



# BASIC FINANCIAL MANAGEMENT

VIRTUAL TRAINING  
APRIL 16 - 17, 2024



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

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# **SECTION 1**

## **INTRODUCTION, PURPOSE, OBJECTIVES**

# TRAINER INTRODUCTION

## **Maria Tagliavento White River Consulting, LLC**

- Certified Public Accountant (CPA), Inactive License
- 1991 – Began career in Indian Housing Programs
- 1991-1997: Aleutian Housing Authority
  - Chief Financial Officer
  - Program funded under the 1937 Housing Act
- 1997 – 2014: Cook Inlet Housing Authority
  - Cook Financial Officer (CFO) and Executive Vice President overseeing Compliance and Business Development
- 2014 – Present: Contractor - Provide Training and Technical Assistance to Indian Tribes and Alaska Natives provided under NAHASDA

# 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?

Share in CHAT!





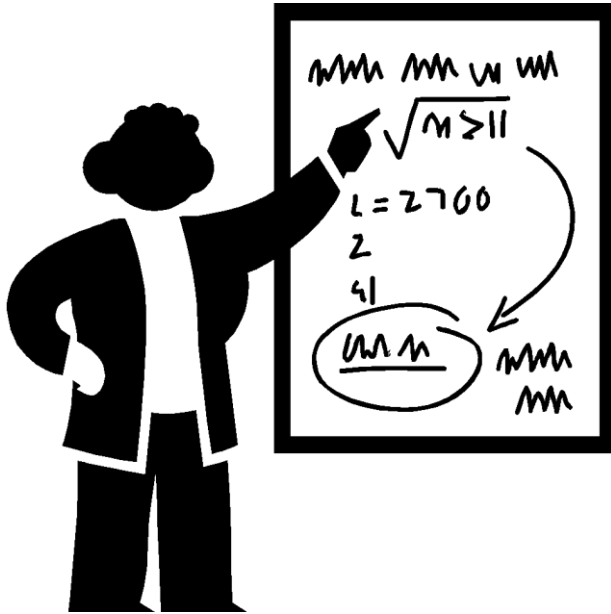
# TRAINING PURPOSE

- To gain an understanding and knowledge of your fiscal responsibilities to manage and administer the Indian Housing Block Grant (IHBG)
- To ensure compliance with the NAHASDA Statutes and Regulation, and 2 CFR Part 200.

# COURSE OBJECTIVES

- Provide an overview of relevant sections of 2 CFR 200 and the NAHASDA Statutes and Regulations for effective management of the IHBG grant.
- Study basic financial transactions and accounting applications relevant to the NAHASDA program.
- Improve the compliance, accuracy, and performance and functions of the participants in the management of the IHBG award.
- Provide tools and best practices to enable participants to better utilize their existing financial management system.

# APPROACH



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



**BASIC FINANCIAL MANAGEMENT  
AGENDA  
APRIL 16-17, 2024  
DAILY SCHEDULE: 9:00 AM – 4:00 PM PST**

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**SECTION 1: Introduction, Purpose, Objective**

- Introduce trainer and the purpose of the training; participants to introduce themselves and provide a brief background of their housing programs.
- Provide a brief discussion on highlights of the materials that will be covered over the two days of training.

**SECTION 2: Overview of the NAHASDA and the Uniform Guidance**

- Review key references for the NAHASDA Program and research in HUD websites.
- Provide a brief introduction to the 2 CFR Part 200 (“Uniform Guidance” or “UG”) and how it applies to the NAHASDA Program.
- Introduce the Financial Management System elements from §200.302(b) as the basis for a sound and effective financial management system and this training.

**SECTION 3: Use Accounting System to Identify and Track Federal Grant Activities and Financial Reporting**

- Discuss how to accurately record, manage and track IHBG grants with proper setup of the chart of accounts in the accounting system.
- Review required financial reporting using OMB approved data collection.
- Overview of the SF-425 report and the APR report and their link to the financial statements.



## **SECTION 2**

# **NAHASDA & UNIFORM GUIDANCE OVERVIEW**

## TRANSITION FROM 1937 HOUSING ACT

### 1937 Housing Programs

- Low Rent Units
- Mutual Help Program
- Section 8

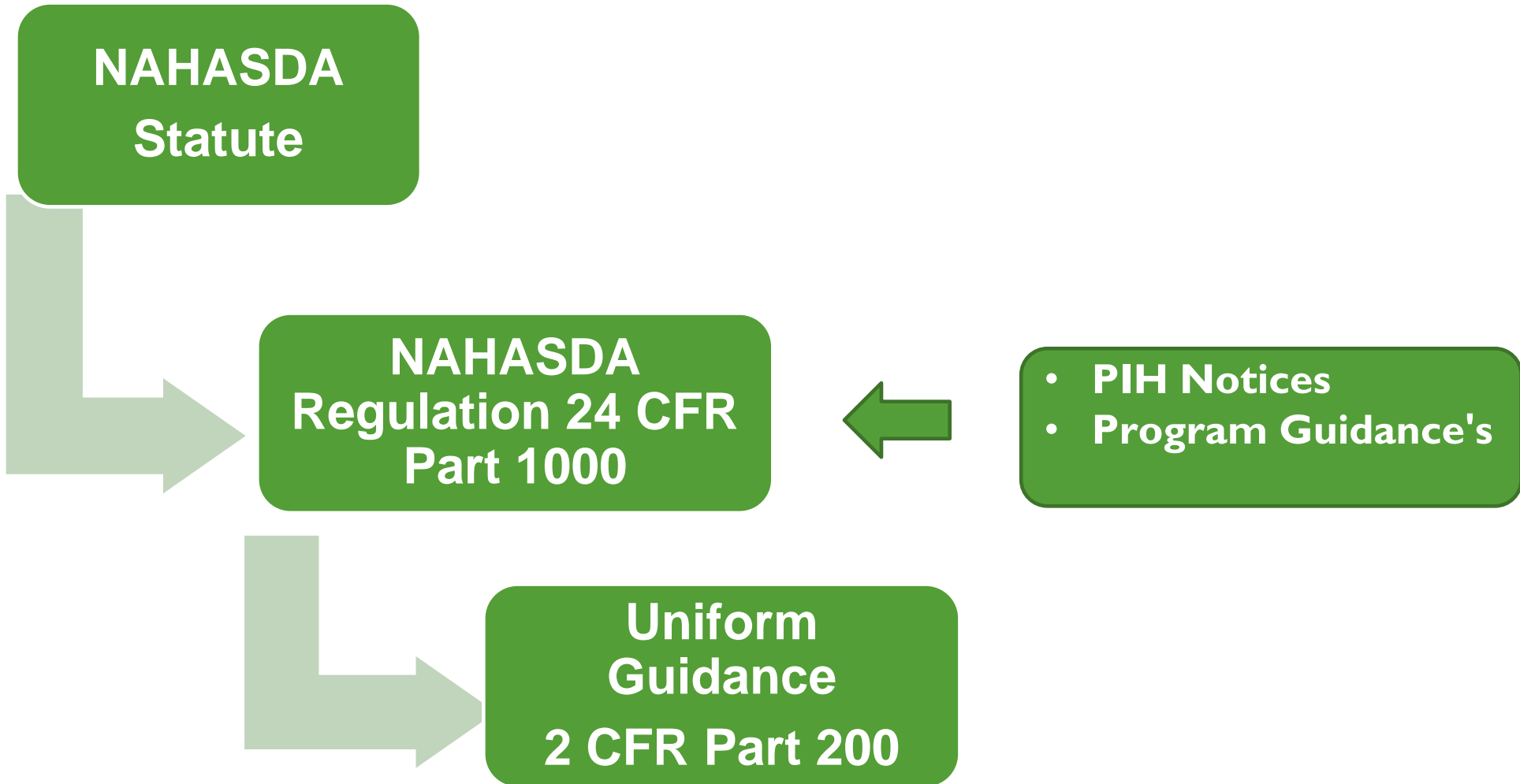
202(1) of NAHASDA provides subsidy for modernization and operation of these units.



## 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.”

# HIERARCHY OF GUIDANCE APPLICABILITY



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# Link between NAHASDA and the Uniform Guidance

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

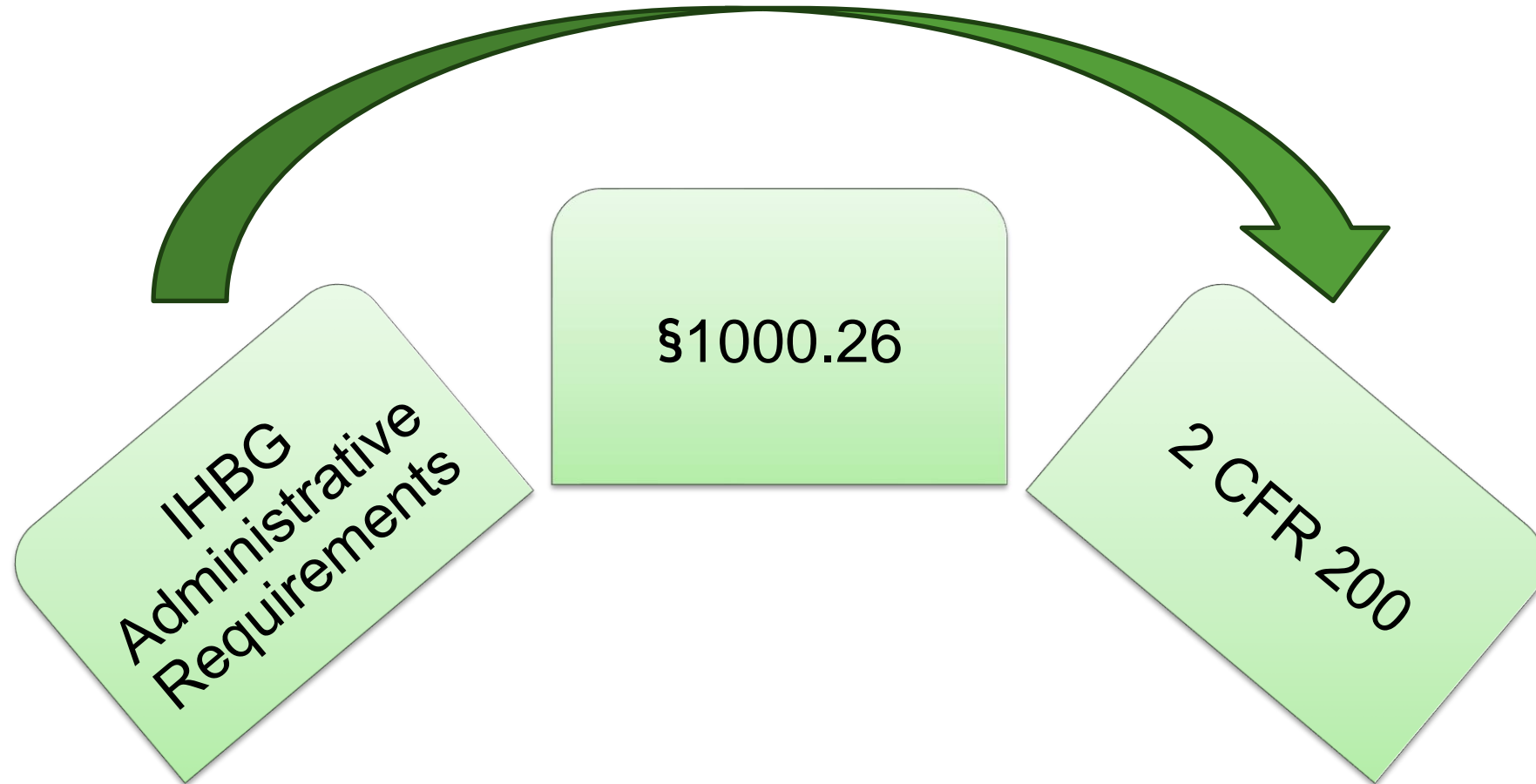
**§1000.26(a)** Except as addressed in §1000.28, *recipients shall comply with the requirements and standards of 2 CFR part 200, “Uniform Administrative Requirements, Cost Principles, And Audit Requirements for Federal Awards”...*

**§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/text-idx?tpl=/ecfrbrowse/Title24/24cfr1000\\_main\\_02.tpl](https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title24/24cfr1000_main_02.tpl)

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# Link between NAHASDA and the Uniform Guidance



# LINKS TO THE NAHASDA PROGRAM REFERENCES

## **CODETALK**

- <https://www.hud.gov/codetalk>

## **NAHASDA STATUTE**

- [https://www.hud.gov/sites/documents/DOC\\_8141.PDF](https://www.hud.gov/sites/documents/DOC_8141.PDF)

## **NAHASDA REGULATION**

- [https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title24/24cfr1000\\_main\\_02.tpl](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](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](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>

# 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 – 200.216)

- Pre-Federal Award Requirements and Contents of

## 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

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

# RECIPIENTS OF FEDERAL AWARDS MUST COMPLY WITH...

## 1. § 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 Law, and public policy requirements.
- Non-Federal entity is responsible for complying with all requirements of the Federal award.

# RECIPIENTS OF FEDERAL AWARDS MUST COMPLY WITH...

## 2. § 200.301: Performance Measurement

The Federal awarding agency must measure the recipient's performance to show achievement of program goals and objectives.

### ■ Shift in emphasis from compliance to performance

- Measuring performance
- Improve 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

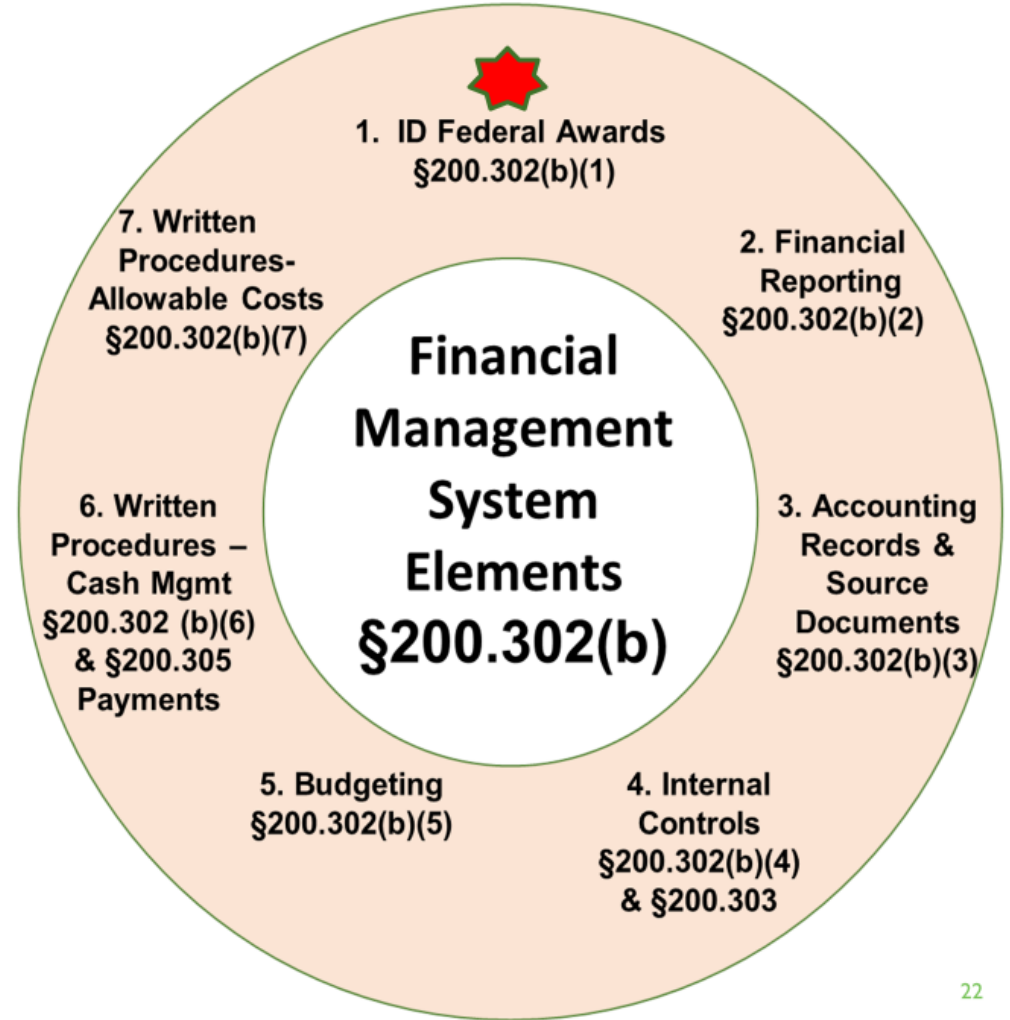
§200.302..... non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award:

- Must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions;
- Tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

# SECTION 3

## Identify All Federal Awards

A non-federal (Tribe/TDHE) entity must provide for the following elements...



## § 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** (CFDA) title and number
- Federal award identification number and year
- Name of the Federal agency, and
- Name of the pass-through entity, if any.

# CONSIDER THIS.....

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

- Do you know 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 ease in coding transactions?
- Are all your grants set up in your accounting system?
- Can your accounting system easily produce revenue and expense reports for each active grant?
- Can you rely on your accounting system reports 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 TRACK GRANTS

## **Chart of Accounts: Organizational tool:**

- List of all general ledger accounts
- control for recording transactions for consistency and eligible activity of the grant.
- Serves as recordkeeping system
- Helps you make informed decisions
- **Initial setup of accounting system should reflect what financial information you are required to collect and report.**

## **Example 1:**

### **Use QuickBooks features:**

- **Sales or Department – to set up Donors (IHBG)**
- **Class – to track IHP activities**

**OR**

## **Example 2:**

### **Use QuickBooks**

- **Class – To track by Grant**
- **SubClass or Jobs – IHP activities**

Used to be  
CFDA Number

## § 200.302(B)(1)

# IDENTIFICATION OF ALL FEDERAL AWARDS

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

For  
Example

<b>Federal Agency</b>	Department of Housing and Urban Development, Office of Native American Programs (HUD/ONAP)
<b>Federal Program</b>	Native American Housing Assistance and Self Determination Act (NAHASDA)
<b><u>Assistance Listings</u> Title</b>	Indian Housing Block Grant (IHBG)
<b><u>Assistance Listings</u> Number</b>	<b>14.867</b>
<b>Award Number</b>	55-IH-02-0123-0
<b>Award Year</b>	FY2021

### SAMPLE GENERAL LEDGER SETUP

Fund	Dept	Object Code	Grant	IHP Activity
01	10	6000	55	100

Fund	General Fund
Department	Housing Services
Object Code	Program Supplies
Grant	NAHASDA IHBG Grant
Activity	IHP-Tenant Based Rental Assistance

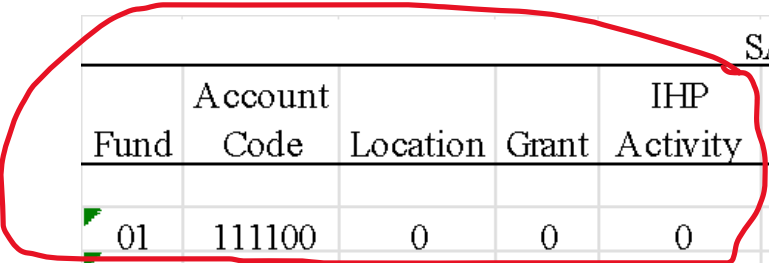
# TRACKING IHBG USING YOUR ACCOUNTING SYSTEM

## EXAMPLE 1

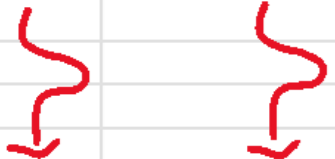
<b>ACCOUNT CODE NUMBER</b>	<b>ACCOUNT CODE DESCRIPTION</b>	<b>(SALES) DONOR DESCRIPTION</b>	<b>CLASS NUMBER</b>	<b>CLASS DESCRIPTION</b>
4110	SALARIES	IHBG	10	HOUSING SERVICES
4110	SALARIES	IHBG	15	PLANNING & ADMINISTRATION
4110	SALARIES	IHBG-CARES	90	RESPOND
4110	SALARIES	IHBG-CARES	91	PREPARE
4110	SALARIES	IHBG-COMPETITIVE	20	SENIOR HOUSING DEV PROJECT
4110	SALARIES	IHBG-COMPETITIVE	21	FAMILY RENTAL HOUSING PROJECT

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	72	-
01	112310	0	0	0	Allowance for Doubtful Accts		57,424.87
01	112900	0	0	0	Accounts Receivable-Other	69,41	-
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**



# QUESTION

How much time are you spending managing grant revenues and expenditures manually using excel spreadsheets?

**More than 50%** \_\_\_\_\_

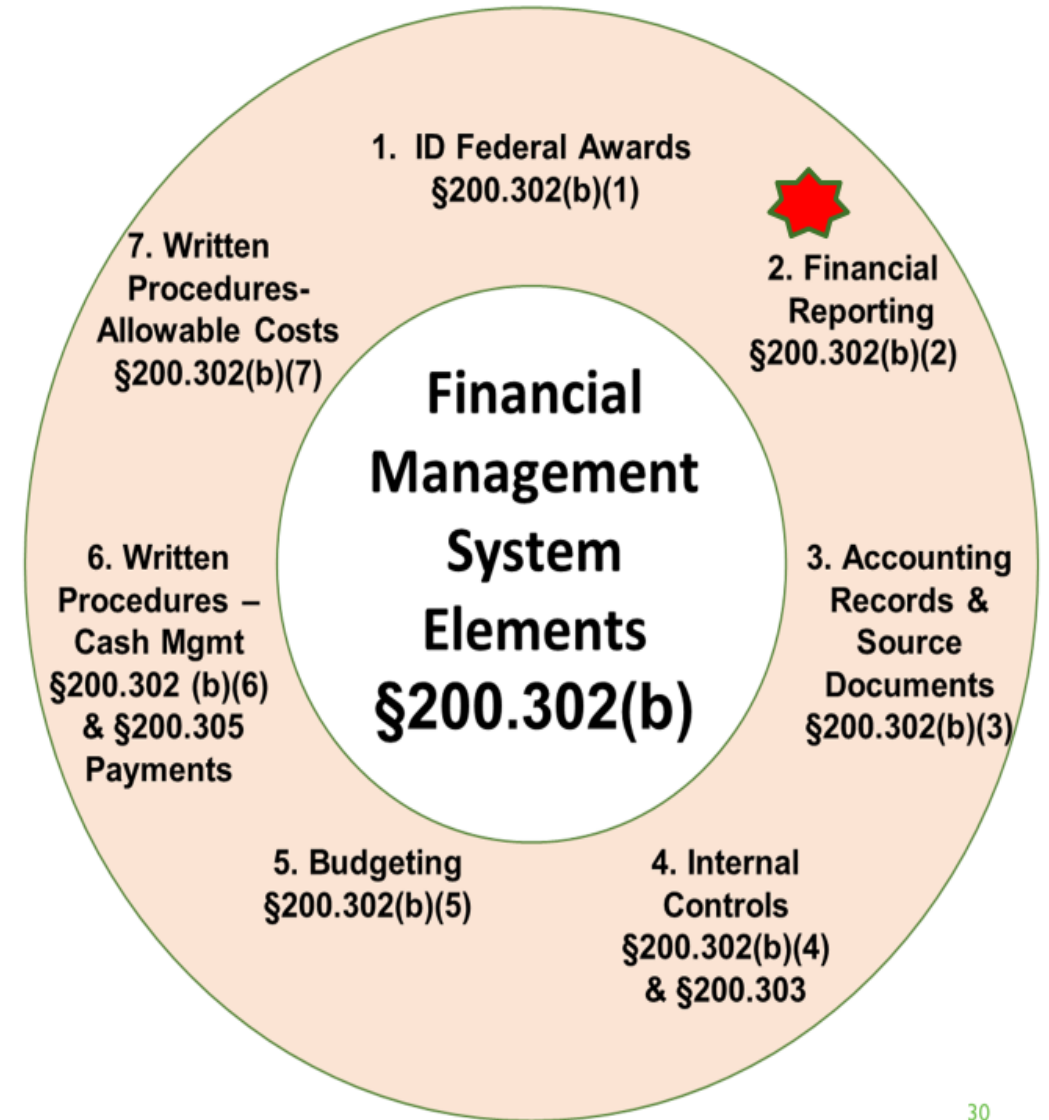
**Some of the time** \_\_\_\_\_

# SECTION 4

## 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....and must reporting must meet requirements set forth in 200.328 & 329....



# Accurate

- Accounting for revenues and expenditures/expenses of the grant are accurately recorded in accordance with GAAP.
- Charges to the grant are approved costs based on the approved grant agreement – they are allowable costs of the grant.
- Must not use estimates to record revenues and charge costs to the grant!
- Work with your Grant Accountant to fix issues such as posting errors to the grant you are managing to correct expenses that should be charged to another grant.

# Current

- Ensure all income and expenses of the grant are posted in your accounting system when costs are incurred, and accordingly, when revenues are earned.

## Remember:

- Grant charges are incurred and recorded when they are eligible and allowable expenditures/costs of the grant.
- Revenues are recorded only when there are eligible and allowable expenditures/costs made to the grant.
- All transactions should be recorded in the correct reporting period. Review transactions to ensure they are accounted for and recorded for the correct period. For example: Have you reviewed your Prepaid insurance and Insurance expense to ensure both account balances are accurate and current for the reporting period?



# Complete

- The Tribe/TDHE's accounting system must record ALL transactions for all accounting activities.
- Remember, grants are not the only financial activities a Tribe/TDHE tracks. You have Investments, Program Income, Unrestricted Income activities and the Tribe/TDHE may have incurred unallowable costs such as bank fee charges for insufficient funds. These comprise of ALL the financial activities of the Tribe/TDHE and must be fully accounted for in the accounting system.
- Ensure that unallowable costs incurred that is related to a grant funded activity is NOT charged to the grant.
  - For example, an employee whose position is funded with IHBG is issued a penalty for illegal parking while attending a legitimate program meeting. The parking ticket penalty is still unallowable and must not be charged to the IHBG program.

# § 200.302(b)(2) FINANCIAL REPORTING

**The** financial results of each federal award or program must be reported according to requirements set forth in:

- §200.328 (Financial Reporting) and
- §200.329 (a,b,f,g) (Monitoring and Reporting Program Performance).

If a federal awarding agency or pass-through entity requires reporting on an accrual basis:

- 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

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**: IHP/APR Report (Report in Grants Evaluation Management System GEMS) online

a. 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

## 1. Annual and Quarterly Reporting - SF 425 Reporting Frequency:

- a. **Quarterly Reporting** – For Tribes/TDHEs approved for IHBG Investment
- a. **Annual Reporting** - For all Tribes/TDHEs WITHOUT IHBG Investment

## 2. Purpose of SF 425 Report:

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

[GEMS Training for ONAP Grantees](#) - Grant Evaluation Management System – Is the online portal to submit the IHP and APR for the IHBG Program.

## 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

## 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 30/31: Due Mar 30 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.

# SF-425 REPORTING:

1. IHBG Grant Activity including Obligated IHBG Funds
2. Program Income
3. Details of IHBG approved IHBG Investment 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	of
ONAP		For 55IT or 55IH Grant		1	
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		To: (Month, Day, Year) Program years		9. Reporting Period End Date (Month, Day, Year)	
10/01 - 01/01 - 04/01		9/30 - 12/31 - 3/31		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 DRWS received during period					\$0.00
a.2 Cash Receipts - Positive/negative cash on hand (Grant Payable/Grant Receivable) from prior FY end					\$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 end					\$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 end					\$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 unliquidated obligations (Not expenditures, but future obligations for awards, contracts, former account labor, etc.)					\$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) generally					
j. Recipient share of expenditures					
k. Remaining recipient share to be provided (minus j)					
Program Income:					
l.1 Total Federal program income earned - current year and prior FY end and unexpended 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 authorized in advance with the deduction alternative - N/A					
n. Program income expended in advance with the deduction alternative					\$0.00
o. Unexpended program income (line l minus m)					\$0.00
11. Indirect Expense (Optional)	a. Rate	b. Period From	c. Period To	d. Base	e. Amount Charged
					f. Federal Share
g. Totals:					
13. Remarks (Use Attachment) / P&A Reserves / PI					
16. Certification: By signing this report, I certify that it is true, complete, and accurate to the best of my knowledge. I am aware that providing false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 28, 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		

LET'S REVIEW!

# PIH 2000.26: DEFINING “OBLIGATION”

Activity	Point of Obligation
<b>Formal contract</b> Dictionary definition: a legally binding agreement between 2 or more parties.	The date the contract is executed by both parties.
<b>Grants to subrecipients to develop and/or manage affordable housing.</b>	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.
<b>Loans or grants to individuals for down payment assistance.</b>	The date the recipient and the individual execute an agreement.
<b>Loans or grants to subrecipients for revolving loan programs.</b>	The date the written agreement is executed by both parties.
<b>Assistance from a recipient to an IHA for operating and maintaining 1937 Act housing.</b>	The date the written agreement is executed by both parties.
<b>Tenant based rental assistance</b>	The date the written agreement is executed by the recipient and the tenant.
<b>Land purchases for affordable housing</b>	The date when all contingencies/conditions which would allow the buyer or seller to withdraw from the contract of sale are cleared

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

# WHAT IS PROGRAM INCOME (1000.62)?

- Program income is defined as “any income that is realized from the disbursement of (IHBG) grant amounts.”
  - **For example: CASH PROCEEDS collected from monthly rental units.**
- 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.



# IHBG Reporting of 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 – in GEMS, update the IHP report with the APR results.
- 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 an extension of an additional thirty (30) days (§1000.514).

# ANNUAL PERFORMANCE REPORT (APR)

- Reports the actual use of IHP budget activities completed during the 12-month program year compared to those activities approved in the IHP.
- 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 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)					27,995	0	27,995
202X-02 Development – Family Housing					225,628	314,660	540,288
202X-03 Housing Services					11,476	16,800	28,276
202X-04 Modernization/ Rehabilitation					51,332	0	51,332
202X-05 Mutual Help Program		21,693	11,320	33,013	4,259	10,920	15,179
202X-06 Tenant Based Rental Assistance		5,000	0	5,000	1,865	0	1,865
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
<b>TOTAL</b>		<b>590,564</b>	<b>349,420</b>	<b>939,984</b>	<b>530,622</b>	<b>342,380</b>	<b>873,002</b>

**Form HUD 52737: 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  
55IHXXXXXXXX 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.

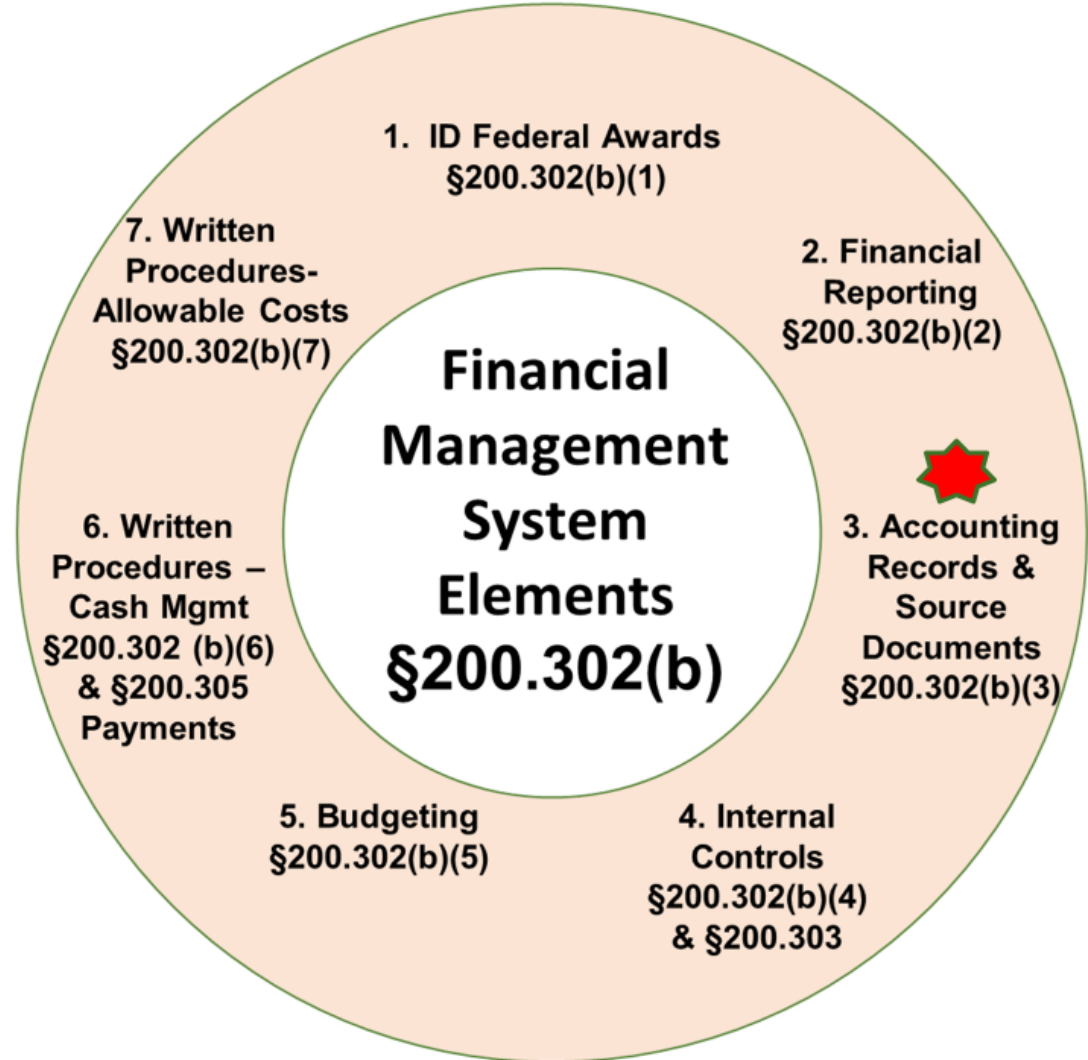
The Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA), at Section 404, as amended, requires the Department of Housing and Urban Development to assess, at least annually, each recipient's performance under the

# CONSIDER THIS.....

- **Financial Reporting: §200.302(b)(2)**
- **In reviewing your accounting system, ensure that:**
  - Accounting system is capable of producing a wide variety of financial reports that demonstrate you are accounting for all funding sources, as well as capturing detailed cost data for each program.
  - Financial reports are understandable, reliable, relevant, timely, consistent, and comparable.
  - Produce reports in a variety of formats to verify expenses are applied to programs correctly and you can report grant activities to granting agencies.
  - Produce financial reports that support IHP/APR and SF-425 reporting requirements using your accounting system.
  - Produce timely and accurate financial reports for internal users such as program managers, Board of Commissioners or Tribal Council.
  - Do you have strong internal controls to ensure the accuracy and reliability of the grant reports?

# SECTION 5

## Accounting Records, Source Documents, Recordkeeping And Retention



# §200.302(b)(3)

## ACCOUNTING RECORDS & SOURCE DOCUMENTS

Must provide records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards:

- Authorizations – approvals
- Financial **Obligations** – payable, contracts, subrecipients made
- 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.



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

<b>REQUIREMENTS</b>	<b>IDENTIFY SOURCES DOCUMENTS AND HOW THOSE FUNDS WERE USED</b>
Authorization:	Example: Evidence of Supervisor timesheet approval is authorization for recording and charging payroll expenditures/costs to the grant.
Financial Obligations	Example: Signed contracts and Subrecipient Agreements made against the grant 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, which are obligations incurred, but not yet paid.

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

<b>REQUIREMENTS</b>	<b>IDENTIFY SOURCE DOCUMENTS AND HOW THOSE FUNDS WERE USED</b>
Assets	Identify grant sources used for capital assets purchased, per Capitalization Policy and Procedures. Prepare a Schedule of Capital Assets by Class of Assets (Land, Improvement, Buildings, Equipment, etc.) and Depreciation Schedule and identify funding source.
Expenditures	Review allowability of costs for each grant. Only eligible and allowable expenditures/expenses of the grant 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 Program income and 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 Program (including Policy and Procedures) to manage records.

# RECORD KEEPING AND RETENTION & UNIFORM GUIDANCE REQUIREMENTS

§200.302(b): The financial management system of each non-Federal entity must provide for the following.....including:

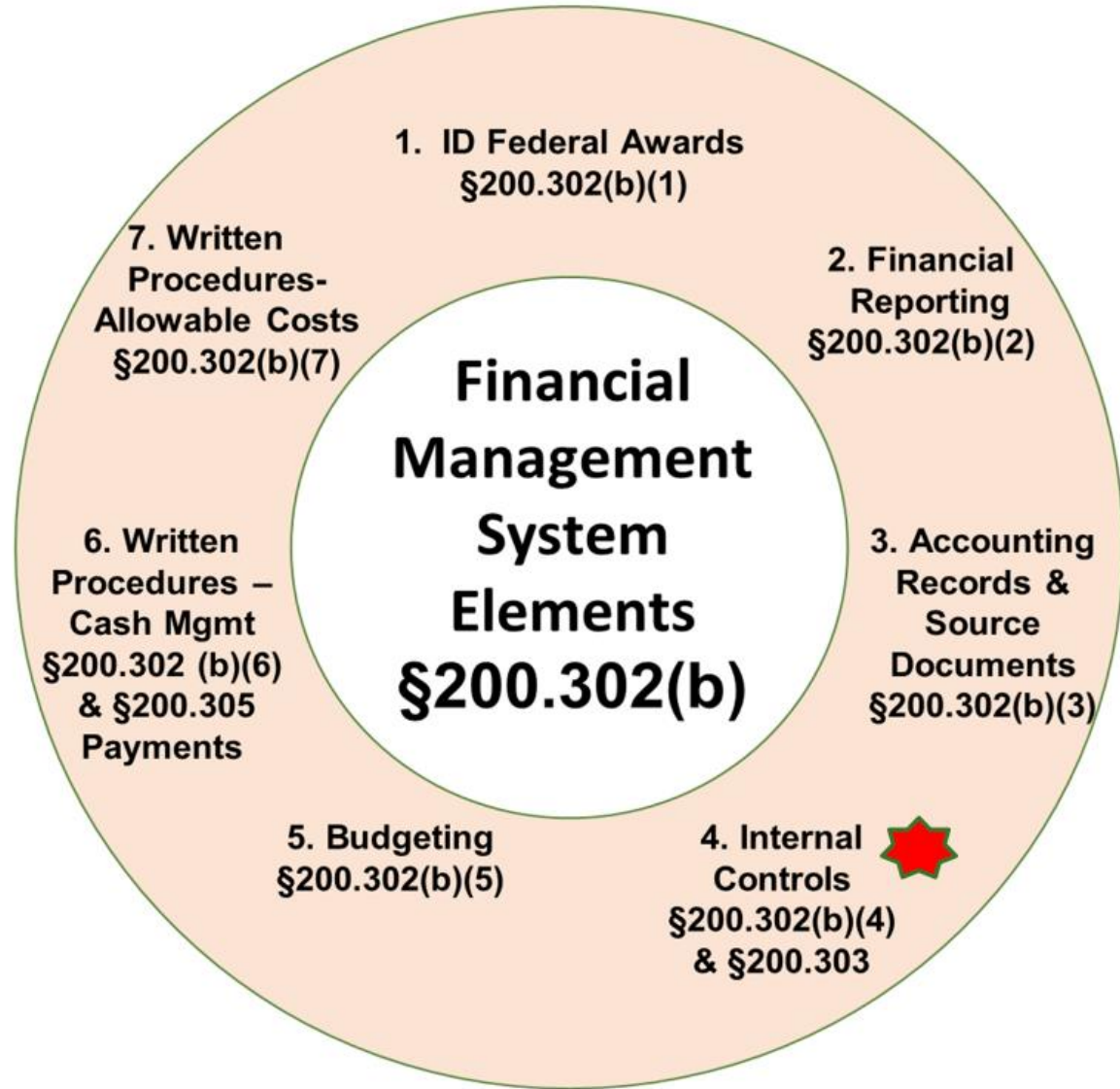
- §200.334 – Retention Requirements for Records - Refer to IHBG §1000.552 – How long should you keep the records?
- § 200.335 –Request for Transfer of Records – methods to transfer certain records to the federal agency, if required.
- § 200.336 - Methods for Collection, transmission, storage of information.
- § 200.337 – Access to Record – for the federal agency, the Inspector General’s, the Comptroller General of the United States;
- § 200.338 - Restrictions on public access to records – for example, Personnel files that have Personally Identifiable Information (PII).



**INCLUDE  
THESE IN  
YOUR  
RECORDS  
AND  
RETENTION  
POLICY**

# SECTION 6

## Internal Controls



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## § 200.302(b)(4)

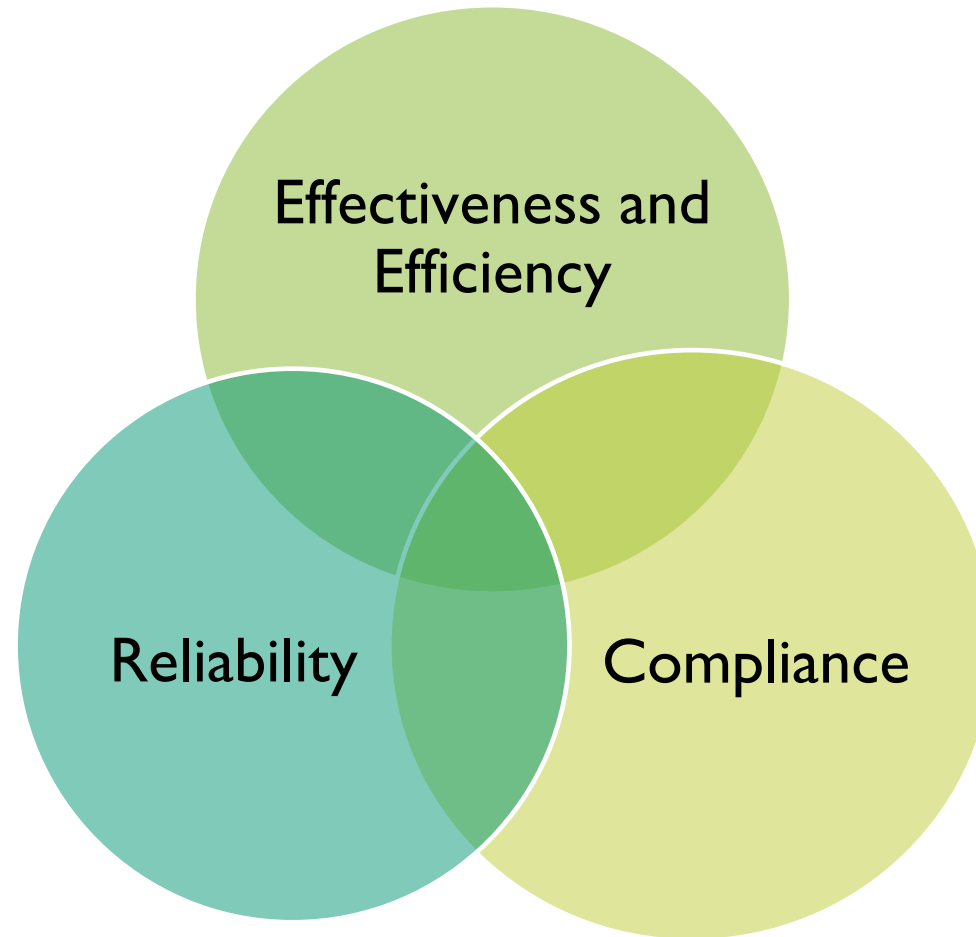
# FINANCIAL MANAGEMENT – INTERNAL CONTROLS

(4) Must provide for effective control over, and accountability for, all funds, property, and other assets. The non-federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes. (**Ref: §303-internal controls**)



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# INTERNAL CONTROLS OBJECTIVES



# INTERNAL CONTROLS: A PROCESS

Internal control is a PROCESS that is implemented to control risks (200.302(4)).

With strong internal controls the Tribe/TDHE will:

- Adequately safeguard all assets and assure they are used solely for authorized purposes.
- Maintain accountability over assets.
- 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 grant (IHBG) funds that **SHOULD** comply with:

“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 external and  
internal risks

Control Activities –  
policies and  
procedures

Information and  
Communication –  
communication plan  
to share information

Monitoring – assess  
ongoing quality of  
internal control  
systems over time

# EXAMPLE: APPLYING COSO FRAMEWORK

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

### Control Environment

Tone at the top – provides discipline and structure

- Management sets reasonable budgets; identifies allowable expenditures. Board or Council approves.

### Risk Assessment

Identify and how to manage risk

- Managers and staff are required to use the written policies and procedures as guidance to identify allowable or unallowable costs.

### Information and Communication System

- Department managers compare monthly budget and actual expenditures to review for accuracy and initiate corrections, if needed.

### Control Activities

Ensures management directives are carried out

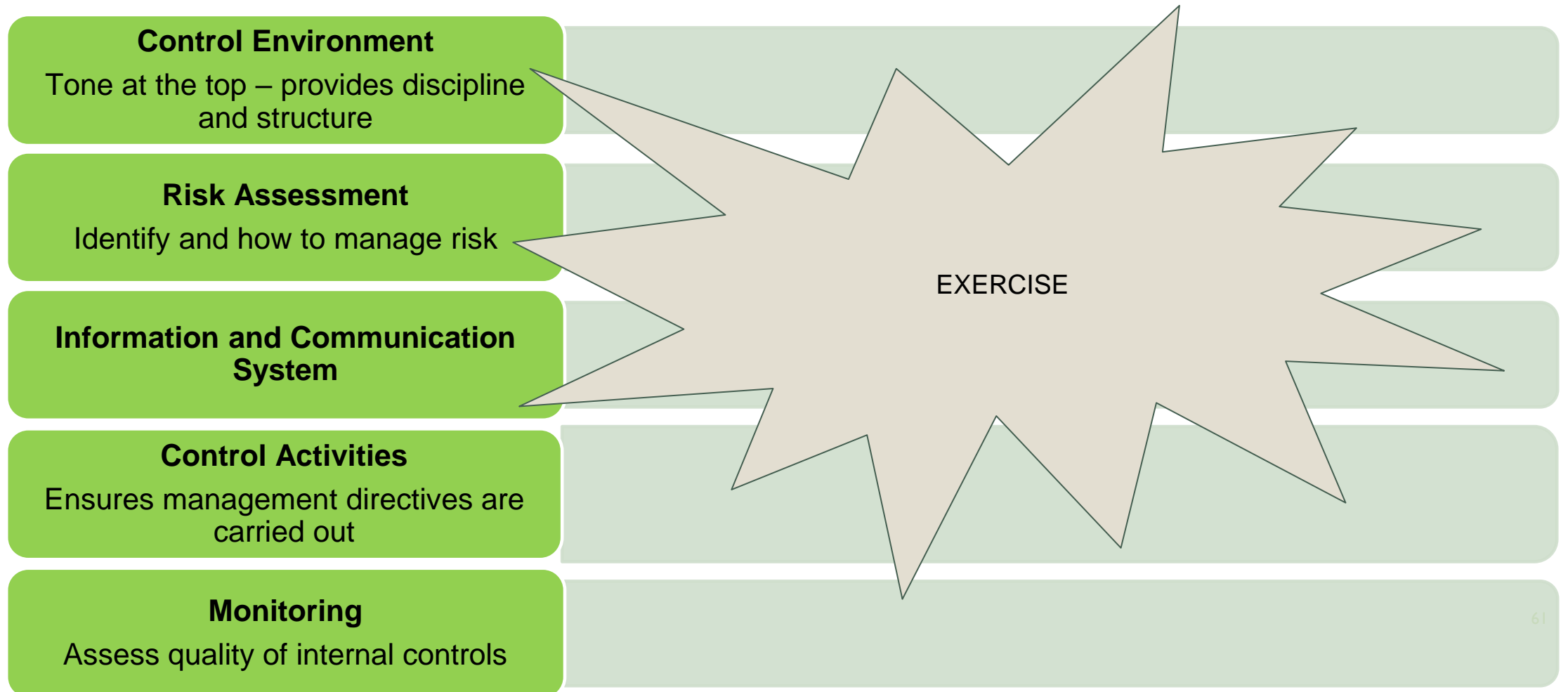
- Managers follow established written procedures for authorization and approval of purchases based on approved budget, prior to purchase.

### Monitoring

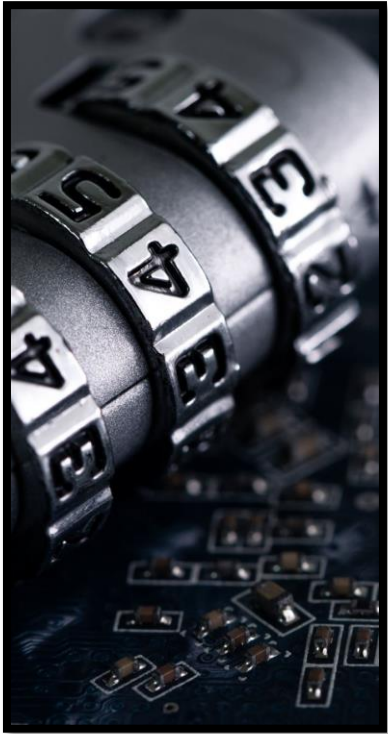
Assess quality of internal controls

- Accounting provides financial reports to managers for monthly review; includes the reports to the Board.

# EXERCISE: APPLYING COSO FRAMEWORK



# 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 for added protection.**

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# PREVENTATIVE CONTROLS EXAMPLES

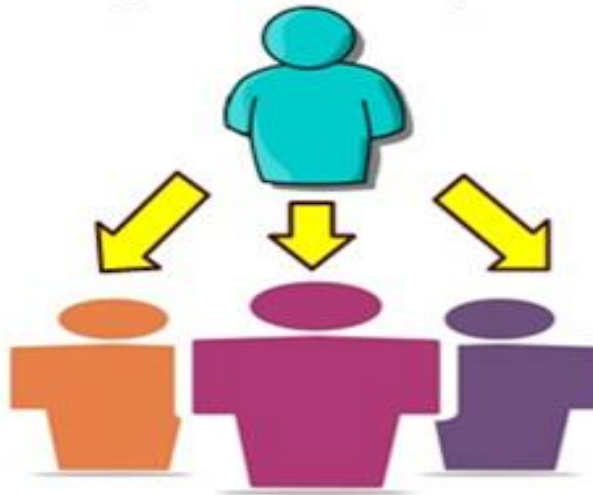
**Incorporate Preventative Controls examples below in written policies and procedures, such as:**

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

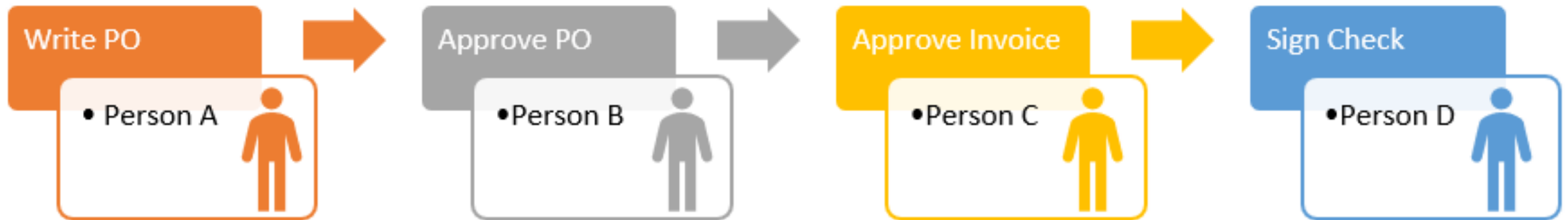
## Segregation of Duties Definition



- 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 in:

- **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

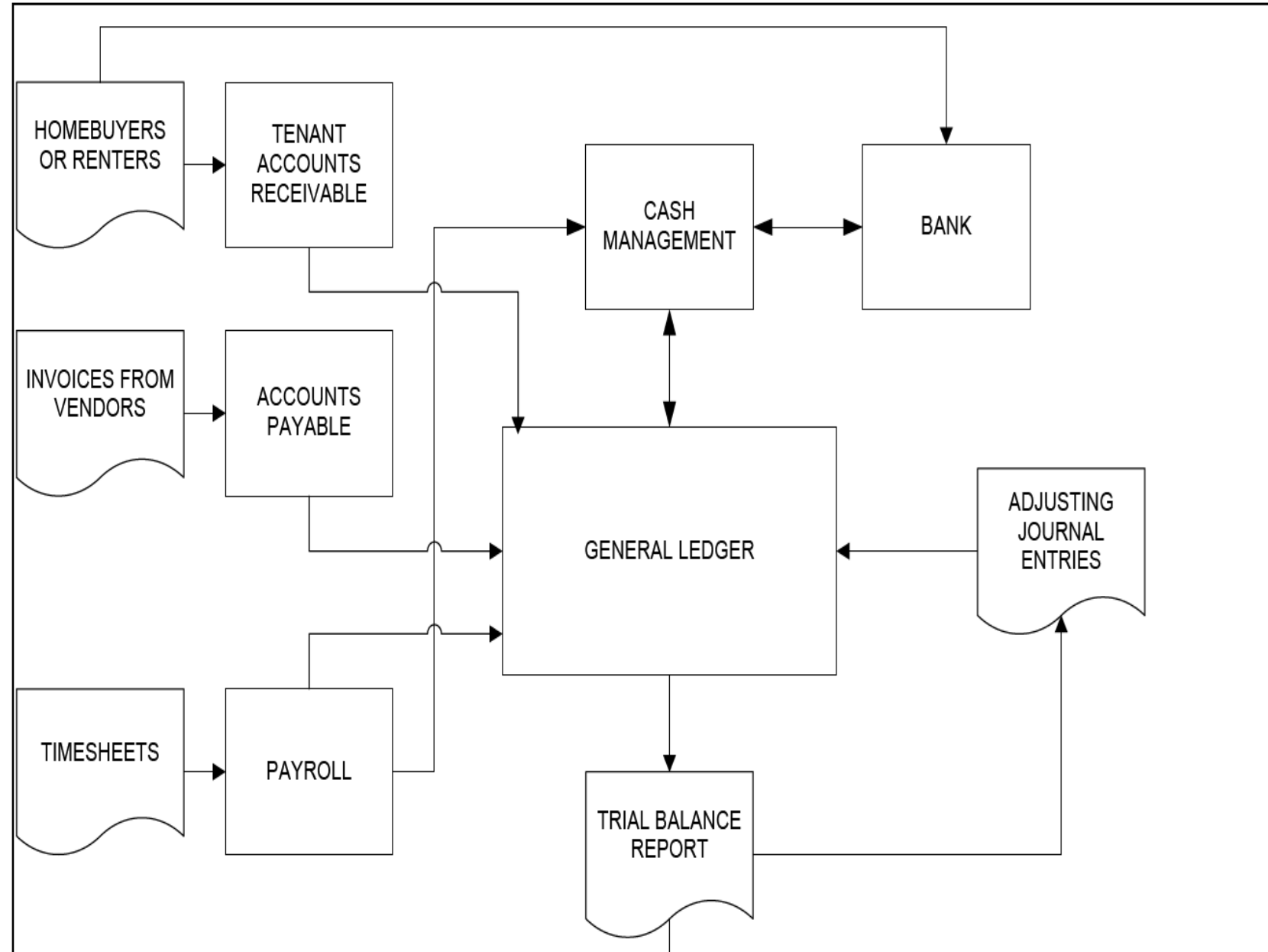
Conducting physical inventory

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# 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



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# 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 changing policy to not accept cash for rent and house payments.**
- Record all cash receipts – Use pre-numbered receipt books, or daily log of receipts or directly record tenant and homebuyer payments maintained in 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!

# INTERNAL CONTROLS: ACCOUNTS PAYABLE (AP) & DISBURSEMENT

Processing of invoices involves internal controls at many levels

1. Receiving and processing of invoices:
  - a. Paper invoices are received - front desk to accounting.
    - 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.
    - Received by Accounting and record 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<sup>2</sup> for payment.

# INTERNAL CONTROLS: ACCOUNTS PAYABLE (AP) & 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. Cash management - Ensure there is enough funds in the bank account to make payments.
- d. 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 (AP) & DISBURSEMENT

## 3. Handling of Payments:

- a. Use Accounting System to pay accounts payable.
  - Store check stock in a secure location with limited access.
  - Print checks after accounts payable has been approved - pay invoices approved for payment.
  - Use pre-numbered checks and account for them in sequence.
  - Require two signers on all checks.
  - Division of duties - example: person receiving and entering invoices, preparing checks, signing and distributing checks should be handled by more than one person.

# INTERNAL CONTROLS: ACCOUNTS PAYABLE (AP) & DISBURSEMENT

## 3. Handling of Payments, cont'd:

### b. Manual Checks

NOT  
RECOMMENDED!

 **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.

### c. If payment is made through ACH/Direct Deposit, 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 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 (Building, vehicle) or intangible assets (intellectual property such as Software, Architect design)
- Useful life of more than one year
- Acquisition cost **that exceeds the lesser of Tribe/TDHE's capitalization level, or \$5,000**
- Must be capitalized in accordance with Generally Accepted Accounting Principles (GAAP)
- Track all capital assets in your accounting system

# INTERNAL CONTROLS: CAPITAL ASSETS, CONT'D

Must follow Tribe/TDHE's written policies and procedures for capitalization and treatment of capital assets to include:

- All capital assets should be approved through the budget process.
- Internal controls over authorization of capital asset purchases.
- A process for disposing of assets
- Useful Life for all classes of assets and depreciate assets in accordance with established useful life.
- Physical inventory of fixed assets at least every two years (§200.313).
- 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
- Establish a Useful Life Schedule for each asset category.
- Depreciation is a systematic and rational means of allocating the cost of an asset over its useful life. 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

## Management Requirements

1) Maintain a schedule of all capital assets by category (Buildings, Land & Equipment).

For Equipment, per **(§200.313(d)(1))**, must maintain:

- Description of the 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)

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

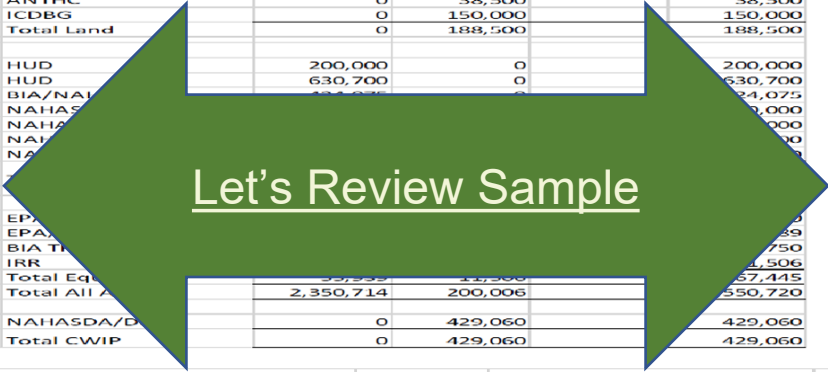
**NOTE:** Record of additional information is helpful for insurance and other business purposes such as: serial number, Vendor, Make and model.

**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
<b>Land</b>						
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
	<b>Total Land</b>		<b>120,000</b>	<b>0</b>	<b>0</b>	<b>120,000</b>
<b>Infrastructure/Land Improvements</b>						
1/6/20XX	4 Plexes water sewer	ANTHC	0	38,500		38,500
1/6/20XX	4 Plexes Sand and Gravel Pad	ICDBG	0	150,000		150,000
	<b>Total Land</b>		<b>0</b>	<b>188,500</b>		<b>188,500</b>
<b>Buildings</b>						
1/1/1991	MH Homes (4)	HUD	200,000	0		200,000
1/1/1996	1937 Act 8 unit multifamily	HUD	630,700	0		630,700
10/1/2000	Office Building	BIA/NAHA	424,075	0		424,075
7/20/2011	single family home	NAHAS	230,000	0		230,000
7/20/2011	single family home	NAHAS	230,000	0		230,000
1/1/2012	single family home	NAHA	230,000	0		230,000
1/1/2012	single family home	NAHA	230,000	0		230,000
<b>Equipment</b>						
7/1/2010	Allweld Boat 18' w/Mercury 115 HP	EP	21,500	0		21,500
12/1/2015	Honda 4 wheeler VIN 1234	EP	7,689	0		7,689
3/31/2015	Ford single cap VIN 6698	BIA TR	26,750	0		26,750
7/15/20XX	Honda 4 wheeler VIN 9988 & Trailer	IRR	11,506	0		11,506
	<b>Total Equipment</b>		<b>67,445</b>	<b>0</b>		<b>67,445</b>
	<b>Total All Assets</b>		<b>2,350,714</b>	<b>200,006</b>		<b>2,550,720</b>
<b>Construction in Progress</b>						
	(2) 4 plexes under construction	NAHASDA/D	0	429,060		429,060
	<b>Total CWIP</b>		<b>0</b>	<b>429,060</b>		<b>429,060</b>



		December 31, 20XX						
Date	Item	Ending Balance	Life	Beginning Accumulated Depreciation	20XX Additions	20XX Deletions	Ending Accumulated Depreciation	Net
<b>Land</b>								
6/1/1998	Land/Office Bldg: 1.5 acres	30,000		0			0	30,000
7/15/2015	Land/Triplex 1.5: acres	30,000		0			0	30,000
11/31/2015	Land/2 x 4 plexes	60,000		0			0	60,000
	<b>Total Land</b>	<b>120,000</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>120,000</b>
<b>Infrastructure/Land Improvements</b>								
1/6/20XX	4 Plexes water sewer	38,500	240	0	1,925		1,925	36,575
1/6/20XX	4 Plexes Sand and Gravel Pad	150,000	0	0			0	150,000
	<b>Total Land</b>	<b>188,500</b>		<b>0</b>	<b>1,925</b>	<b>0</b>	<b>1,925</b>	<b>186,575</b>
<b>Buildings</b>								
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
	<b>Total Buildings</b>	<b>2,174,775</b>		<b>765,094</b>	<b>65,826</b>	<b>0</b>	<b>830,920</b>	<b>1,343,855</b>
<b>Equipment</b>								
7/1/2010	Allweld Boat 18' w/Mercury 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
	<b>Total Equipment</b>	<b>67,445</b>		<b>13,923</b>	<b>6,608</b>	<b>0</b>	<b>20,531</b>	<b>46,914</b>
	<b>Total All Assets</b>	<b>2,550,720</b>		<b>779,016</b>	<b>74,359</b>	<b>0</b>	<b>853,376</b>	<b>1,697,344</b>
<b>Construction in Progress</b>								
	(2) 4 plexes under construction	429,060	0					



# INTERNAL CONTROLS:

## Payroll

### Payroll and Benefits:

- Significant cost of tribal operations.
- Budgets should be accurate and reasonable - involves significant planning and documentation to support budget allocations.
- Staff time may be allocated to various grants and programs based on actual work performed.
- Benefits are employer portion of Federal and State requirements (FICA, Medicare, Unemployment) and Employer sponsored (health, retirement, leave accruals) and must be considered in payroll processes.

### Internal Controls:

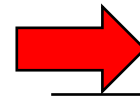
- Follow written policy and procedures on Personnel Policy that define the treatment, rights, obligations and relations of people in your organization.
- Hire documents include the details of employment. The employer is required to provide employee with I-9 and W-4 to fill out at employee's hire date.
- **Payroll Action Forms (PAF)**. PAFs are the authorizing document for employee set up in payroll.

# INTERNAL CONTROLS: Payroll

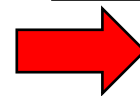
## SAMPLE PAYROLL ACTION FORM (PAF)

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

**EMPLOYEE SIGNATURE**



**AUTHORIZING SIGNATURE**



# INTERNAL CONTROLS: Payroll

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

(1) 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 non-federal entity;

# INTERNAL CONTROLS: Payroll

## § 200.430(i) Standards For Documentation Of Personnel Expenses, cont'd

- (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 but may be used for interim accounting purposes – **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 of time worked (timesheet) must be certified by employee.
- Record actual hours worked by funding source, activity or project (Employer defined).
- 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 or regular wage for those extra hours worked (know your State requirements).
- Timesheet must be reviewed and approved by the supervisor.

# NON-EXEMPT EMPLOYEE TIME SHEET – SAMPLE

**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
*** Identify other hours: Example: Overtime, Personal Time, etc													Total Hours	0.00

Document time worked EACH day by project/grant

COMMENTS: \_\_\_\_\_



Employee signature: \_\_\_\_\_ Date: \_\_\_\_\_

Supervisor signature \_\_\_\_\_ Date: \_\_\_\_\_



Department Manager O/T approval Signature \_\_\_\_\_

- 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

# INTERNAL CONTROLS: Payroll

## TIMESHEET- EXEMPT EMPLOYEES

- Must qualify for exempt status based on position and responsibilities, i.e. work in bona fide executive, administrative, executive, outside sales, and computer-related fields.
- Receive a salary for the work they perform.
- Not eligible to receive overtime pay.
- Entitled to a weekly base payment higher than the Fair Labor Standard Act (FLSA) minimum threshold, regardless of the number of hours of work they complete per week.
- Employers can require exempt employees 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.



## 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 is allowable. However, an employer may not reduce weekly pay of exempt employees for time not worked.

### EXEMPT PERSONNEL LEAVE REPORT

*Report due at end of pay period; mark "0" in "Total Days Taken- Personal" if leave was not used*

Period from

Period to

<b>First Name</b>	<b>Last Name</b>	<b>Employee ID#</b>
<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>
<b>Position Title</b>		
<input style="width: 95%;" type="text"/>		
<b>Department</b>		
<input style="width: 95%;" type="text"/>		

Type of Leave Taken	Dates Taken	Total Days
Personal		
Jury Duty		
Bereavement		
Administrative		
Holiday		
Leave without Pay		
<b>Total Days Taken</b>		<input style="width: 90%;" type="text"/>

**Comments**

**Employee Certification:**

**Supervisor Certification:**

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
<b>NOTE: NO OVERTIME PAID</b>			

# 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.

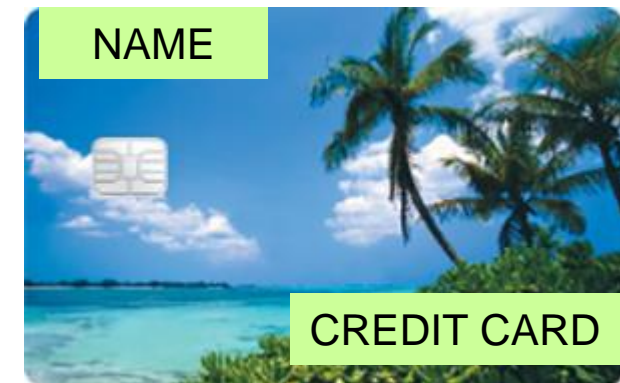
# INTERNAL CONTROLS: Credit Card

**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.

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

- Personal use of business credit card.
- Making unallowable purchases.
- Purchasing goods 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:

- 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.
  - Inform users of their responsibilities as a cardholder, including purchase limits and type of business purchases allowed.
  - Prohibit personal use of business credit card.
  - Outline consequences if business card user deviates from the policy.
  - Incorporate procurement requirements in use of credit card for purchases.
  - Control the number of credit cards assigned and prohibit card sharing.
- Controls for insuring invoices are received in a timely manner with required information: business purpose, account code, approvals.
  - Require review and approval of all purchases for processing and payment. Approvals should be evidenced by signature on the invoice or electronic bill approval.
  - Establish spending limits – Assign spending limits to employees appropriate for their typical expenditure levels or 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 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

A bank reconciliation process compares the cash balance of a Tribe/TDHE's GL Bank balance to the corresponding amount on its 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
  - and 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.
- Reviewer should review cancelled checks, outstanding checks, and deposits.
- Include bank reconciliation process in written financial management policies and procedures.

# INTERNAL CONTROLS: Bank Reconciliation

## Common Oversight:

- Not performing bank reconciliations timely (monthly).
  - Each month all bank accounts should be reconciled to your general ledger bank accounts.
  - The reconciliation should be reviewed and approved by someone other than the person preparing the bank reconciliation.
- Not posting grant eLOCCS drawdowns timely (when they are received).
- Not managing the outstanding checks.
  - Print a list of all outstanding checks.
  - Research checks over three (3) months to determine the probable cause and reissue if necessary.
- Unsecured funds.
  - Must have bank depository agreement with bank.
  - Bank accounts must be fully insured by the Federal Deposit Insurance Corporation (FDIC), or NCUA for accounts at Federal Credit Unions and/or must fully be collateralized to ensure the protection of the federal funds.
  - Refer to Form 52736-A or Form 52736-B

# HUD Form 52736-A

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

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

### Banking Accounts



Balance  
over  
\$250,000

---

(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.
- What's the process?

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	<b>\$171,332.51</b>	<b>\$171,332.51</b>

1111 First town Bank General Operating			
Step 1	Balance per Bank Statement December 31, 20XX		170,309.67
	Add:	Deposits in Transit	18,720.00
	Less:	Outstanding checks	(18,800.66)
		<b>Adjusted Balance per BANK</b>	<b>170,229.01</b>
Step 2	Balance per Books at December 31, 20XX		171,552.51
	Adjustments:		
	add:	Interest earned	0.00
	less:	Monthly bank charges	(43.50)
	Less:	Returned checks	(1,280.00)
		<b>Adjusted Balance per BOOKS</b>	<b>170,229.01</b>
	Deposits in Transit:		
	12/31/20XX	Rent payments	850.00
	12/30/20XX	BIA TPA	17,870.00
	Outstanding Checks		
	Date	Check No Payee	Amount
	12/7/20XX	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: \_\_\_\_\_

**Must sign and 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 and signs the bank reconciliation; and
- The Tribal Administrator reviews and approves the reconciliation.

# 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 the 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

A journal entry form is the control document for creating a journal entry and should have the following;

- Adjusting Journal Entry number
- Account numbers, 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 journal entries 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 accurate.
- Documenting the reason to justify the journal entry and the basis used in preparing the journal entry.
- Ensuring that the debits and credits on the journal entry are in balance, 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)		\$\$\$
<div data-bbox="693 725 1047 803" style="border: 1px solid black; padding: 2px;">posting date/date of transaction</div>					
short description of why you are creating the journal entry.					
			TOTAL		
Name and signature of preparer				Date	
Prepared by:					
Name and signature of reviewer/approver				Date	
Approved by:					
<div data-bbox="1228 1096 1505 1252" style="border: 1px solid black; padding: 2px;">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

## REMEMBER INTERNAL CONTROLS ARE UNIQUE TO YOUR ORGANIZATION

**Refer to**  
**Reference**  
**Material Sample**

**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?

### **Tribal Council**

- 1) Approves all contracts purchases and contracts over a certain dollar amount
- 2) Approves disposition of assets.....

# IMPLEMENTING INTERNAL CONTROLS – EXAMPLE

REMEMBER:  
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

# INTERNAL CONTROLS EXERCISE

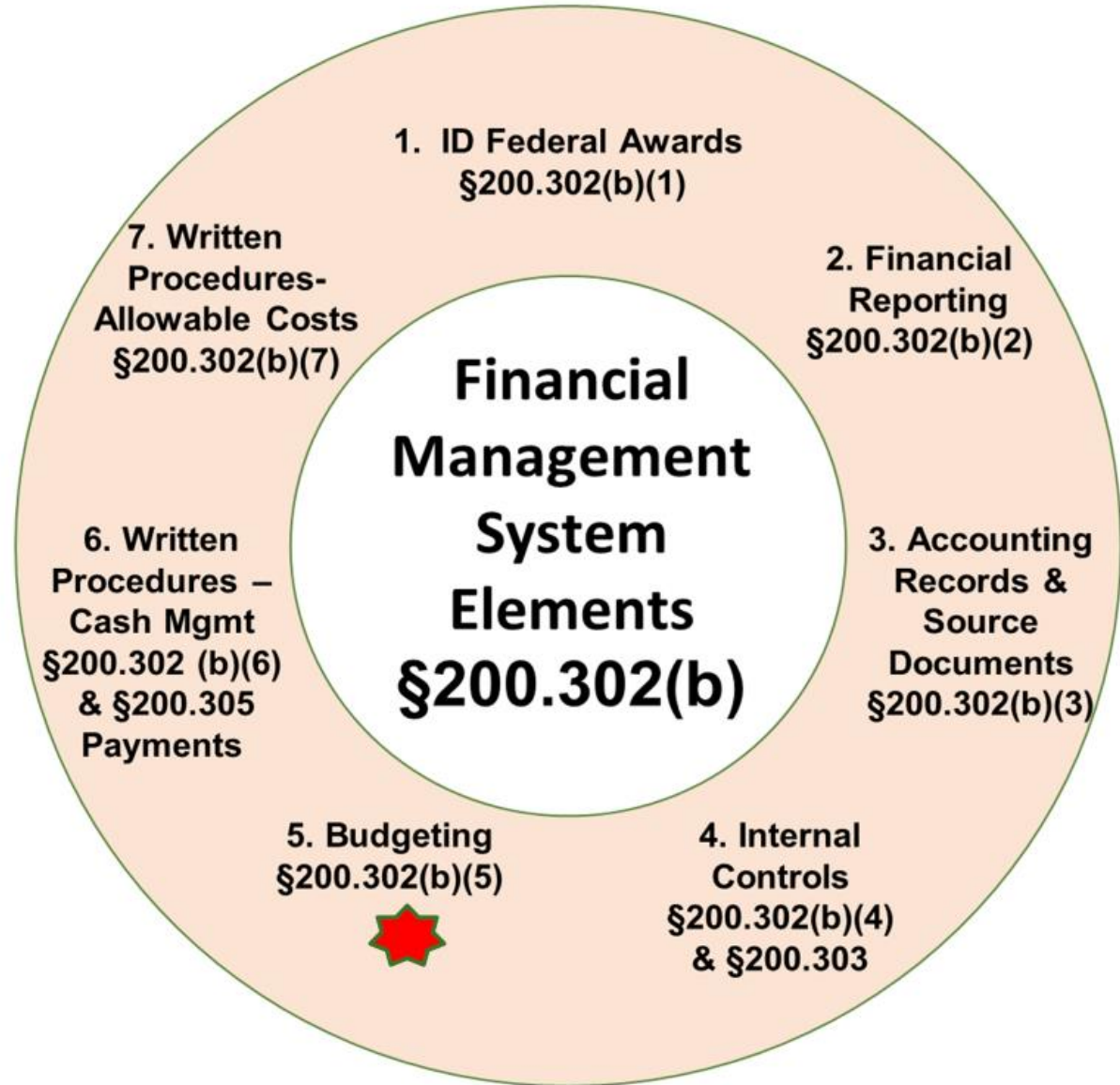
Name an internal control for each of the following:

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



# SECTION 7

## Budgeting



# BUDGETING §200.302(b)(5)



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

PLANNING AND ADMINISTRATION						
REVENUE AND EXPENSES						
JULY 31, 202X						
Account No. and Description		Period to Date Actual	Year to Date Actual	Annual Budget	% Used	Budget Variance
4610	50	IHBG Investment Interest	8,897.00	27,972.63	100,000.00	27.97% 72,027.37
4900	50	IHBG Planning & Admin	47,365.26	147,151.39	534,410.00	27.54% 387,258.61
		Total Revenue	56,262.26	175,124.02	634,410.00	27.60% 459,285.98
5110	50	Administrative Salaries	29,770.42	81,597.95	319,531.00	25.54% 237,933.05
5111	50	Fringe Benefits	9,898.50	28,191.05	121,422.00	23.22% 93,230.95
5130	50	Legal	-	-	1,740.00	0.00% 1,740.00
5140	50	Staff Training	13.05	713.05	4,295.00	16.60% 3,581.95
5144	50	Special Projects Consultant	6,269.76	13,032.31	52,416.00	24.86% 39,383.69
5148	50	Consultant	-	780.00	15,000.00	5.20% 14,220.00

# 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 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 and Management Tool
- Realistic estimate of sources of funds to perform and achieve Recipient's goals and objectives
- Monitoring tool - measures Recipient's performance
- Budget should be realistic, consistent, flexible, and measurable.
  - Budgets help set targets
  - Strategy requires funding
  - Identify Tribal priorities
  - Control and Accountability







# BUILD THE BUDGET

- Develop a sources and uses budget for each of the activities.
- Identify DIRECT COSTS
- Identify ALLOCABLE INDIRECT COSTS
- Apply Indirect Cost Allocation method used by Tribe/TDHE.
  - Example: Direct Allocation Method: Create an allocation table(s) for Allocable Costs – for both Direct and Indirect Costs for fair and equitable allocation of overhead costs to different activities and programs.
- Document support workpapers for allocations.
- Remember Budget limits for Planning and Administrative Costs

# ALLOCABLE COSTS

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

This standard is met if the cost:

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

## 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?

# SEVERAL METHODS FOR ALLOCATING INDIRECT (F&A) COSTS

**Option 1:** The 10 Percent De Minimis of modified total direct cost method

- modified total direct costs includes all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel and up to the first \$25,000 of each subaward)

[Appendix VII](#): States And Local Governments And Indian Tribe Indirect Cost Proposals

**Option 2:** Negotiated Indirect Cost Rate Agreement

- **Tribe must use the negotiated ICR if it has an approved ICR**
- Must be accepted by all federal awarding agencies (some exceptions apply).

**Option 3:** Cost Allocation Plan: Acceptable methods to calculate the indirect cost rate in a cost allocation plan listed in the Uniform Guidance: Appendix VII: States and Local Government and Indian Tribe Indirect Cost Proposals include:

- The Direct allocation method

Often Used in HUD Programs

# ALLOCATING COST SCHEDULES

Develop an allocation model to multiple projects to allocate costs based on the proportional benefit received.

- a. May set up more than one pool cost to allocate like costs (office supplies, insurance)
- b. Allocation method is reasonable and rational to equitably distribute costs to programs and cost objectives
- c. Use your accounting system to track and allocate costs to grants and/or programs
- d. 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



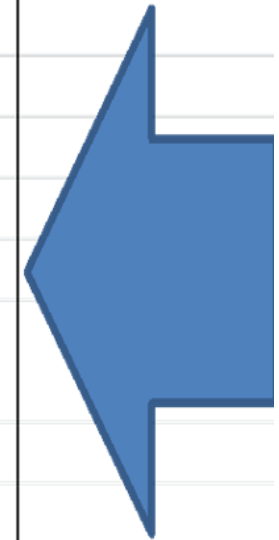
# ALLOCATION SAMPLE- BASE: NUMBER OF EMPLOYEES

Allocation model 1: Administrative						
Base: number employees						
used to allocation administrative expenses:						
	Central Supplies					
	Office Utilities					
	Office Internet/Telephone					
	Postage					
	General Liability Insurance					
	Property Insurance (building)					
	Audit Services					
	4.25	100.00%	2616	400	1350	317.65
Grant	Number Ees	%	Supplies	Office Utilities	Internet/Phone	Postage
ANTHC	0	0.00%	0.00	0.00	0.00	0.00
BIA TPA	1	23.53%	615.53	94.12	317.65	74.74
DHHS Child Services	0.25	5.88%	153.88	23.53	79.41	18.69
ICDBG	0	0.00%	0.00	0.00	0.00	0.00
Indian Reservation Roads	1	23.53%	615.53	94.12	317.65	74.74
NAHASDA	2	47.06%	1,231.06	188.24	635.29	149.48
Totals	4.25	100.00%	2,616.00	400.00	1,350.00	317.65



# ALLOCATION SAMPLE – BASE: TOTAL BUDGET EXPENSES

Allocation model 2: Insurance & Audit						
Base: Total Budgeted Expenses						
used to allocate Insurance and Audit Expenses						
	775,500.00	100.00%	500	200	300	
Grant	Budgeted Expenses	%	Gen Liability Insurance	Property Insurance	Audit Services	
ANTHC	38,500.00	4.96%	24.82	9.93	14.89	
BIA TPA	122,000.00	15.73%	78.66	31.46	47.20	
DHHS Child Services	25,000.00	3.22%	16.12	6.45	9.67	
ICDBG	150,000.00	19.34%	96.71	38.68	58.03	
Indian Reservation Roads	115,000.00	14.83%	74.15	29.66	44.49	
NAHASDA	325,000.00	41.91%	209.54	83.82	125.73	
Totals			500.00	200.00	300.00	



## 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					
<b>PROGRAM:</b>										
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
<b>Budget Totals</b>	<b>40,000</b>	<b>17,000</b>	<b>48,000</b>	<b>65,000</b>	<b>170,000</b>	<b>100%</b>	<b>14,059</b>	<b>13,600</b>	<b>2,200</b>	<b>9,000</b>

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 <sup>121</sup> 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 a tool which Tribes/TDHEs use to plan (budget) the activities that they will undertake in the coming year.
2. IHBG : The Indian Housing Block Grant Program (IHBG) – Assistance Listing # 14.867:
  - Is a **formula grant** that provides a range of affordable housing activities on Indian reservations and Indian areas under the NAHASDA Program.
  - Can only be used for eligible housing activities - contained in the Tribe's annual Indian Housing Plan (IHP). Refer to
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

Tribe/TDHE and the Tribal Council/Board of Commissioners develop and adopt a strategic plan that identifies its affordable housing needs

Tribe/TDHE submits letter or notifies AKONAP Office of its intent to submit an Indian Housing Plan (IHP)

Tribe/TDHE will use the approved strategic plan activities to develop and prepare an Indian Housing Plan for its program

Tribe/TDHE submits the IHP to HUD through the GEMS portal – must be submitted 75 days before Tribe/TDHE’s program year-end

**BEWARE! NO IHP, NO IHBG FUNDS AWARDED!**

NO

HUD determines whether the IHP is in COMPLIANCE with the requirements of Section 102 of NAHASDA

YES

Tribe/TDHE receives letter from HUD to confirm the submitted IHP is in compliance with Section 102

[Sample letter from HUD](#)

# 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. Reference PIH Notice 2023-30**

# HUD-52737 SECTION 3 PROGRAM DESCRIPTIONS: ELIGIBLE ACTIVITIES

**Refer to:**

**Program Guidance**

**2018-02A**

**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: PERCENTAGE OF IHBG FUNDS FOR ADMINISTRATIVE AND PLANNING(A&P) EXPENSES

1. If IHBG Grant is more than \$500,000:
  1. Up to 20% of annual expenditures of grant funds or up to 20% of annual grant amount, whichever is greater.
  2. 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:
  1. Up to 30% of annual expenditures of grant funds or up to 30% of annual grant amount whichever is greater.
  2. 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	(H) Actual total sources	(I) Actual funds expended during 12-month program	(J) Actual unexpended funds	(K) Actual unexpended funds
1. HBG Funds	100,000	525,000	625,000	590,564	34,436	100,000					
2. IHBG Program Income	0	34,420	34,420	34,420							
3. Title VI	0	315,000	315,000	315,000			314,660	314,660	314,660	0	
4. Title VI Program Income	0	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	

**List all sources of funds you intend to use in the program year**

**Includes Investment Income**

**Notes:**

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

# APPROVE AND IMPLEMENT THE BUDGET

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 actual to the budget:
  - 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)).

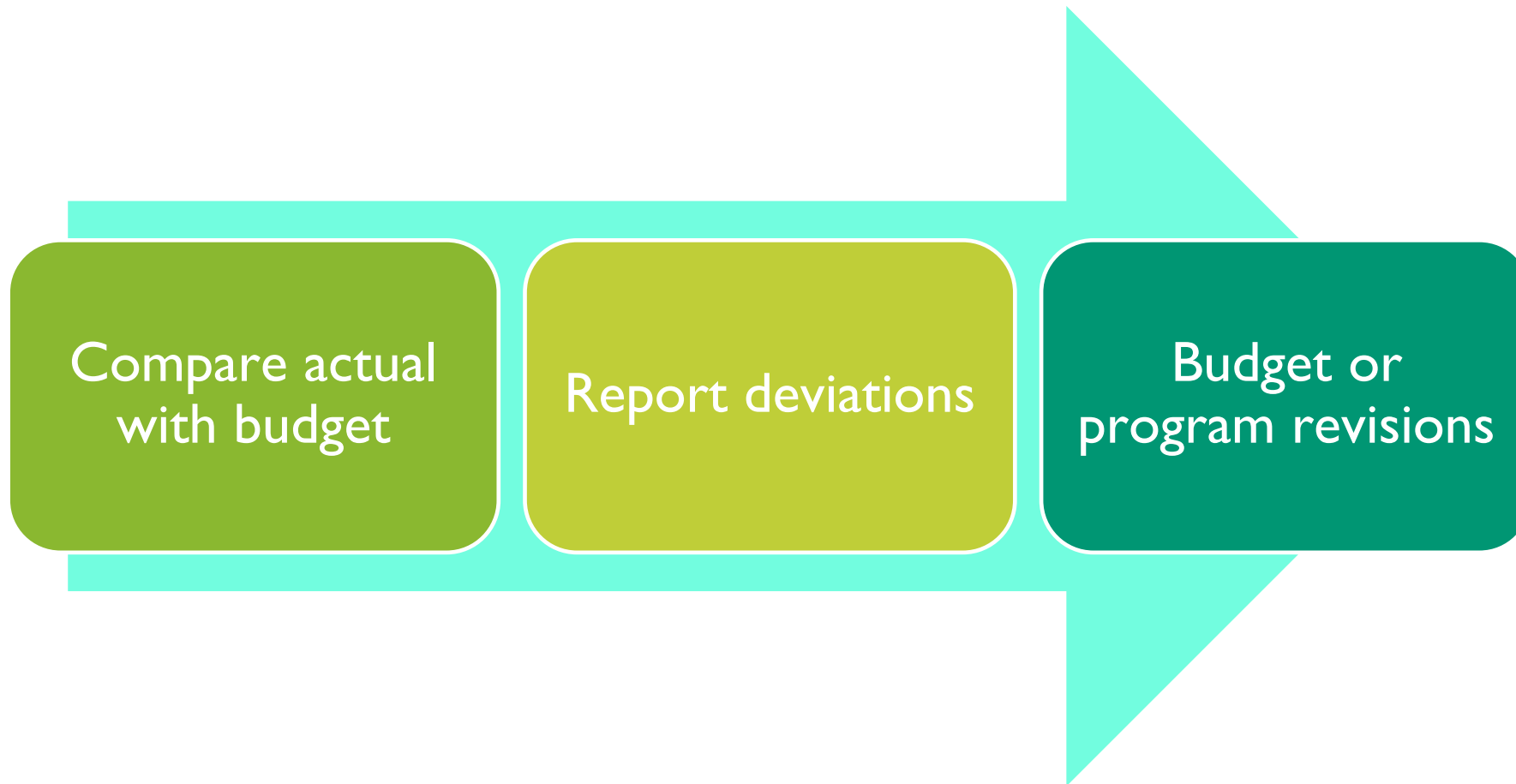




**Shows IHBG as one of many budgets**

	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
4500 · Proceeds						315,000	315,000
48801 · Interest						0	0
<b>Total Income</b>	<b>38,500</b>	<b>125,000</b>	<b>20,000</b>	<b>150,000</b>	<b>265,000</b>	<b>948,384</b>	<b>1,546,884</b>
<b>Expense</b>							
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
<b>Total Expense</b>	<b>38,500</b>	<b>125,000</b>	<b>20,000</b>	<b>150,000</b>	<b>265,000</b>	<b>939,984</b>	<b>1,538,484</b>
<b>Net Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,400</b>	<b>8,400</b>

# BUDGET CONTROLS: BASIC ELEMENTS



# 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.

**Revenue and Expense  
September 30, 202X**

<u>Account Number &amp; 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)
<b>Total Revenue</b>	<b>320,551.93</b>	<b>1,977,507.80</b>	<b>4,556,945.00</b>	<b>0.43</b>	<b>(2,579,437.20)</b>
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
	↓	↓	↓	↓	↓
<b>Total Expenditure</b>	<b>320,551.93</b>	<b>1,977,507.80</b>	<b>4,556,945.00</b>	<b>0.43</b>	<b>2,348,987.78</b>
<b>Excess Revenue over (under) Expenditures</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>(230,449.42)</b>

**Your accounting system must be able to provide reports that include Budget to Actual data.**

**(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	1					
HOME BUYER DOWN PAYMENT ASSISTANCE	500						
Planning and Administration		120,000	0	120,000	120,000	0	120,000
Loan repayment – describe in 4 and 5 below.							
<b>TOTAL</b>		<b>300,000</b>	<b>75,000</b>	<b>375,000</b>	<b>300,000</b>	<b>75,000</b>	<b>375,000</b>

Attachment Page 25

HUD FORM 52737: The clear half contains IHP data (budget) and the grey half of the document provides the APR [budget to actual]

**Notes:**

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

# SUBMISSION OF IHP AND APR

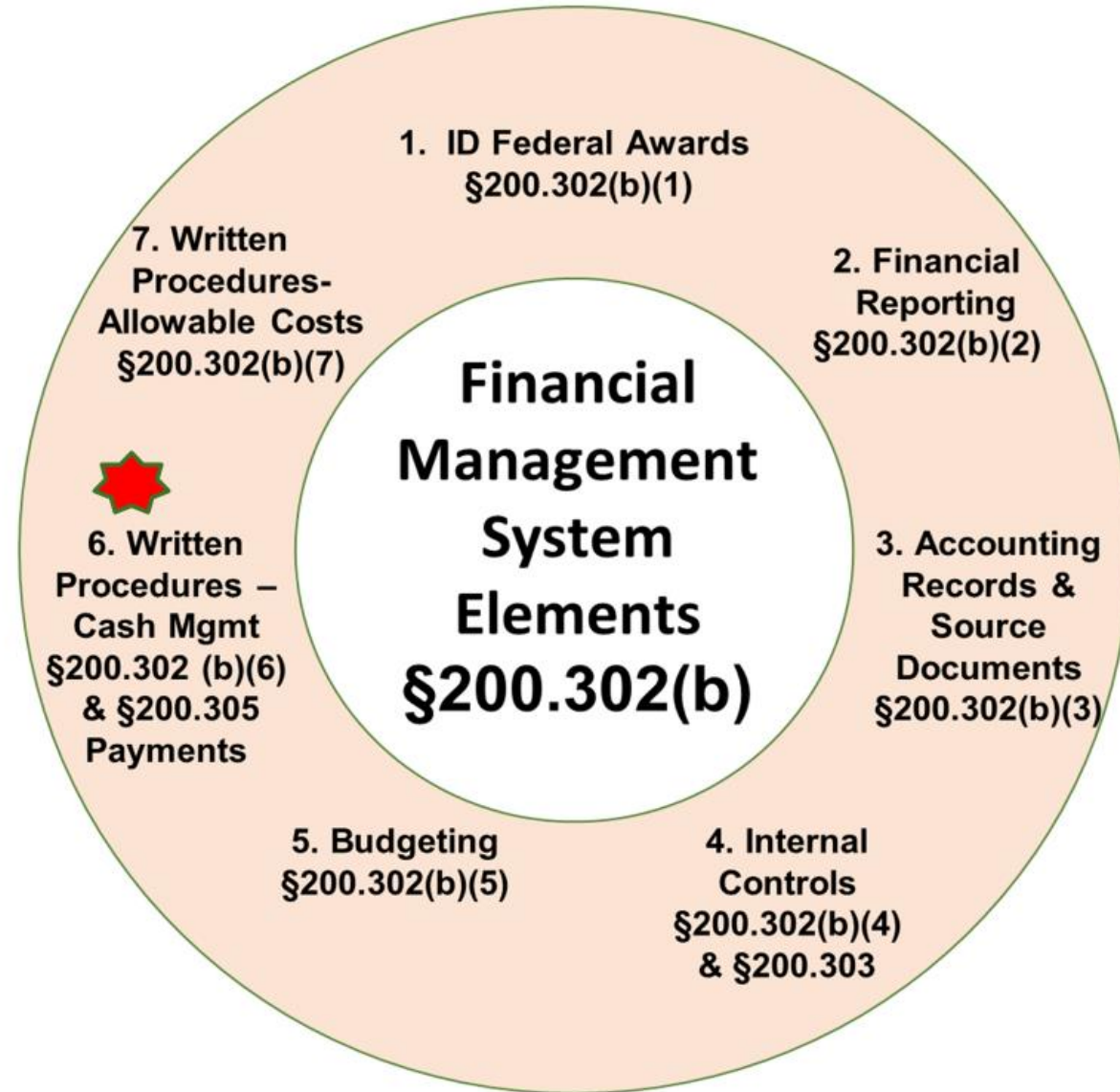
Required submission of the Indian Housing Plan/Annual Performance Report: **Online on HUD's Grant Evaluation Management System (GEMS).**

- 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 HUD DOCUMENTS YOU'LL  
RECEIVE IN RESPONSE TO SUBMITTING  
YOUR IHP

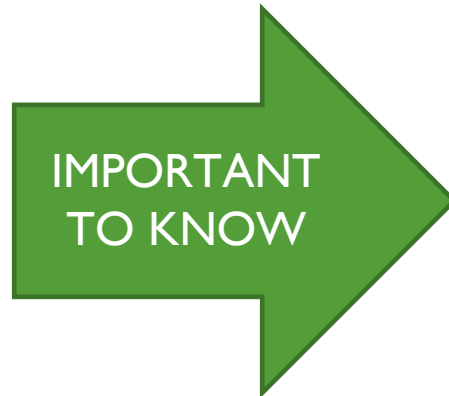
# SECTION 8

## Procedures For Accessing IHBG Grant Funds



## 2 CFR 200.302(b)(6):

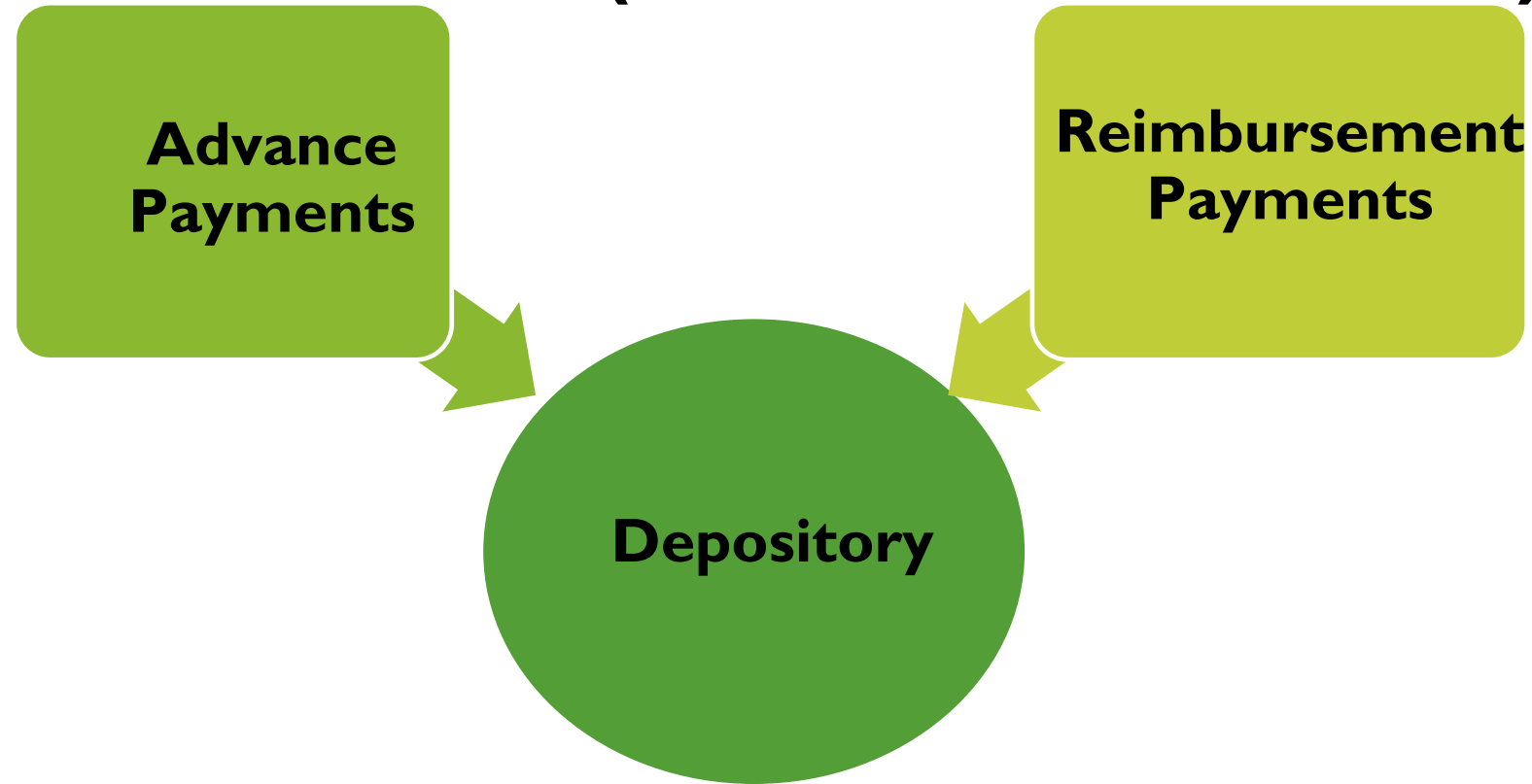
*The Tribe/TDHE **must have written procedures** to implement the requirement of **§200.305 Payment***



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



# ACCESSING FUNDS (THROUGH ELOCCS)



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

# 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

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

# ADVANCE PAYMENTS

Advanced Payments must be paid provided:

- Written procedures must be 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.

# FEDERAL PAYMENTS: WITHHELD PAYMENTS

Payments may be withheld to Recipient 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.

*[cross reference with §200.208 special conditions]*

# REIMBURSEMENT PAYMENTS

## § 200.305(b)(3)



Reimbursement is the preferred method when:

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

# IHBG REIMBURSEMENT PAYMENT

Sample Revenue and Expense Report			
Class: 600 MODERNIZATION			
Sub-class: 200 Rehab Program			
Account	Description	Month to Date 6/30/202X	Year to Date 6/30/202X
4300	NAHASDA Revenue		28,578.63
		-	28,578.63
5000	Salaries & wages - other	2,240.23	25,000.00
5005	Employee benefits	403.20	1,500.00
5600	Supplies	560.99	2,500.00
5505	Communications	147.45	200.00
5610	R&M Expenses	269.50	3,000.00
	Total Expenses	3,621.37	32,200.00
	Net		
	Revenues/Expenses)	(3,621.37)	(3,621.37)

Amount to draw from eLOCCS. See next slide for example

# 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.			



REVIEW

# EXERCISE

**You drew a large amount of IHBG funds from eLOCCS 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.**

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**?
2. Explain your response.



# 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.
  - **However, 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.

Note: Refer to §200.305(b)(7)

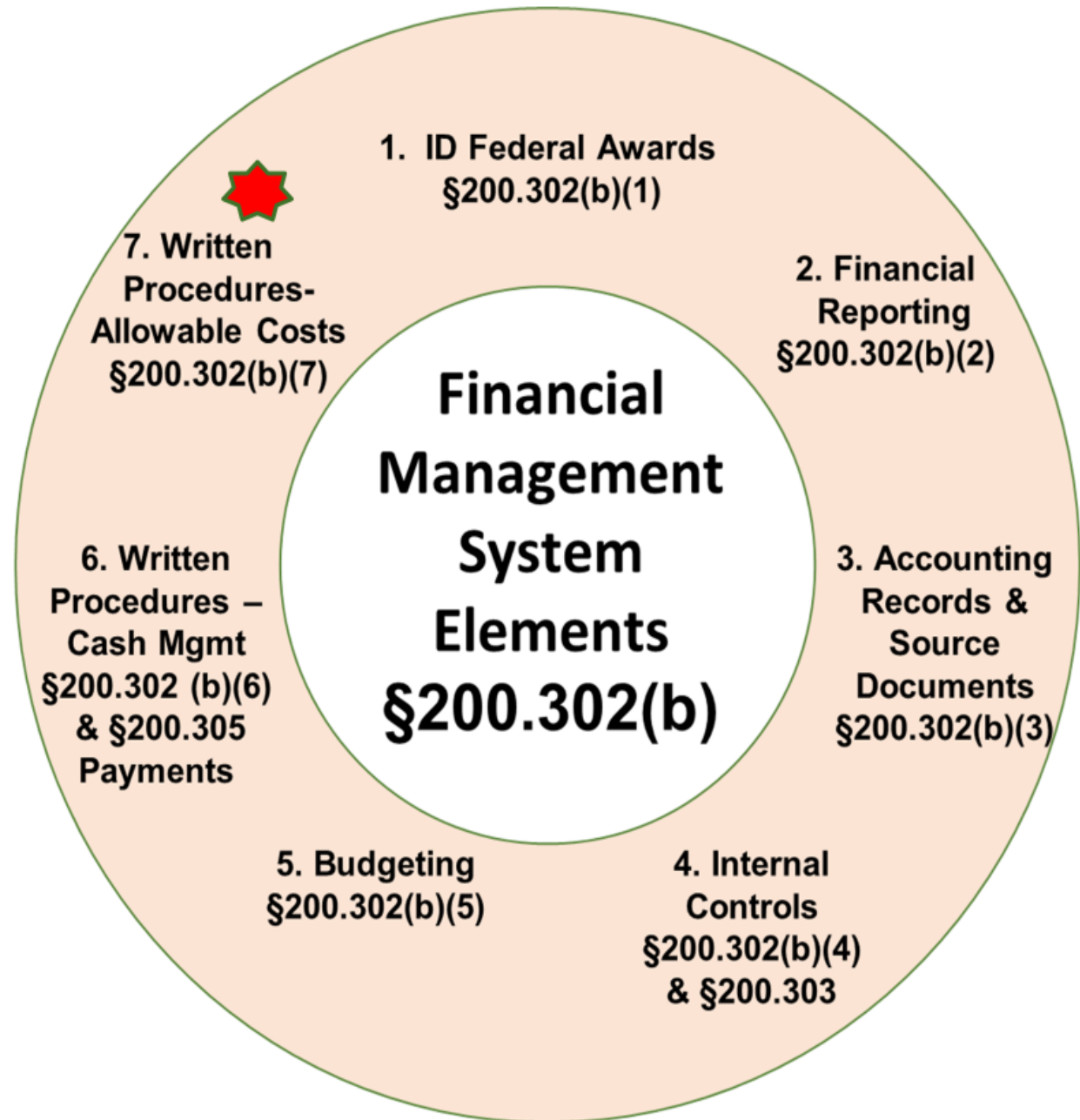


## **ACTIVITY:**

Review Procedures to Implement the  
Requirements of 2 CFR 200.305 PAYMENTS to  
comply with 200.302(b)(6) (attachment)

# SECTION 9

## Procedures for Determining Allowability of Costs



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# WRITTEN PROCEDURES FOR ALLOWABILITY OF COSTS (§200.302(B)(7))

- Must have written procedures to determine the allowability of costs
- Procedures must be consistent with typical costs that are normally incurred and allowable under the IHBG funds.



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# EXPENDING FEDERAL AWARDS RESPONSIBILITIES (§ 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
- Be consistent & 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).

# ALLOWABLE COSTS

Let's Review:

- What expenses are allowable costs for federal programs; and
- Written procedures for control and consistency
- Direct and Indirect costs
- Uniform Guidance Subpart E – Cost Principles



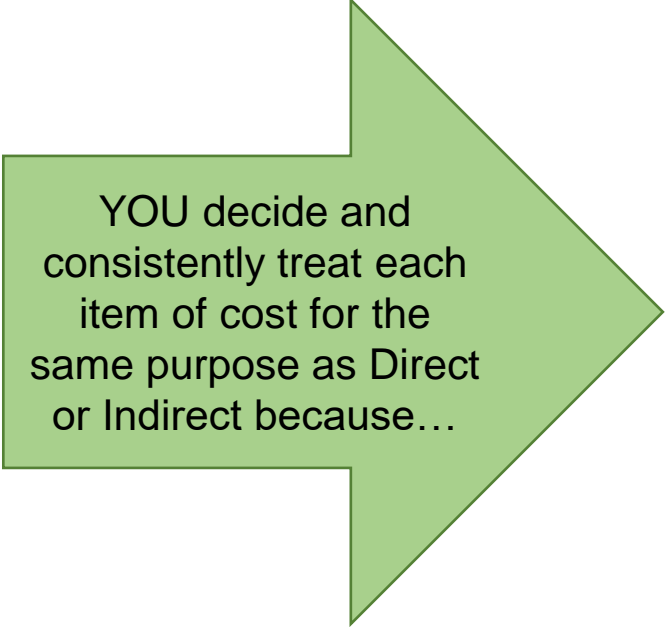


# ALLOWABLE COSTS REQUIREMENTS

- The Tribe/TDHE must comply with Financial Management provision **200.302(7)**: Written procedures for determining the allowability of costs in accordance with **Subpart E-Cost Principles** (200.400-476) and conditions of the Federal award (NAHASDA Program)
- §200.403(d) Requirement to treat like costs consistently in like circumstances (costs incurred for like purposes required to be applied consistently as either direct or indirect).

# CLASSIFICATION OF COSTS

## § 200.412



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

- There is no universal rule for classifying certain costs as either direct or indirect.
- Indirect Costs refer to Facilities & Administration, or F&A.
- 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

# WHAT MAKES COSTS ALLOWABLE FOR YOUR PROGRAM?

Refer to  
§ 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



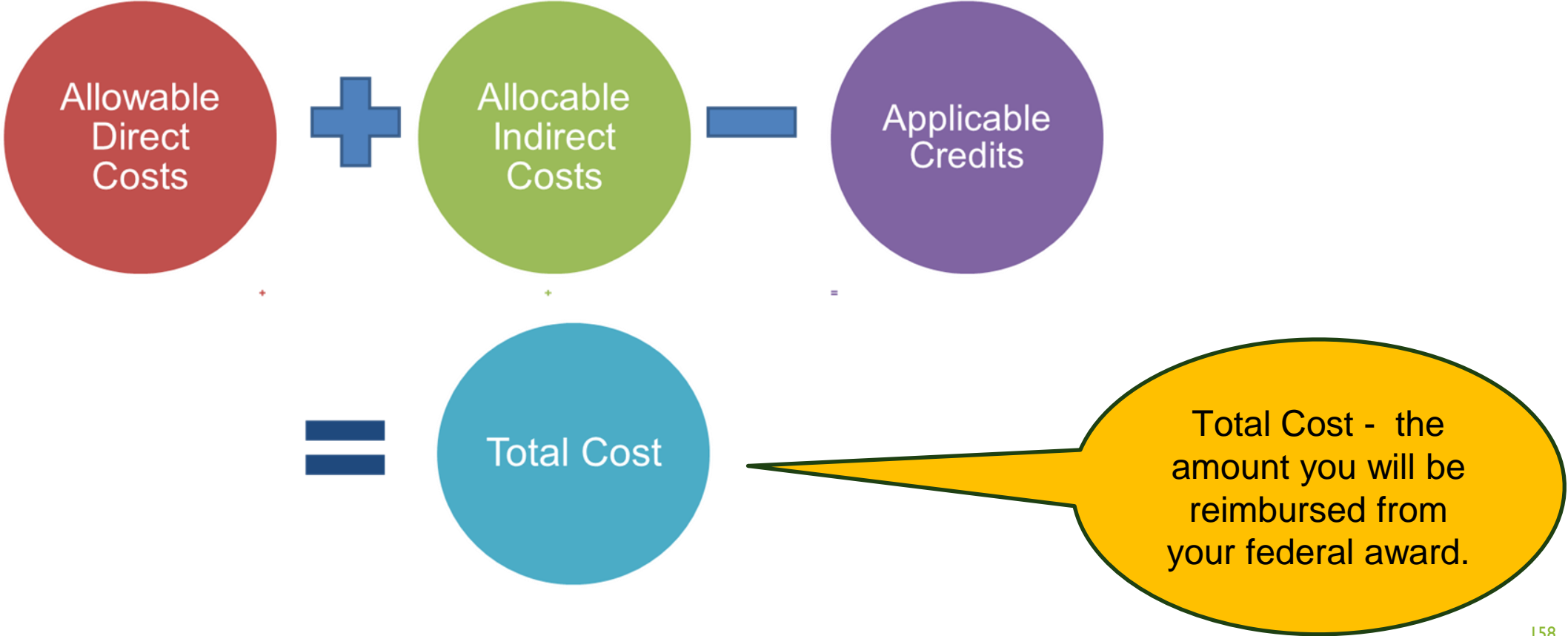
(h) Must be incurred during the approved budget period

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

# WHAT ARE REASONABLE COSTS?

- Be 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.
- Must not significantly deviate from established practices and policies.
- Must be adequately documented to be allowable.

# § 200.402: COMPOSITION OF COSTS



# ALLOWABLE ***DIRECT*** COSTS-§ 200.413(d&e)

## Direct Cost Examples:

- Compensation for employees who work on IHP activities.
- Cost of materials and supplies for the housing maintenance program.
- Insurance for Properties built with IHBG funds.
- Administration of IHBG funds and programs.
- Costs for rehabilitation of NAHASDA housing units.

(d) **direct cost of a minor amount** – may be treated as an indirect (F&A) cost for reasons of practicality.

- Example: Office supplies – pencil and pens, paperclips

(e) **cost of certain activities are not allowable** as charges to federal awards... but (each cost center) must be allocated their share of the non-federal entity's indirect costs.

- Example: Fundraising unrelated to the NAHASDA Program

# ***INDIRECT (F&A) COSTS (\$200.414)***

- Indirect costs are shared costs - benefits more than one grant and programs and are not easily assignable to a specific cost objective (grant) or program.

## Examples:

- Executive Director
- Accounting staff
- Annual Audits
- General Liabilities
- Board expenses



# PRACTICE EXERCISE – DIRECT OR INDIRECT?

TDHE used IHBG grant to rehab a low-income housing property it owns. Which of the following are direct or indirect costs of the IHBG award?

1. The cost of the architect's fees who was hired to work on a project.
2. A staff managing the TDHE's property portfolio consisting of 1937 housing low rent units, LIHTC units and market rate rentals units.
3. The cost to move the families to another location while their building is being rehabbed.
4. A staff responsible for the IHP and APR reporting.
5. The salary costs of the grants manager who is responsible for multiple state, federal, and foundation grants.



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# APPLICABLE CREDITS (§200.406)

- Receipts or reduction of expense transactions
- Applicable credits must offset or reduce expenses allocable to the federal award

## Examples:

- Purchase Discounts
- Rebates or Allowances
- Recoveries or indemnities on losses
- Insurance refunds and rebates
- Adjustments of overpayments or erroneous charges





**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 2024: \$191,900/year; daily rate: \$92.26/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 unallowable.
- 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 – unless excepted elsewhere in these principles, allowable if:
  - reasonable
  - required by law or employment agreement
  - or established (written) policies of the entity



# §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)(1-3) 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 non-federal entity 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)(1) Compensation – Fringe Benefits

## SEVERANCE PAY

### ALLOWABLE IF:

- it is required by law, employer-employee agreement, established policy that constitutes, in effect, an implied agreement on the non-federal entity's part, or circumstances of the particular employment.

### UNALLOWABLE IF:

- it is in excess of normal severance pay paid, and pay is contingent upon a change in management control over, or ownership of the non-federal entity's assets.

# § 200.432 Conferences

## CONFERENCE COSTS – 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.

# Defense And Prosecution Of Criminal And Civil Proceedings, Claims, Appeals And Patent Infringements § 200.435

- Overall basic intent:
  - **ALLOWABLE** - legal expenses for administration of federal programs.
  - **UNALLOWABLE** - legal expenses for prosecution of claims against the federal government.
- § 200.435 (e): describes strict criteria for how unallowed cost may be allowed.

# EMPLOYEE HEALTH AND WELFARE COSTS § 200.437

**ALLOWABLE:** costs incurred in accordance with the non-federal entity's documented policies for the improvement of working conditions, employer-employee relations, employee health, and employee performance.

**UNALLOWABLE:** costs associated with “EMPLOYEE MORALE”.

Ensure cost allowability procedures does NOT include activities that are associated with “employee morale”.



# ENTERTAINMENT COSTS § 200.438

NAHASDA  
PROGRAM –  
Does not require  
prior approval

## UNALLOWABLE – HOWEVER, Allowable Under Certain Circumstances

*“...where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized either in the approved budget for the federal award **or with prior written approval** of the federal awarding agency.”*



# Equipment And Other Capital Expenditures – NAHASDA Specific Treatment

§ 200.439 is not applicable to ONAP Programs (IHBG and ICDBG) since property acquired through the use of federal grant funds is owned by the Tribe/TDHE and is not federal property.

- Allowable costs
- Record the equipment and capital costs as grant expenditures
  - DEBIT EQUIPMENT EXPENDITURE, CREDIT CASH
- If equipment and capital costs are equal to or exceed Tribe/TDHE's capitalization threshold:
  - 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 (If you have a dedicated FUND for Fixed Assets)

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# Fines, Penalties, Damages And Other Settlements § 200.441

## UNALLOWABLE:

Refer to Program Specific Regulations: IHBG 24 CFR  
§1000.26(b)(1)(ii):

“Penalties, damages, fines and other settlements are unallowable costs to the IHBG program.”

# Fund Raising And Investment Management Costs § 200.442(a)

## ALLOWABLE IF

- Fund raising costs are for the purposes of meeting the Federal program objectives.
- 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.

### 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 are allowable – if type and extent and cost of coverage are in accordance with Tribe/TDHE policy and sound business practice. Example: Property Insurance.
- Minor losses not covered under 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.



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# Taxes (Including Value Added Tax)

## § 200.470

### **ALLOWABLE** are:

- 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
- Allowable to pay PILOT - Payment in Lieu of Taxes - negotiated between the Tribe/TDHE and the local government.

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# 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.

- I. **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.

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.
- C. 100% of the cost is unallowable.



# 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!