2,675	0	4,681	22,069		
7/15/20XX	Honda 4 wheeler VIN 9988 & Trailer	11,506	84	0	685	0	685	10,821		
		67,445		13,923	6,608	0	20,531	46,914		
		2,550,720		779,016	74,359	0	853,376	1,697,344		
Construction in Progress										
	(2) 4 plexes under construction	429,060	0							
		429,060		0	0	0	0			

EQUIPMENT AND OTHER CAPITAL EXPENDITURES – 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)

INTERNAL CONTROLS: Payroll



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.

INTERNAL CONTROLS: Payroll



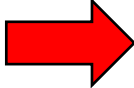
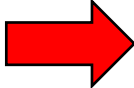
Physical and Preventative Controls:

- 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).

INTERNAL CONTROLS:

Payroll

SAMPLE PAYROLL ACTION FORM (PAF)

NAME	EMPLOYEE NAME
JOB TITLE	HOUSING COORDINATOR
DOH OR EFFECTIVE DATE OF CHANGE	OCTOBER 1, 2021
EXEMPT OR HOURLY	HOURLY
PAY RATE	\$25.00 PER HOUR
HOURS PER DAY	8
BENEFITS: YES/NO	YES
ACCOUNT CODE	7220
CLASS	600 NAHASDA
SUBCLASS 1:	100 ADMINISTRATION
SUBCLASS 2:	300 YOUTH ACTIVITY
EMPLOYEE SIGNATURE	 _____
AUTHORIZING SIGNATURE	 _____

INTERNAL CONTROLS: Payroll

§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.

INTERNAL CONTROLS: Payroll

§ 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.

INTERNAL CONTROLS:

Payroll

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.

INTERNAL CONTROLS: Payroll

Tribe/TDHE

Employee Name: _____ Employee Position: _____ Employee ID: _____

Week end: 9/30/2023

Date	Day	Type	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												0.00
***														0.00
9/26/2023	Wednesday	Regular												0.00
***														0.00
9/27/2023	Thursday	Regular												0.00
***														0.00
9/28/2023	Friday	Regular												0.00
***														0.00
9/29/2023	Saturday	Regular												0.00
***														0.00
9/30/2023	Sunday	Regular												0.00
														0.00
*** Identify other hours: Example: Overtime, Personal Time, etc													Total Hours	0.00
COMMENTS: _____														

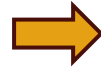
Document time worked EACH day by project/grant

- 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



Employee signature: _____ Date: _____

Supervisor signature _____ Date: _____



Department Manager O/T approval Signature _____

INTERNAL CONTROLS:

Payroll

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.

EXEMPT PERSONNEL LEAVE REPORT		
Period from		Period to
<input type="text"/>		<input type="text"/>
First Name	Last Name	Employee ID#
<input type="text"/>	<input type="text"/>	<input type="text"/>
Position Title	<input type="text"/>	
Department	<input type="text"/>	
Type of Leave Taken	Dates Taken	Total Days
Personal	<input type="text"/>	<input type="text"/>
Jury Duty	<input type="text"/>	<input type="text"/>
Bereavement	<input type="text"/>	<input type="text"/>
Administrative	<input type="text"/>	<input type="text"/>
Holiday	<input type="text"/>	<input type="text"/>
Leave without Pay	<input type="text"/>	<input type="text"/>
		<input type="text"/>
Total Days Taken		<input type="text"/>
Comments		
<input type="text"/>		
Employee Certification:	Supervisor Certification:	
<input type="text"/>	<input type="text"/>	
After signatures, submit to Payroll Department		
Policies on Employee Leave are contained in Sections _____ of _____ Personnel Policies. Leave activity reports will be provided periodically to the President/CEO.		

INTERNAL CONTROLS: Payroll

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

INTERNAL CONTROLS: Payroll

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.

<https://www.irs.gov/forms-pubs/about-publication-15>

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.

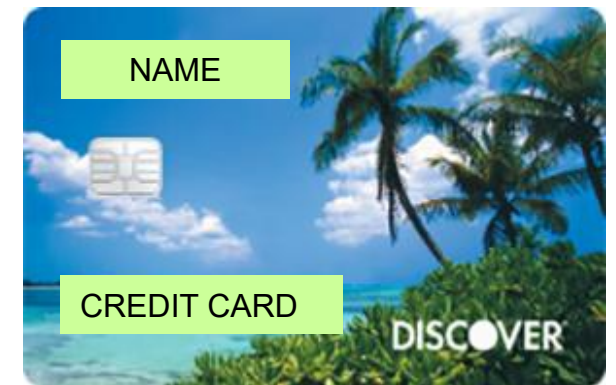
INTERNAL CONTROLS: Business Credit Card

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 above 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 segregation of duties

- 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

INTERNAL CONTROLS:

Bank Reconciliation

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

INTERNAL CONTROLS:

Bank Reconciliation

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.

INTERNAL CONTROLS: Bank Reconciliation

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).

INTERNAL CONTROLS:

Bank Reconciliation

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 must 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



Balance
over
\$250,000

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.

INTERNAL CONTROLS:

Bank Reconciliation

BANK RECONCILIATIONS – PROCEDURES

- Reconciling bank accounts each month 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 Town Bank General Operating		
Step 1	Balance per Bank Statement December 31, 20XX		170,309.67
	Add:	Deposits in Transit	19,923.50
	Less:	Outstanding checks	(18,800.66)
		Adjusted Balance per Bank	171,432.51
Step 2	Balance per Books at December 31, 20XX		171,352.51
	Adjustments:		
	add:	Interest earned	100.00
	less:	Monthly bank charges	(120.00)
	Less:	Returned checks	0.00
		Adjusted Balance per Books	171,332.51
	Deposits in Transit:		
	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 Checks		
	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
Prepared by: _____ Date: _____			
Approved by: _____ Date: _____			

SEGREGATION OF DUTIES

Sample Procedures for Internal Controls on Bank Reconciliations

Responsibility and Segregation of Duties:

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

Must sign and date

INTERNAL CONTROLS: Bank Reconciliations

PAY ATTENTION TO
UNCLEARED
TRANSACTIONS!

	Bank Reconciliation using QuickBooks		
	Bank Statement Reconciliation Summary:		
	\$	Statement Beginning Balance	
a)	+	Deposits Cleared	
b)	-	Checks Cleared	
	=	Bank Statement Ending Balance	
	\$	Uncleared transactions as of (statement date)	
	\$	Register (GL) ending balance as of (statement date)	12/31/2024
	\$	Cleared transactions after (statement date)	
c)	\$	Uncleared transactions as of (reconciling date)	
	\$	Register (GL) ending balance as of (reconciling date)	3/31/2025
	Details:		
b)	\$	Checks and Payments cleared (LIST Bank Cleared)	
a)	\$	Deposits and other credits cleared (LIST Bank Cleared)	
	Additional Information		
c)	\$	UNCLEARED CHECKS as of Reconciling Date (LIST O/S)	
c)	\$	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 Posting Error	Post entry to correctly classify payroll charge to the right class for work performed.
Adjusting Entries	Book month end allocations or indirect cost allocations.
Adjust Accounting Balances	Recording depreciation of expenses and 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

SAMPLE GENERAL JOURNAL ENTRY FORM					
UPNORTH VILLAGE			AJE NUMBER		
DATE	ACCOUNT	CLASS	DESCRIPTION	Debit	Credit
XX-XX-XXXX	XXXX	XXX	enter description (shows in General Ledger)	\$\$\$	
	XXXX	XXX	enter description (shows in General Ledger)		\$\$\$
posting date/date of transaction					
short description of why you are creating the journal entry.					
TOTAL					
Name and signature of preparer			Date of Preparation		
Prepared by:			Date		
Name and signature of reviewer/approver			Date		
Approved by:			Date		
<div>must be different from the Preparer, such as the Administrator or Council Member</div>					
<p>Note: The reviewer/approver looks over the journal entry and supporting documentation before posting. Each journal entry should have complete documentation to support the transaction. There should always be two signatures for every entry</p>					

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.

a. President

- i. Reviews and approves all grant expense reports;
- ii. Approves and reviews all Grant applications; and
- iii. Signs checks for all transactions over a certain limit.

APPROVES

b. Tribal Administrator

- i. Reviews final bank reconciliations;
- ii. Second signer on all checks;
- iii. Reviews and approves payroll before final processing;
- iv. Approves payment of all payroll liabilities;
- v. Reviews and approves accounts payable before checks are cut;
- vi. Reviews and approves all financial reports;
- vii. Approves all journal entries (or JE's over a certain dollar amount);
- viii. Approves all credit card payments; and
- ix. Reviews and approves bank deposits and bank reconciliations.

REVIEWS & APPROVES

c. Bookkeeper

- i. Processes payroll and payroll liabilities;
- ii. Processes accounts payable and prepares checks;
- iii. Reconciles general ledger monthly;
- iv. Reconciles bank accounts;
- v. Prepares grant expense reports; and
- vi. Reconciles credit card payments.

PROCESS & RECONCILES

d. Office Assistance/ Receptionist

- i. Opens all mail;
- ii. Prepares cash receipts log and invoice log;
- iii. Mails checks for payment; and
- iv. Processes all travel requests and reviews travel vouchers for accuracy.

PROCESSES

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

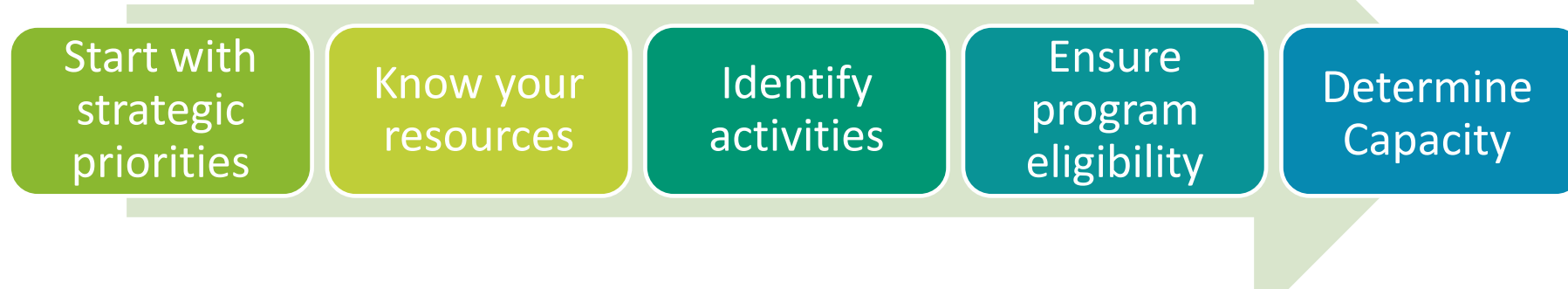
Consider Internal Controls in your organization.
Name an internal control for each of the following:

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



Section 6: Budgeting

BUDGET PROCESS



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 all sources of funds. 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

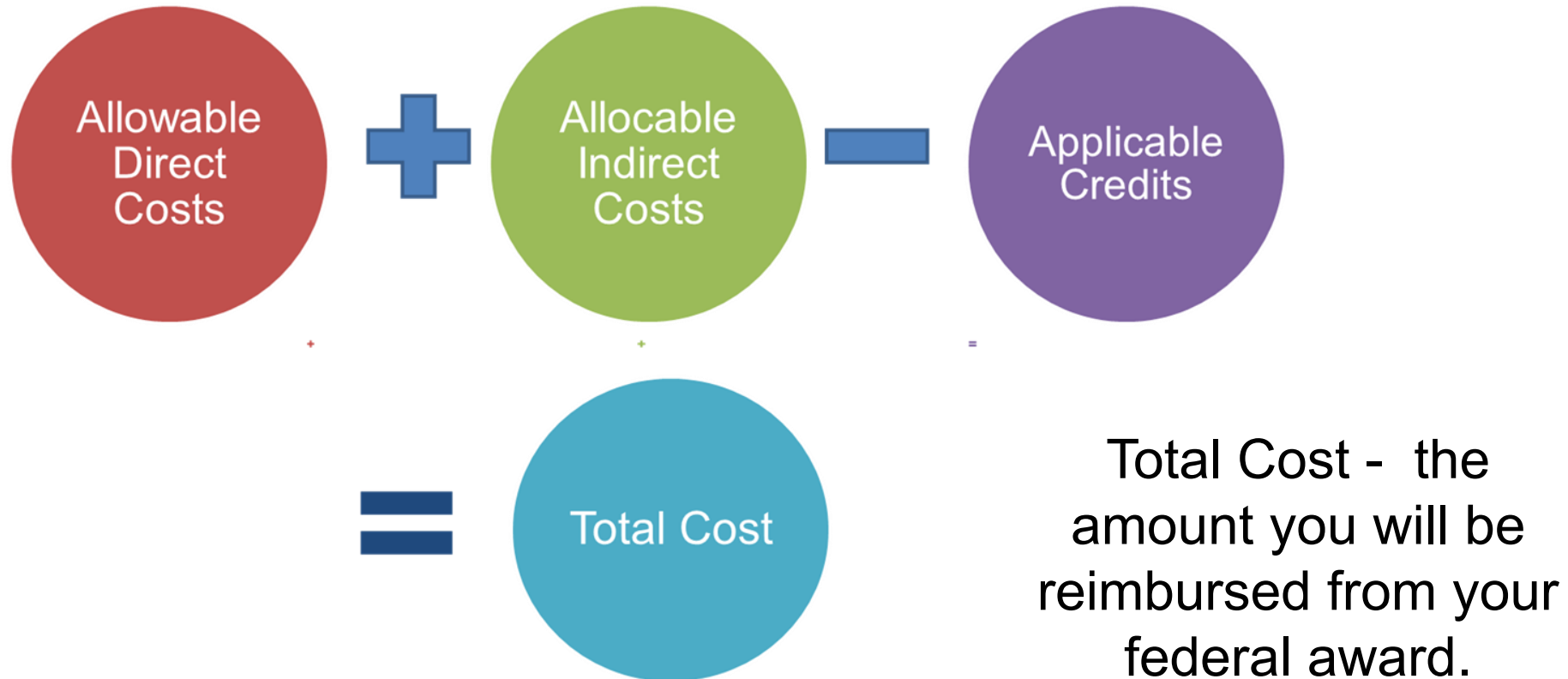
- Are defined activities measurable?
- Can activity be completed within budget timelines?
- What are your total resources available?
- Are costs being applied consistently, and are all costs allowable to the Program(s)?,
- Are activities progressing as planned?
- Is the cost/unit in line with expectations?
- 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).
 - i. 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 IDCRC may elect to charge a de minimis rate of up to 15% of modified total direct costs (MTDC)

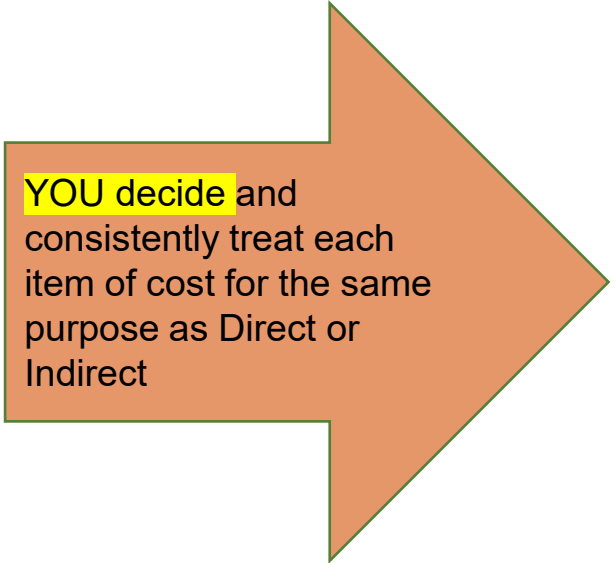
INDIRECT COSTS

Uniform Guidance UPDATE:
De Minimis 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;
2. 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

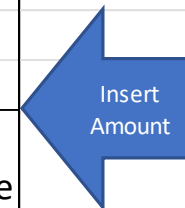
10-5556-00-100 POOL – VEHICLE EXPENSES



ALLOCATION SAMPLE-

BASE: NUMBER OF EMPLOYEES

Allocation Table 1: Administrative						
Allocation method: number employees						
used to allocate administrative expenses:						
	Supplies					
	Office Utilities					
	Office Internet/Telephone					
	Postage					
	4.25	100.00%	\$ 2,616.00	\$ 1,300.00	\$ 1,350.00	\$ 317.65
Grant	Number Ees	%	Supplies	Office Utiities	Internet/ 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



Insert
Amount

ALLOCATION SAMPLE – BASE: TOTAL BUDGET EXPENSES

Allocation Table 2: Insurance & Audit					
Allocation method: Budgeted Expenses					
used to allocate Insurance and Audit Expenses					
	\$ 875,500.00	100.00%	\$ 6,300.00	\$ 11,000.00	\$30,000.00
Grant	Budgeted Expenses	%	Gen Liability Insurance	Property Insurance	Audit Services
Local Revenue-Playgro	\$ 38,500.00	4.40%	\$ 277.04	\$ 483.72	\$ 1,319.25
BIA Tribal Allocation	\$122,000.00	13.93%	\$ 877.90	\$ 1,532.84	\$ 4,180.47
ICDBG Competitive	\$125,000.00	14.28%	\$ 899.49	\$ 1,570.53	\$ 4,283.27
ICDBG	\$150,000.00	17.13%	\$ 1,079.38	\$ 1,884.64	\$ 5,139.92
Tribal Transportation	\$115,000.00	13.14%	\$ 827.53	\$ 1,444.89	\$ 3,940.61
IHBG	\$325,000.00	37.12%	\$ 2,338.66	\$ 4,083.38	\$11,136.49
Totals			\$ 6,300.00	\$ 11,000.00	\$30,000.00

Insert
Amount
here

ALLOCATING COSTS TO DIFFERENT ACTIVITIES OR PROGRAMS

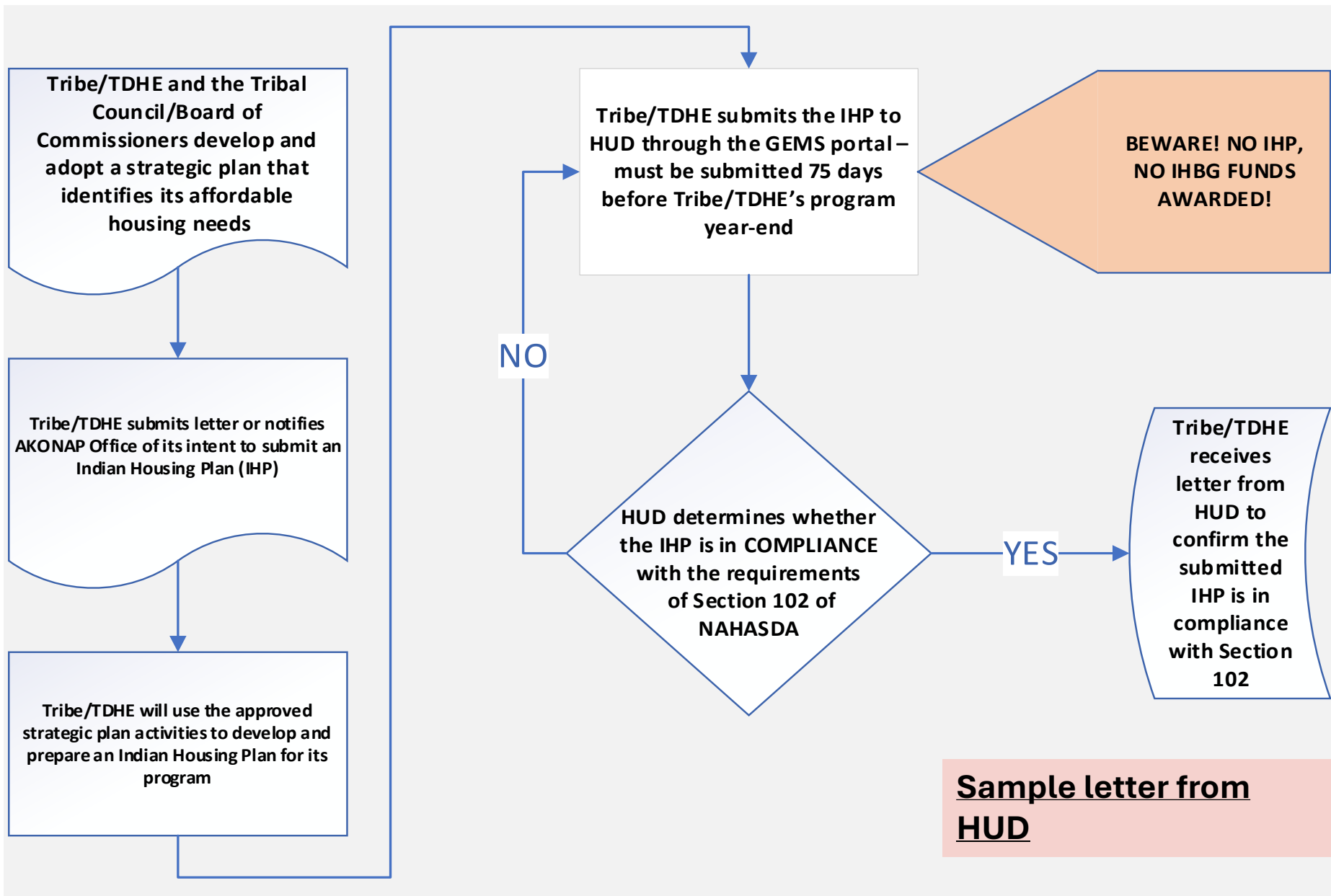
SAMPLE PAYROLL AND OTHER OVERHEAD EXPENSES ALLOCATION TABLE											
	COLUMN	1	2	3	4	5	6	7	8	9	10
		Employee A	Employee C	Employee D	Employee E	Total	% of Total	Fringe Benefits FICA/ Medicare/ESC	401K	Tele- phone	Office Supplies
	FTE	1.00	0.50	1.00	1.00	3.50					
PROGRAM:											
	Rehab Program	25,000	-		-	25,000	14.7%	2,068	2,000	324	1,324
	SFH Construction					-					
	Tribal Office Bldg Dev	15,000				15,000	8.8%				
	Emergency Assist		10,000		-	10,000	5.9%	827	800	129	529
	Youth Activity	-	5,000		-	5,000	2.9%	414	400	65	265
	HB Assist Program					-	0.0%	-	-	-	-
	Other Programs		2,000	29,485	30,000	61,485	36.2%	5,085	4,919	796	3,255
	Planning & Admin	-	-	18,515	35,000	53,515	31.5%	4,426	4,281	693	2,833
	Budget Totals	40,000	17,000	48,000	65,000	170,000	100%	14,059	13,600	2,200	9,000
The above schedule illustrates:											
1	Column 5: The Tribe Housing staff of 3.5 FTEs are directly charged to NAHASDA activities or other programs based on work they perform for those areas.										
2	Column 6: The % of Total column shows what percent of wages and salaries are being charged to the activities and other programs. For example, the Rehab Program bears 14.7% of the cost of wages. The percent establishes the rate to apply to associated expenses (payroll taxes and other expenses such as telephone charges, and office supplies.										

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 must 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.

Indian Housing Plan Process



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

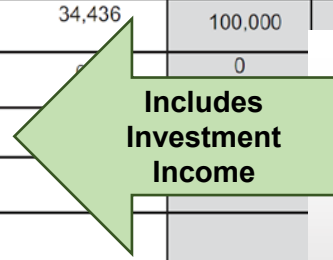
1. If Grant is more than \$500,000:
 - Up to 20% of annual expenditures of grant funds or up to 20% of annual grant amount, whichever is greater.
 - 20% also applies to a Recipient who is a TDHE for multiple grant beneficiaries whose allocation each is more than \$500,000.
2. If Grant is less than or 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.)

SOURCE	IHP					APR					
	(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	0	0					
3. Title VI	0	315,000	315,000	315,000							
4. Title VI Program Income	0	0	0	0							
5. 1937 Act Operating Reserves											
6. Carry Over 1937 Act Funds											
LEVERAGED FUNDS											
7. ICDBG Funds											
8. Other Federal Funds											
9. LIHTC											
10. Non-Federal Funds			0	0	0						
TOTAL	100,000	874,420	974,420	939,984	34,436	100,000	1,017,380	1,117,380	1,023,00	94,378	

Includes
Investment
Income

MULTIPLE
SOURCES OF
FUNDS



Includes
Investment
Income

**MULTIPLE
SOURCES OF
FUNDS**

Notes:

- 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).
- Total of Column D should match the total of Column N from the **Uses Table** on the following page.
- Total of Column I should match the Total of Column Q from the Uses Table on the following page.**
- 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

1. 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

1. **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.
 - a. 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)).

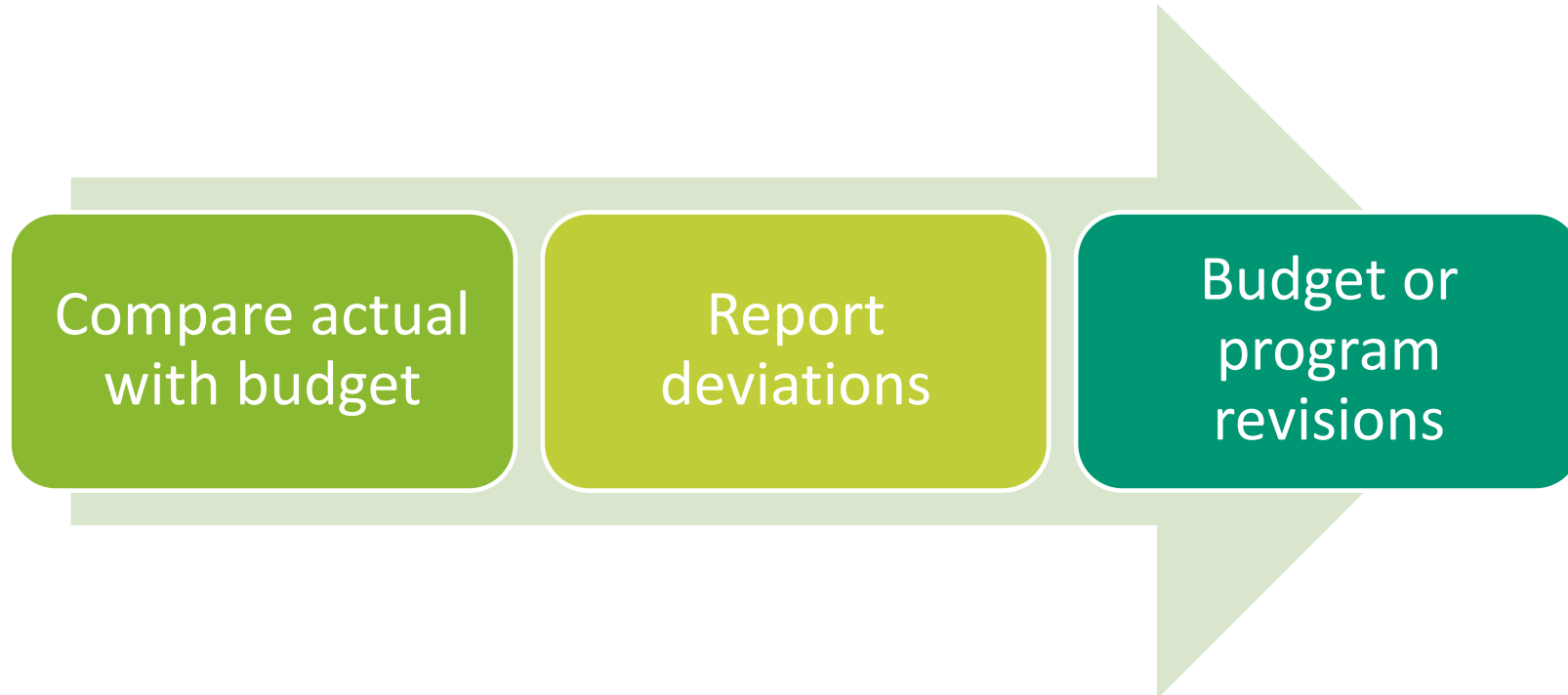
**Budget Setup
Allows for
Tracking by
Eligible Activities**

	UPNORTH TRIBAL HOUSING 20XX NAHASDA BUDGET								
	1937 Act Budget	NAHASDA Dev Budget	Housing Services Budget	Moderniza tion Budget	MH Program Budget	Title V 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									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						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									0
5804 · Capital Infrastructure									0
5804.99 · Contra Exp-Infrastructure									0
5805 · Capital Assets - Equipment									0
5805.99 · Contra Exp - Equipment									0
5890 · Principal Payments on Loan		8,500				62,000			70,500
5890.99 · Contra Exp-Principal Payments									0
Total Expense	40,173	565,000	37,350	51,448	33,013	98,000	110,000	5,000	939,984
Net Income	8,400	0	0	0	0	0	0	0	8,400

**Shows IHBG as
one of many
budgets**

		UPNORTH TRIBAL HOUSING 20XX BUDGET					Total NAHASDA Budget	TOTAL BUDGET
		ANTHC Budget	BIA Budget	CCS Budget	ICDBG Budget	IRR Budget		
							38,500	38,500
							4,320	4,320
		38,500	125,000	20,000	150,000	265,000	590,564	1,189,064
							315,000	315,000
							0	0
Total Income		38,500	125,000	20,000	150,000	265,000	948,384	1,546,884
Expense								
5000 · Salaries & Wages-Tribe Paid			80,000			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							5,000	5,000
5700 · Program Assistance-Emergency			3,850				5,000	8,850
5710 · Child Care Assistance				16,000			0	16,000
5780 · Interest Expense							36,000	36,000
5800 · Capital Assets-Building							454,784	454,784
5800.99 · Contra Exp-Buildings							0	0
5803 · Land Improvements					150,000		0	150,000
5803.99 · Contra Exp-Land							0	0
5804 · Capital Infrastructure		38,500					0	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
Net Income		0	0	0	0	0	8,400	8,400

BUDGET CONTROLS: BASIC ELEMENTS



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

Revenue and Expense September 30, 202X					
<u>Account Number & Description</u>	<u>Period to Date Actual</u>	<u>Year to Date Actual</u>	<u>Annual Budget</u>	<u>% Used</u>	<u>Budget 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
	↓	↓	↓	↓	↓
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.**)

PROGRAM NAME (tie to program names in Section 3 above)	Unique Identifier	IHP			APR		
		(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:

- Total of Column L cannot exceed the IHBG funds from Column C, Row 1 from the Sources Table on the previous page.
- Total of Column M cannot exceed the total from Column D, Rows 2-10 from the Sources Table on the previous page.
- Total of Column O cannot exceed total IHBG funds received in Column H, Row 1 from the Sources Table on the previous page.**
- Total of Column P cannot exceed total of Column H, Rows 2-10 of the Sources Table on the previous page.**
- 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 not required to submit an amended IHP 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 re-programmed 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 [DOCUMENTS](#) 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):

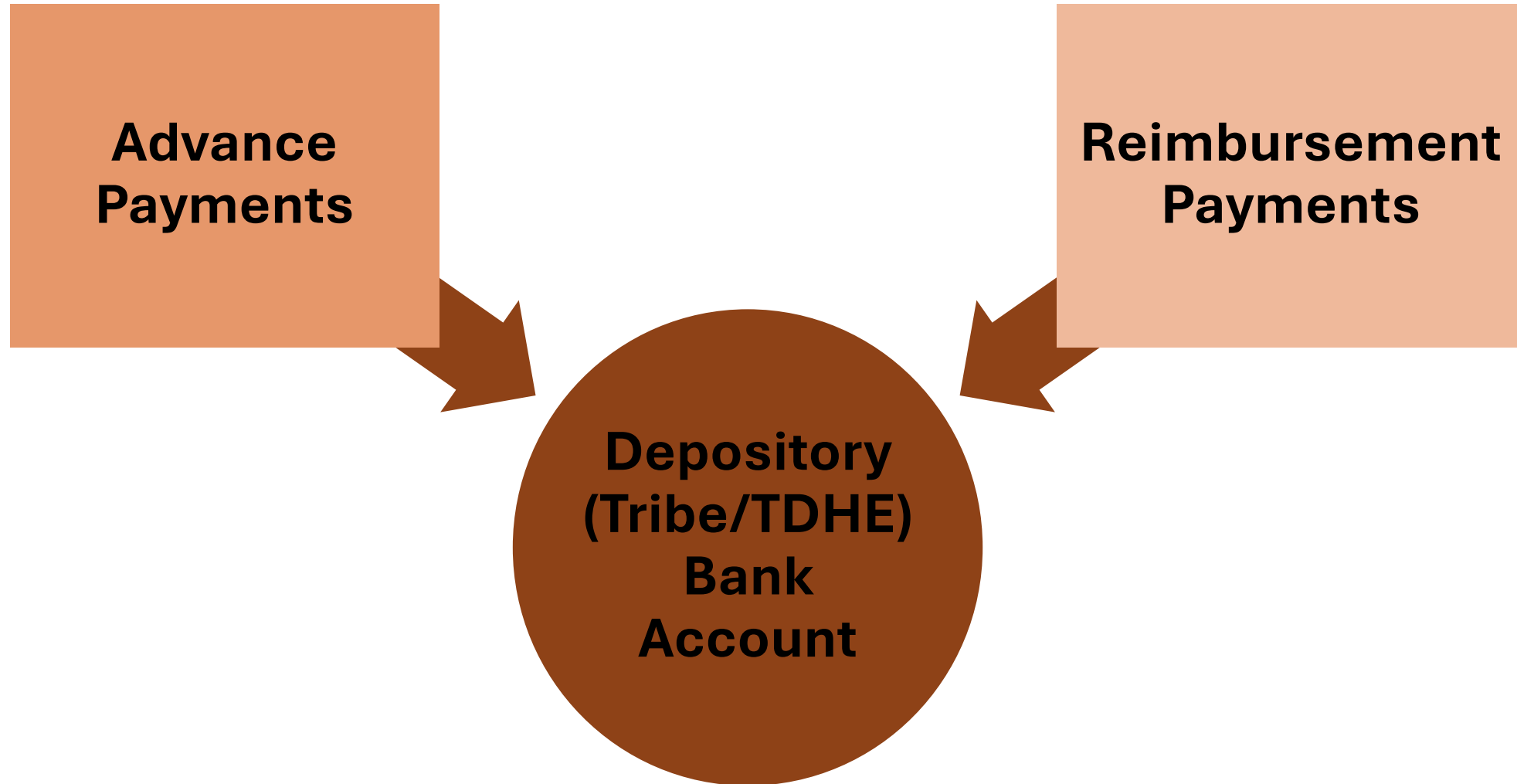
The Tribe/TDHE **must have written procedures** to implement the requirements of **§200.305 Payment**



IMPORTANT TO
KNOW

- 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)



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 must be paid 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

UpNorth Housing Authority			
Revenue and Expense Report			
as of 10/31/202X			
Fund: IHBG			
Account	Description	Month to Date	Year to Date
4300	NAHASDA Revenue	0	104,030
5000	Salaries & Wages	5,630	56,300
5005	Benefits	732	7,319
5600	Operating Supplies	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 Expense:	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 UNALLOWABLE 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 recipient's 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, but not providing, locally available dependent care resources are **allowable**.
- 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

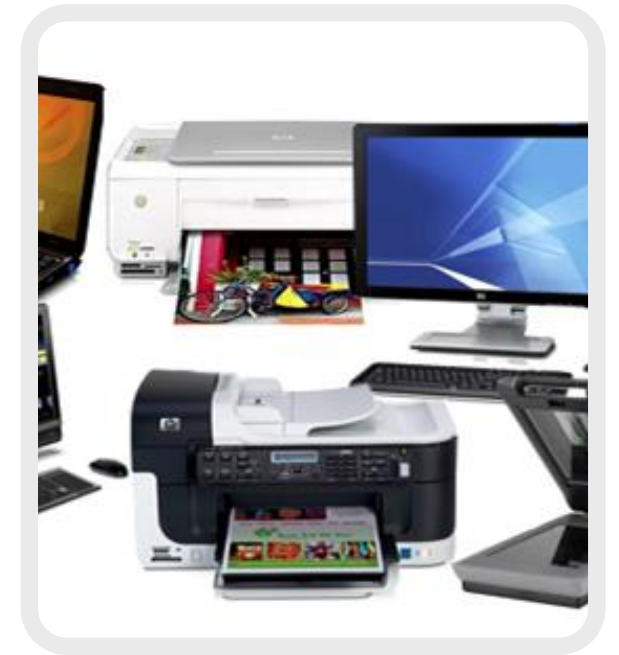
- Cost of insurance required or approved and maintained, pursuant to the Federal award. **Example: General Liability**
- Costs of other insurance in connection with the general conduct of activities if type, extent and cost of coverage are in Tribe/TDHE policy and sound business practice. **Example: 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 direct costs is allowable for devices that are essential and allocable, but not solely dedicated, to the performance of a federal award.



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. first-class 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 Selected Items of Cost in the Uniform Guidance; and
- Review written procedures on cost allowability in the sample Financial Management Policy
- Review sample financial management policies and procedures

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



THANK YOU!