



ONAP TRAINING

Financial Management

Virtual Training
March 15-16, 2023



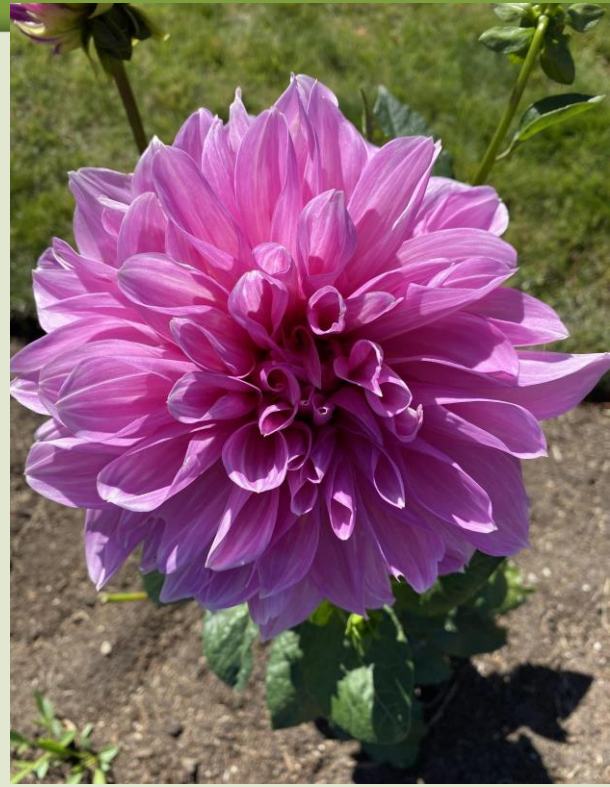


This training is offered by the U.S. Department of Housing and Urban Development (HUD) and the Office of Native American Programs, under a cooperative agreement with FirstPic, Inc.

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

SECTION 1

Introduction, Purpose, Objective



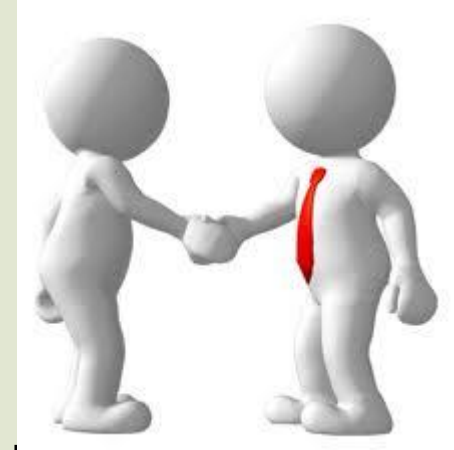
Trainer Introduction

Maria Tagliavento, White River Consulting, LLC

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!



COULD THIS HAPPEN TO YOU?

“We (the IG) find that the Housing Authority cannot account for more than \$5.1 million in Indian Housing Block Grant funds. The Housing Authority’s financial management system is unauditible **because the financial statements, general ledger, and subsidiary ledgers are not complete and accurate as required.**”

“As a result, the Housing Authority cannot provide reasonable assurance that its Indian Housing Block Grant funds is assisting the intended beneficiaries. In our opinion, this is occurring because the Board of Commissioners and the Authority’s management do not have effective control of the Authority accounting operations.”

Taken from an actual IG Report

Training Purpose

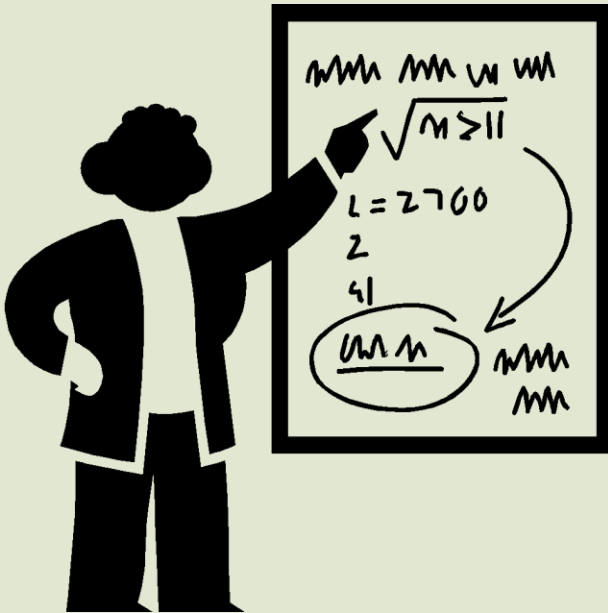
To gain an understanding and knowledge of your fiscal responsibilities to manage and administer the Indian Housing Block Grant (IHBG) to ensure compliance with the NAHASDA Statutes and Regulation, and 2 CFR Part 200.



COURSE OBJECTIVES

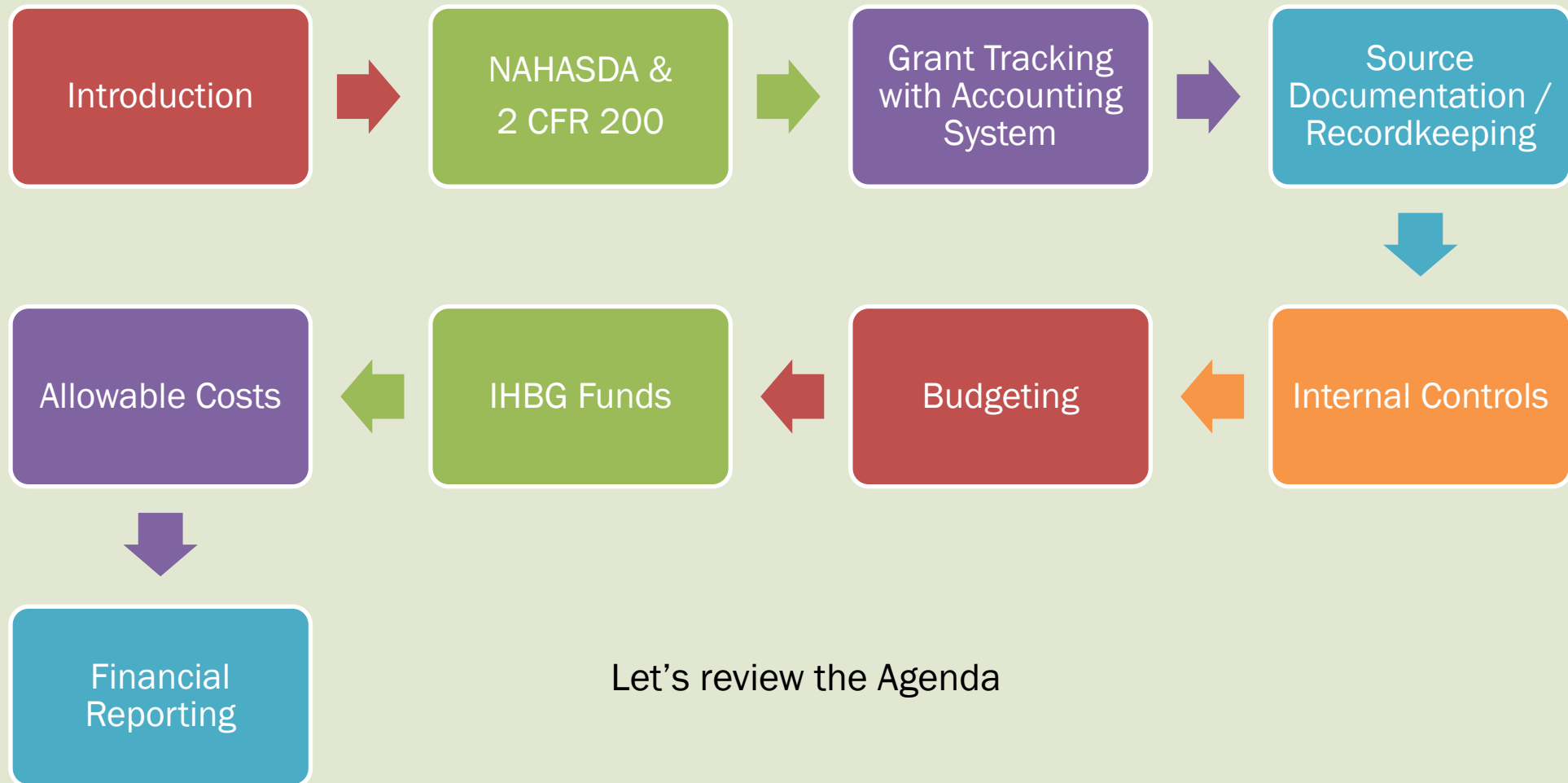
- Provide an overview of relevant sections of 2 CFR 200 and the NAHASDA Statutes and Regulations in managing the IHBG grant.
- Study basic financial transactions and accounting applications relevant to the NAHASDA program.
- Improve the compliance, accuracy, and performance and functions of the participants 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 Chat to post comments and ask questions (this training is for you)
- Put yourself on mute
- Check-ins

Course Schedule



Let's review the Agenda

SECTION 2

NAHASDA & UNIFORM GUIDANCE OVERVIEW

Transition from 1937 Housing Act

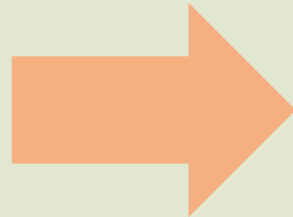


NAHASDA

1937 Housing Programs

- Low Rent Units
- Mutual Help Program
- Section 8

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



- Passage of NAHASDA (1996); implemented in 1997
- Eliminated separate programs and **replaced them with the IHBG Formula** - Intent: equitable distribution of annual appropriation.
- **Allocation is basis of your annual budget**
- Increased flexibility in use of funds; NAHASDA encourages leveraging.
- Greater local decision-making. Tribe identifies **affordable housing activities** in an annual “Indian Housing Plan” to address Tribal housing needs.
- Tribes can designate an Indian Housing Authority as their **Tribally Designated Housing Entity (TDHE)**. Defines TDHE - as the existing IHA under the Housing Act of 1937...and is not an Indian Tribe.”

LINKS TO THE NAHASDA PROGRAM REFERENCES

CODETALK

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

NAHASDA STATUTE

- https://www.hud.gov/sites/documents/DOC_8141.PDF

NAHASDA REGULATION

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

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>

PIH NOTICES

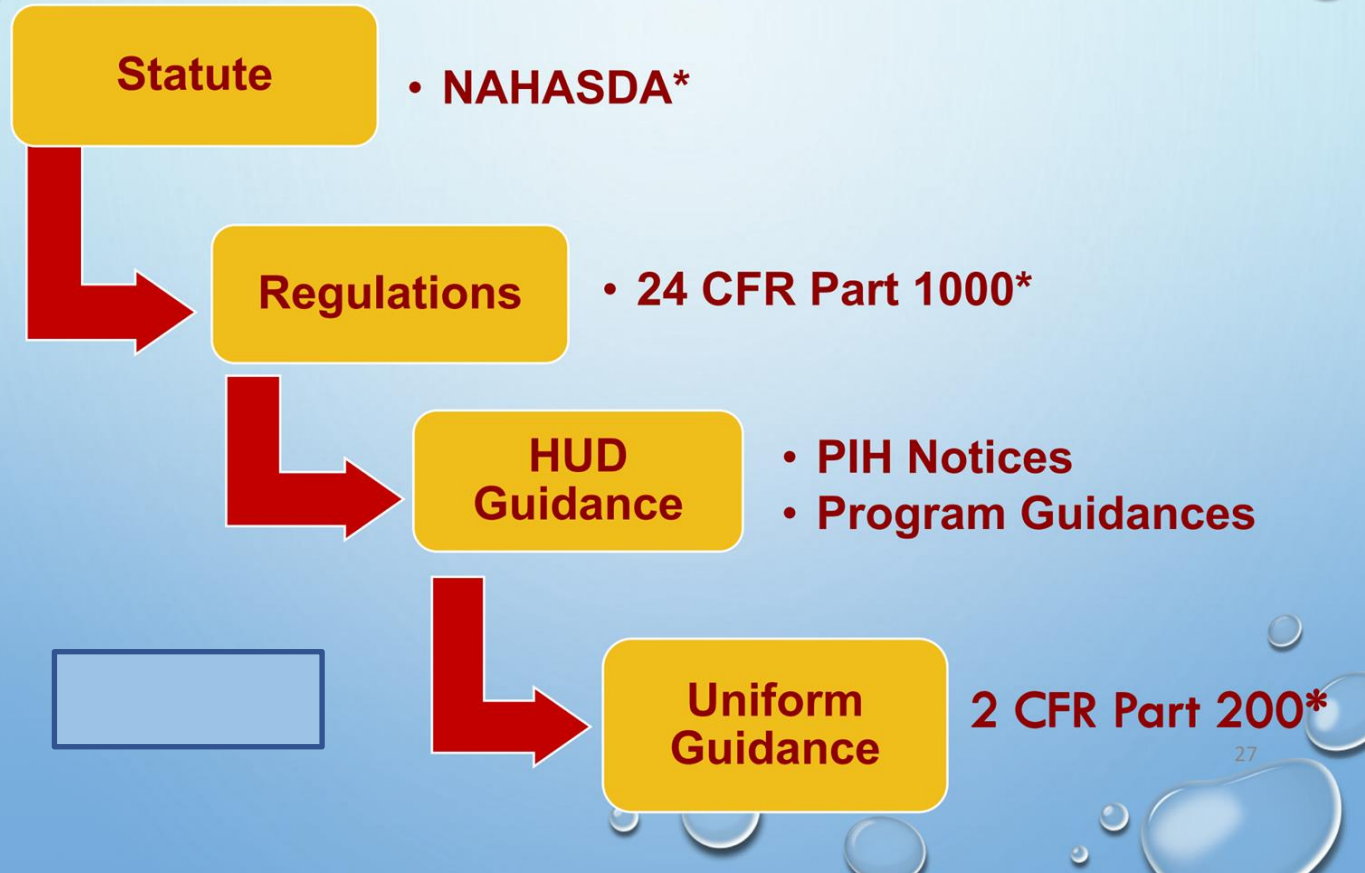
- https://www.hud.gov/program_offices/public_indian_housing/ih/regs/notices

PROGRAM GUIDANCES

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

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Hierarchy of Guidance Applicability



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

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

Administrative Requirements For NAHASDA

§1000.26 What are the administrative requirements under NAHASDA?

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

§1000.28 Self-governance Indian Tribes may be exempted from §1000.26 if its administrative requirements, standards and systems meet or exceed the comparable requirements of §1000.26.

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

Uniform Guidance: What is it?

Code of Federal Regulations: 2 CFR Part 200



Title 2: Grants and Agreements

PART 200— “UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS”

- Commonly referred to as the “Uniform Guidance” for Federal Awards (2 CFR Part 200).
- **Applies to all Federal grants and to certain other types of Federal awards**

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

Subparts At A Glance

Subpart A (200.0 -200.1)

- Acronyms and Definitions

Subpart B (200.100 – 200.113)

- General Provisions

Subpart C (200.200 – 200.216)

- 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

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

Recipients of Federal Awards must comply with...

1. § 200.300 Statutory and national policy requirements

- 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.
- responsible for complying with all requirements of the Federal award.

Recipients of Federal Awards must comply with...

2. § 200.301: Performance Measurement

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



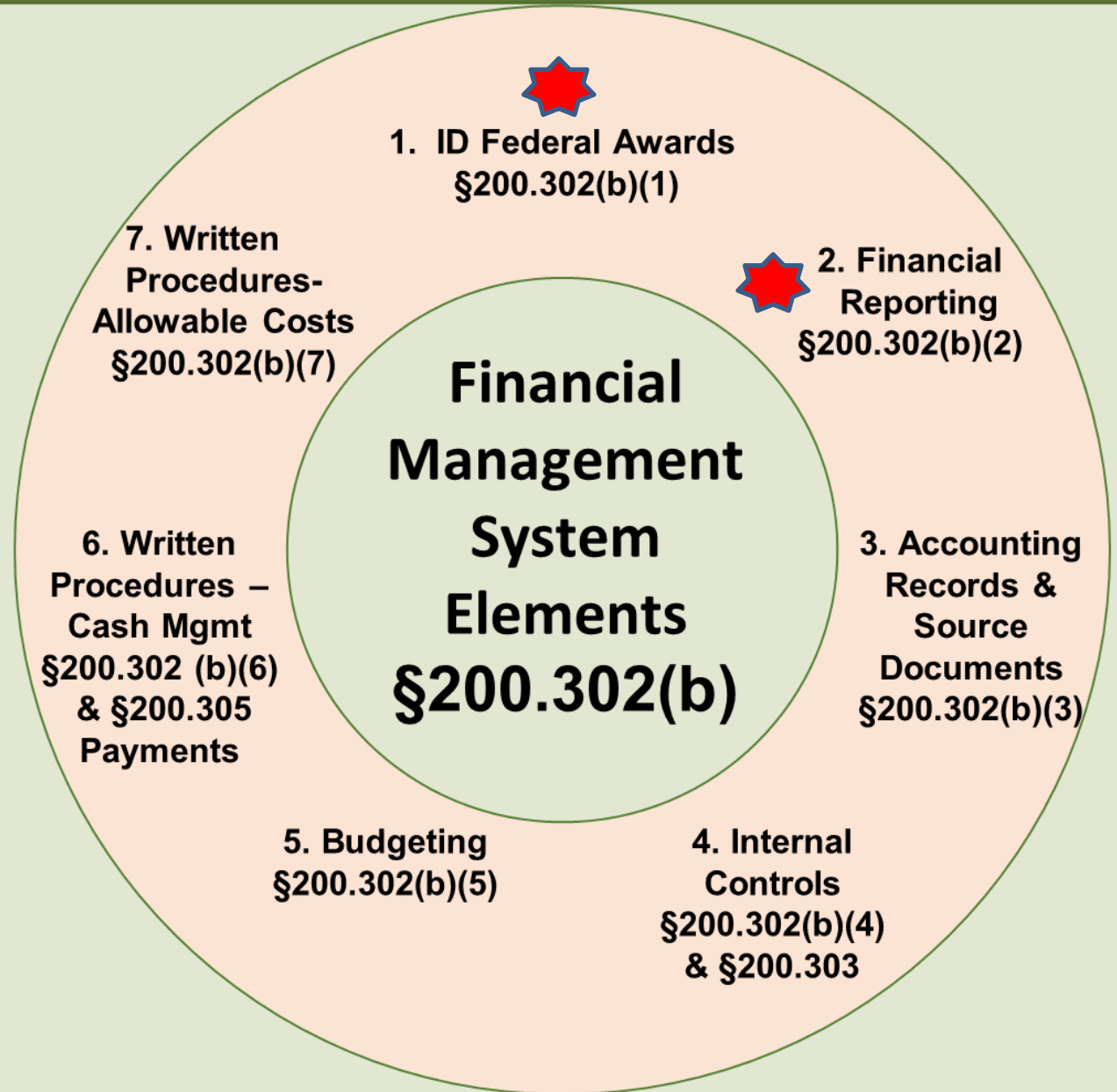
Your Responsibility for the Federal Award

§200.302(a):..... (States and) 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.

§200.302(b): Financial Management

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



SECTION 3

USE ACCOUNTING SYSTEM TO IDENTIFY AND TRACK FEDERAL GRANT ACTIVITIES AND FINANCIAL REPORTING

**Reference:
Standards for Financial Management Systems
2 CFR 200.302(1-2) ACCOUNTING SYSTEM**

§ 200.302(b)(1)

Identification of all Federal Awards

Identification, 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.

§ 200.302(b)(1)

Identification of all Federal Awards

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

Used to
be CFDA
Number

For
Example

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

SAMPLE GENERAL LEDGER SETUP

Fund	Dept	Object Code	Grant	Activity
01	10	6000	55	100

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

Consider this.....

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

- Do you know the compliance and administrative requirements of your federal grant?
- Is your chart of accounts set up where you are able to easily track your grant activities?
- Are all your grants set up in your accounting system?
- Can your system easily produce grant revenues and expenditures reports for each active grants?
- Can you rely on your accounting system reports for each of your grants to accurately complete your required reports such as the SF 425?
- Are you maintaining a physical file for each of your federal grants?

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\(b\)\(7\)](#)

§ 200.302(b)(2)

Financial Reporting

- **Accurate, current, and complete** disclosure of the financial results of each federal award or program in accordance with reporting requirements set forth in **§200.328** (Financial Reporting) and **§200.329** (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.
 - this recipient may develop accrual data for its reports based on an analysis of the documentation on hand.

§ 200.302(b)(2) 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.

- **Accurate:** Actual amount of grant revenue and costs of the grant – for the reporting period.
- **Current:** All income and costs must be recorded and posted within the correct accounting period in your accounting system (matching principle).
- **Complete:** Record ALL transactions in your accounting system.

Use your Accounting System to Track Grants

Chart of Accounts: Organizational tool:

- List of all general ledger accounts
- Serves as recordkeeping system
- Helps you make informed decisions
- **Initial setup of accounting system should reflect what financial information you want to collect and report.**

Example 1:

Use QuickBooks features:

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

OR

Example 2:

Use QuickBooks

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

QUICKBOOKS: Tracking IHBG Using Your Accounting System, Cont'd

ACCOUNT CODE NUMBER	ACCOUNT CODE DESCRIPTION	(SALES) DONOR DESCRIPTION	CLASS NUMBER	CLASS DESCRIPTION
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

Account		IHP			Description		
Fund	Code	Location	Grant	Activity			
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		
01	112310	0	0	0	Allowance for Doubtful Accts	-	57,424.87
01	112900	0	0	0	Accounts Receivable-Other	691.41	-
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**



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?

QUESTION

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

More than 50% _____

Some of the time _____

§ 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
- b. This information must be collected with the frequency required by the terms and conditions of the Federal award – Example: Quarterly and/or annually.

IHBG Reporting

1. Annual and Quarterly Reporting - SF 425 Reporting
 - a. Quarterly Reporting – For Tribes/TDHEs approved for IHBG Investment
 - b. Annual Reporting - For all Tribes/TDHEs WITHOUT IHBG Investment
- [GEMS Training for ONAP Grantees](#) - Grant Evaluation Management System – Will be a one-stop shop for all reports of the IHBG Program.
- Refer to **PIH 2022-15**: Discusses new changes to the frequency of reporting SF-425.

Purpose of SF 425 Report:

- Record and track revenue and expenditures of grant program funds
 - Assess anticipated obligations of grant funds – paid expenses that will be paid with grant funds
 - Record and Track Program Income
2. Annual reporting – Annual Performance Report APR (Form HUD-52737)
 - To report Indian Housing Plan (IHP) program and accomplishments and outcomes

What is Program Income [1000.62]?

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

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.
- Lookout for reporting in GEMS in the near future!

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

- 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.

FEDERAL FINANCIAL REPORT-WORKSHEET

(Follow form instructions)

1. Federal Agency and Organizational Element to Which Report is Submitted	2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment)	Page 1 of
ONAP		pages
3. Recipient Organization (Name and complete address including Zip code)		
For 55IT or 55IH Grant		

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
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8. Project/Grant Period From: (Month, Day, Year) Program years 10/01 - 01/01 - 04/01	To: (Month, Day, Year) Program years 9/30 - 12/31 - 3/31	9. Reporting Period End Date (Month, Day, Year) 12/31 - 03/31 - 06/30 - 9/30
--	---	---

10. Transactions	Cumulative
------------------	------------

(Use lines a-c for single or multiple grant reporting)

Federal Cash (To report multiple grants, also use FFR Attachment):

a.1 Cash Receipts - LOCCS draws received during period	\$0.00
a.2 Cash Receipts - positive/negative cash on hand (Grant Payable/Grant Receivable) from prior FY 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 (oncs) received	\$0.00
d.3 Total Federal funds authorized - positive/negative cash on hand (Grant Payable/Grant Receivable) for 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 forward for 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 funds with the exception of program income - generally N/A)	
j. Recipient share of expenditures	
k. Remaining recipient share to be provided (line i minus j)	

Program Income:

l.1 Total Federal program income earned - Carryover from FY end and unexpended balance	\$0.00
l.2 Total Federal program income earned - Current years cumulative program income	\$0.00
Total Federal program income earned (l.1 plus/minus l.2)	\$0.00
m. Program income provided in accordance with the reduction alternative - N/A	
n. Program income earned in accordance with the addition alternative	\$0.00
o. Expended program income (sum of lines m or line n)	\$0.00

11. Indirect Expense	a. Rate	b. Period From	c. Period To	d. Base	e. Amount Charged	f. Federal Share
g. Totals:						

12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation: Cash on Hand / Details of Invested IHBG funds (use attachment) / P&A Reserves / PI

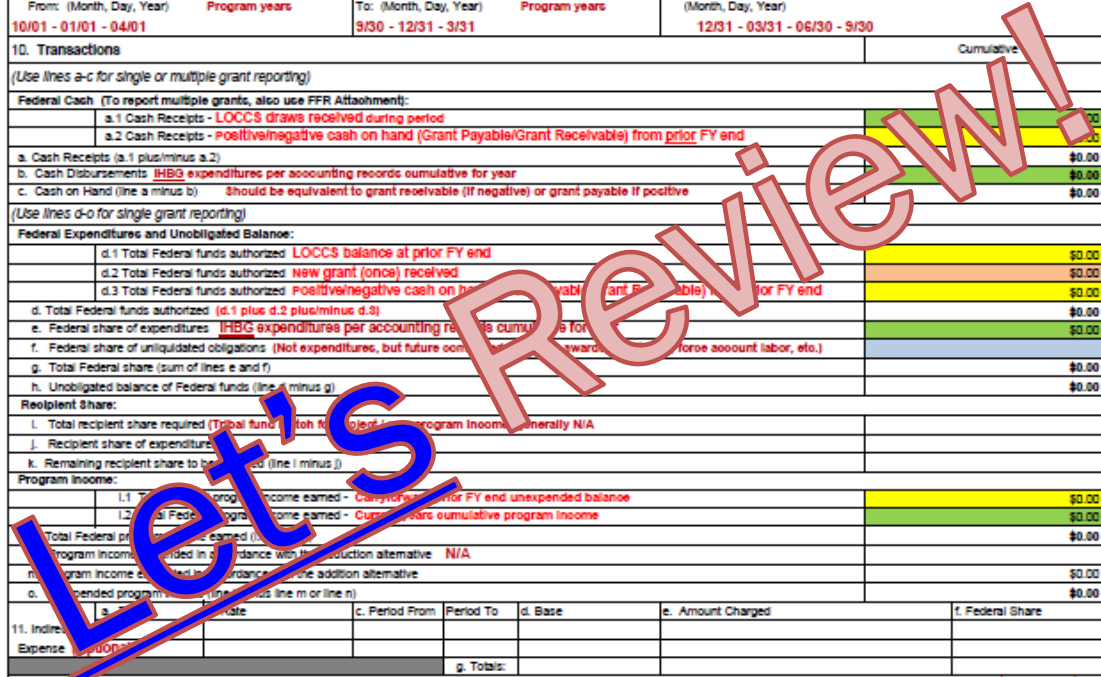
13. Certification: By signing this report, I certify that it is true, complete, and accurate to the best of my knowledge. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

a. Typed or Printed Name and Title of Authorized Certifying Official	c. Telephone (Area code, number and extension)
	d. Email address
b. Signature of Authorized Certifying Official	e. Date Report Submitted (Month, Day, Year)

14. Agency use only:

Standard Form 425
OMB Approval Number: 0348-0061
Expiration Date: 10/31/2011

Paperwork Burden Statement
According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is 0348-0061. Public reporting burden for this collection of information is estimated to average 1.5 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0061), Washington, DC 20503.



Annual Performance Report (APR)

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

- It is a progress report to track the Tribe/TDHE'S progress on the IHP.
 - The IHP and the APR are reported on the same Form 52737.
 - Public comment on the progress of its IHP activities.
 - The APR is due no later than Ninety (90) days after the Recipient's fiscal year end.
 - The Recipient may seek an extension of an additional thirty (30) days (§1000.514).
-
- **REFER TO PIH 2018-15 – USE OF EPIC FOR SUBMISSION OF IHP/APR**
 - **COMING SOON – GEMS REPORTING!**

Annual Performance Report (APR)

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

(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 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)	(M)	(N) Funds to be expended in 12-month program	(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)				3	27,995	0	27,995
202X-02 Development – Family Housing		250,000	315,000	565,000	225,628	314,660	540,288
202X-03 Housing Services		14,250	23,100	37,350	11,476	16,800	28,276
202X-04 Modernization/ Rehabilitation		51,448	0	51,448	51,332	0	51,332
202X-05 Mutual Help Program		21,693	11,320	33,013	4,259	10,920	15,179
202X-06 Tenant Based Rental Assistance		5,000	0	5,000	1,865	0	1,865
Planning and Administration		110,000	0	110,000	110,879	0	110,879
Loan repayment – describe in 4 and 5 below.		98,000	0	98,000	97,188	0	97,188
TOTAL		590,564	349,420	939,984	530,622	342,380	873,002

Source document for the APR Totals in Column (O) and (P) is your accounting records.

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

SECTION 4

ACCOUNTING RECORDS, SOURCE DOCUMENTS, RECORDKEEPING AND RETENTION

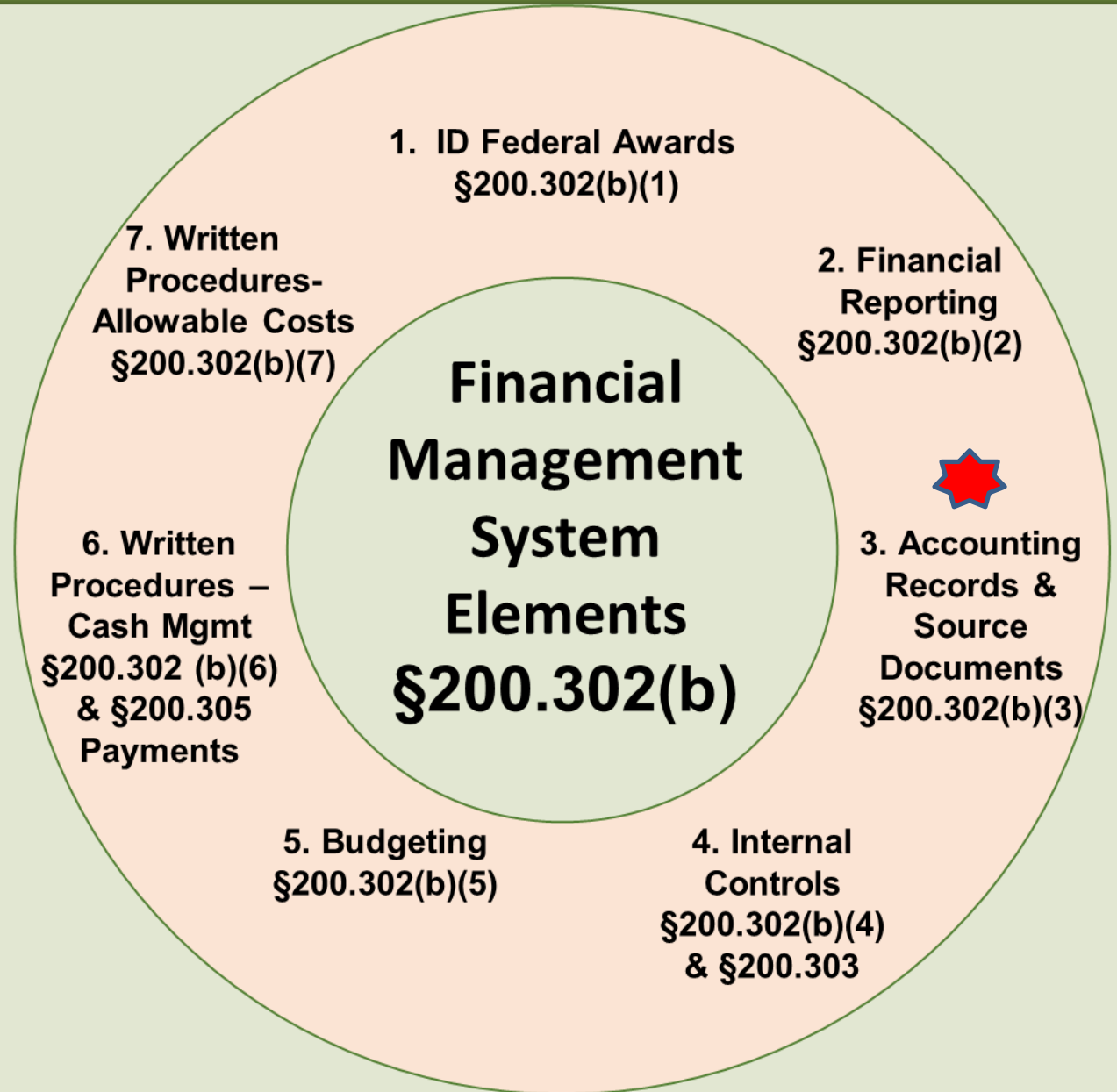
Reference:

Standards for Financial Management Systems

2 CFR 200.302(3) and §200.334-337 Record-Keeping and Retention

§200.302(b): Financial Management

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



§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

Must be supported by source documents

Refer to PIH 2000.26 for definition of **Obligations** - Basic Rule - a point of obligation is the time when a commitment is made to pay a particular sum of money for contract labor, supplies, materials or services.

Other 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
- [§ 200.335](#) –Request for Transfer of Records
- [§ 200.336](#) - Methods for Collection, transmission, storage...
- [§ 200.337](#)) – Access to Records

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 to manage records.
- Safeguard [protected personally identifiable information.](#)

Record Keeping And Retention

ADOPT A POLICY AND INCLUDE:

- Retention requirements for records (24CFR1000.552) - How long should you keep the records?
- Method to transfer certain records to the federal agency, if required (200.335);
- Methods for collection, transmission and storage of information (200.336);
- Access to records; (200.337) – for the federal agency, the Inspector General’s, the Comptroller General of the United States;
- Restrictions on public access to records (200.338) – for example, Personnel files that have Personally Identifiable Information (PII).



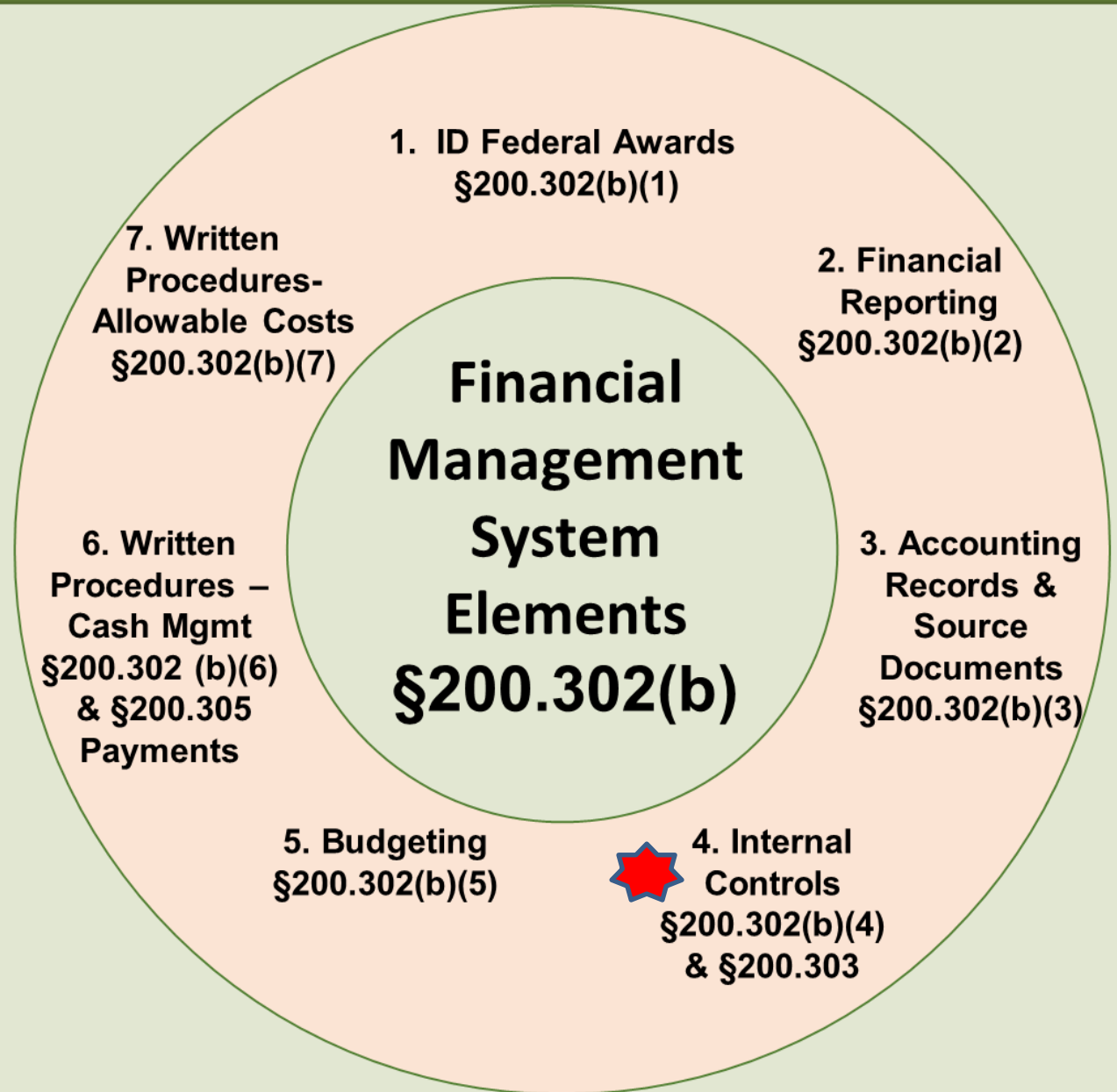
SECTION 5

ACCOUNTING SYSTEMS AND INTERNAL CONTROLS

**Reference:
Standards for Financial Management Systems
2 CFR 200.302(4)
and
§200.303 INTERNAL CONTROLS**

§200.302(b): Financial Management

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



§ 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**)



Internal Controls Objectives



Internal Controls: A Process

Internal control is a PROCESS that is implemented to control risks (200.302(4)) and the Tribe/TDHE must:

- 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](#)

Your Responsibilities for Internal Controls

- Comply with the [U.S. Constitution](#), Federal statutes, regulations, and the terms and conditions of the Federal awards.
- Evaluate and monitor the non-federal entity's compliance with statute, regulations and the terms and conditions of federal awards.
- Take prompt action when noncompliance is identified, including non-compliance in audit findings.
- Take reasonable measures to safeguard protected personally identifiable or sensitive information with applicable Federal/state/local/tribal laws regarding privacy and [responsibility](#) over confidentiality.
- Reference: § 200.303(b-e)

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.

Internal Controls

Types of internal controls:

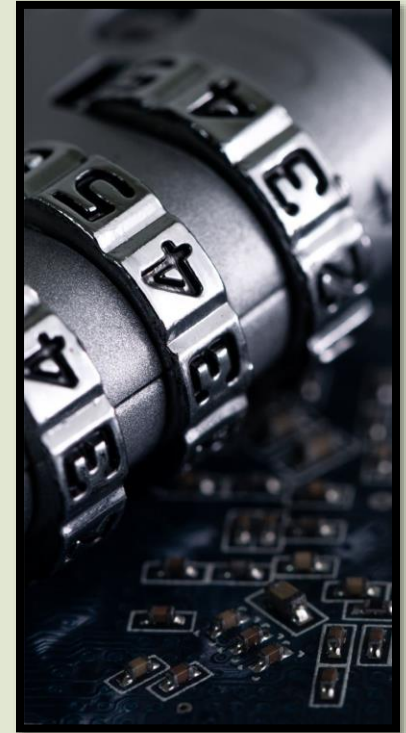
1.Preventative. Have controls in place to prevent undesirable activities from happening.

- **Physical controls**
 - Video Surveillance
 - Use of Safe to store cash
- **Administrative controls**
 - Written Policies and Procedures
 - Segregation of Duties

2.Detective. Identifies problems after they have occurred.

- **Corrective Action** – put in place to correct errors

Need both for added protection.



Internal Controls

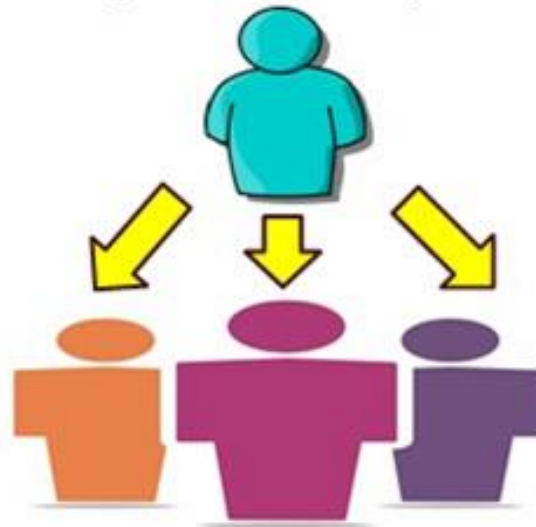
**Ensures Preventative Controls are incorporated ...
written policies and procedures, such as:**

- Segregation or division of duties
- Proper authorization of transactions
- Adequate documentation and retention of records
- Supervision or monitoring operations
- Management reviews
- Payroll preparation and distribution duties and approving, writing and signing checks should also be done by different people.

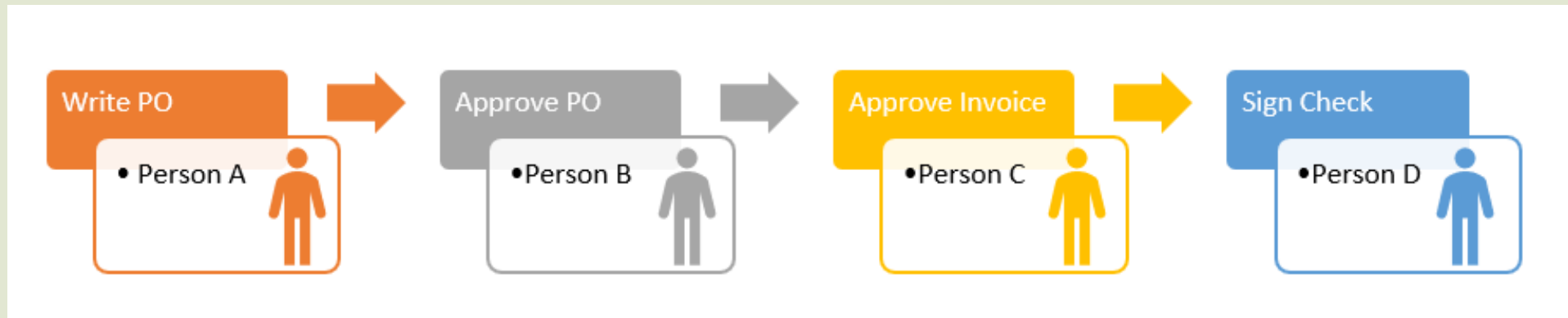
Segregation of Duties Definition



- 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

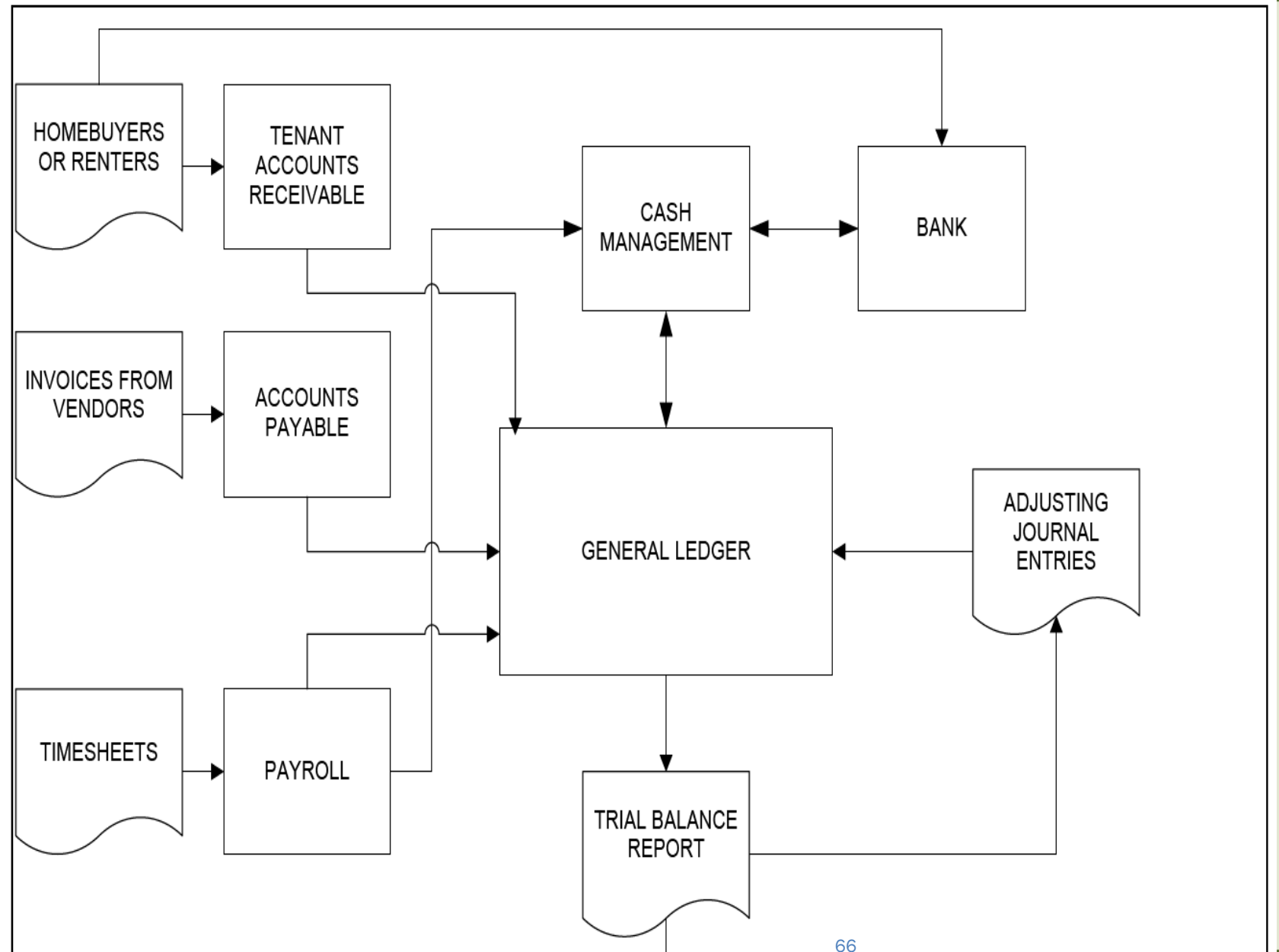
Self-monitoring

Conducting physical inventory

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 systems, 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



Internal Controls

We will cover internal controls for these select areas:

- 1. Cash Receipts**
- 2. Handling Accounts Payable and Disbursements**
- 3. Petty Cash**
- 4. Bank Reconciliations**
- 5. Journal Entries**
- 6. Capital Assets**
- 7. Credit Cards**
- 8. 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/Doorways.
- 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. Receipt 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 validates accuracy of invoice is for goods and services received.
 - Match the invoice to the receiving document, approved purchase requisition and purchase order number (3-way match).
 - Reject or approve and authorize the invoice for payment and send the approved invoice with support documents to accounting for payment.

Internal Controls:

Accounts Payable (AP) & Disbursement

2. Prepare Invoices for Payment:

- a. Bookkeeper reviews the approved invoice to ensure authorized approval for payment and all supporting documents are attached to the invoice and re-verify the Purchase Requisition and Purchase Order Number is on the invoice.
- a. Use the invoice number as reference to enter invoice in the Accounts Payable system – facilitates invoice tracking.
- a. Ensure there is enough funds in the bank account to make payments.
- a. 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 invoices, preparing checks and distribution of checks should be handled by more than one person.

Internal Controls:

Accounts Payable (AP) & Disbursement

3. Handling of Payments, cont'd:

b. Manual Checks

- Manual checks is 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. that is correctly coded with proof of receipt of goods or services.

c. If payment is made through ACH/Direct Deposit, ensure you have two reviewers:

- a. First reviewer: Reviews and approves the invoices prepared for payment and uploads the transmittal file for payment to the bank.
- b. Second reviewer: Reviews the invoices a final time for accuracy before approving the bank to make the payments.

Internal Controls: Cash Management



Best Practices:

1. Utilize Automated Banking Services

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

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

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

Internal Controls: Petty Cash



PETTY CASH FUND

- A cash fund used to pay relatively small amounts.
- The petty cash amount is formally established by the Tribe's governing board or tribal council.
- The balance of the petty cash account in the general ledger does not change – set by policy.

Responsibility and segregation of duties:

- One person should be designated the Custodian of the Petty Cash fund.
- Periodically, a surprise count of the Petty Cash fund should be conducted by the Administrator or someone else besides the custodian.

Internal Controls: Petty Cash



DOCUMENT PROCEDURES:

- Must have a receipt.
- The person requesting petty cash should provide the account code.
- The requesting person can either seek an advance for the small purchase and return the balance of the cash along with the receipt or seek reimbursement for the amount of the purchase.
- The petty cash audit report should be signed by both the Custodian and the Auditee and should be filed.

IMPORTANT: Use of petty cash must also meet the NAHASDA eligibility requirements and must be allowable costs!

Physical controls:

- Custodian should keep cash in a locked petty cash box and safe and should be the only person with the key.

Detective controls:

- Surprise count and reconciliation of the Petty Cash.

SAMPLE OF PETTY CASH RECONCILIATION REPORT

Must Sign by preparer and approver and date

1120 Petty Cash				
Upnorth Tribal Housing				
Petty Cash Reconciliation Report				
For Periods:	1/01/2023	To	1/31/2023	
Beginning balance				500.00
Receipts:	Class	Customer	Account	
Total Receipts			0.00	
Total Cash Before Disbursements				500.00
Disbursements	Class	Contractor	Amount	
Supplies	NAHASDA	General Store	12.00	
Supplies	NAHASDA	Office Mat	26.99	
Supplies	BIA TPA	General Store	39.50	
Postage	BIA TPA	US Post Office	3.41	
Printing	BIA TPA	BIA	12.00	
Total Disbursements				93.90
Petty Cash draw amount before replenishment				406.10
Amount authorized to replenish				93.90
Reconciled Petty Cash Amount				500.00
Reconciled by:			Date:	
Approved by:			Date:	

Internal Controls: Capital Assets

Capital assets are a major cost to the NAHASDA program

- Tangible or intangible assets.
- Have a useful life of more than one year.
- Have an 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.
- Must follow Tribe/TDHE's written policies and procedures for capitalization and treatment of capital assets to include:
 - All procured capital assets should be approved through the budget process.
 - Internal controls over authorization of capital asset purchases and disposition of assets.
 - Established Useful Life for all classes of assets and depreciate assets in accordance with established useful life.
 - Conducting a 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

- Establish a Useful Life Schedule for each of the asset category. See example below.
- Depreciate assets using the Straight-Line method of depreciation.
 - Depreciation is a systematic and rational means of allocating the net cost of an asset over its useful life.
 - Depreciation is calculated beginning the first full month an asset is placed into service.
 - Example: An annual depreciation for a vehicle with an acquisition cost of \$50,000 = \$5,000 [\$50,000 divided by the Useful life of 10 years].

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

Internal Controls:

Capital Assets: Equipment (§200.313(d)(1))

Management Requirements

- 1) Property records must be maintained that include:
 - description of the property
 - serial number or other ID number
 - source of funding for the property, including FAIN (Federal Award Identification Number]
 - who holds title
 - acquisition date and cost of property
 - percentage of federal participation in project costs for the federal award under which the property was acquired
 - location
 - use and condition of the property
 - Disposition data, including date and sale price of the property

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)

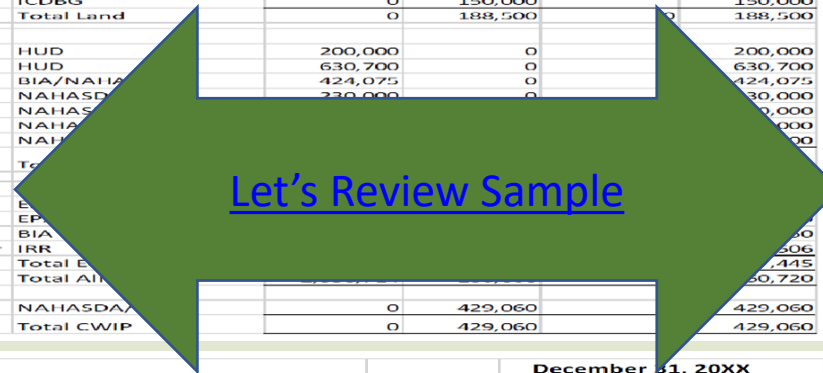
1. Take a physical inventory of the property and reconcile the property records at least once every two years.
2. Must have a control system to ensure safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
3. Develop adequate maintenance procedures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

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

Refer to § 200.313(d)(2-5)

Capital Assets and Depreciation Schedule

Upnorth Village Tribal Housing Fixed Assets Schedule December 31, 20XX						
Date	Item	Source	Beginning Balance	Additions	Deletions	Ending Balance
Land						
6/1/1998	Land/Office Bldg: 1.5 acres	Donated Village Corp	30,000	0		30,000
7/15/2015	Land/Triplex 1.5: acres	Donated Village Corp	30,000	0		30,000
11/31/2015	Land/2 x 4 plexes	Donated Village Corp	60,000	0		60,000
	Total Land		120,000	0	0	120,000
Infrastructure/Land Improvements						
1/6/20XX	4 Plexes water sewer	ANTHC	0	38,500		38,500
1/6/20XX	4 Plexes Sand and Gravel Pad	ICDBG	0	150,000		150,000
	Total Land		0	188,500	0	188,500
Buildings						
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	NAHASDA	230,000	0		230,000
7/20/2011	single family home	NAHASDA	230,000	0		230,000
1/1/2012	single family home	NAHASDA	230,000	0		230,000
1/1/2012	single family home	NAHASDA	230,000	0		230,000
	Total Buildings		2,174,775	0	0	2,174,775
Equipment						
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	26,750	0		26,750
7/15/20XX	Honda 4 wheeler VIN 9988 & Trailer	IRR	11,506	0		11,506
	Total Equipment		67,445	0	0	67,445
Construction in Progress						
	(2) 4 plexes under construction	NAHASDA	0	429,060		429,060
	Total CWIP		0	429,060	0	429,060



December 31, 20XX								
Date	Item	Ending Balance	Life	Beginning Accumulated Depreciation	20XX Additions	20XX Deletions	Ending Accumulated Depreciation	Net
Land								
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
	Total Land	120,000		0	0	0	0	120,000
Infrastructure/Land Improvements								
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
	Total Infrastructure/Land Improvements	188,500		0	1,925	0	1,925	186,575
Buildings								
1/1/1991	MH Homes (4)	200,000		0 non-depreciable			0	200,000
1/1/1996	1937 Act 8 unit multifamily	630,700	360	420,467	21,023	0	441,490	189,210
10/1/2000	Office Building	424,075	360	215,571	14,136	0	229,707	194,368
7/20/2011	single family home	230,000	360	33,861	7,667	0	41,528	188,472
7/20/2011	single family home	230,000	360	33,861	7,667	0	41,528	188,472
1/1/2012	single family home	230,000	360	30,667	7,667	0	38,333	191,667
1/1/2012	single family home	230,000	360	30,667	7,667	0	38,333	191,667
	Total Buildings	2,174,775		765,094	65,826	0	830,920	1,343,855
Equipment								
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
	Total Equipment	67,445		13,923	6,608	0	20,531	46,914
Construction in Progress								
	(2) 4 plexes under construction	429,060	0					
	Total Construction in Progress	429,060		0	0	0	0	0

Internal Controls: Payroll



- Significant cost of tribal operations.
- Requires significant planning and documentation to support the allocation charges
- Staff time may be allocated to various grants and programs.
- Required to create accurate and reasonable budgets.

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 at their hire date.
- **Payroll Action Forms (PAF).** PAFs are the authorizing document for employee set up in payroll.

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.**
 - (i) Policies and procedures should consider Employee eligibility and payment for holidays, various leave, paid travel time, training and administrative leave.
 - (ii) 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, 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

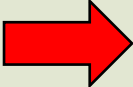
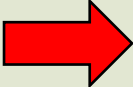
§ 200.430(i) Standards For Documentation Of Personnel Expenses, cont'd

(2) Charges for wages of nonexempt employees

- (i) Non-exempt employees are paid a daily rate for work performed
- (ii) Policy and procedures should be clear for work-day, holidays, paid time off, travel time, etc.
- (iii) Payroll Records: position descriptions, hire documents, timesheets, check copies etc. are incorporated into the official records of the non-federal entity;
- (iv) Allocation models **must also be supported by records indicating the total number of hours worked each day. Periodic time tests should be conducted to support time allocation models, and adjustments made if needed.**

Internal Controls: Payroll

SAMPLE PAYROLL ACTION FORM (PAF)

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

Internal Controls: Payroll

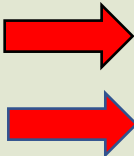
TIMESHEETS: NON-EXEMPT EMPLOYEES

- 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).
- Require employees to sign the timesheet, certifying it is an accurate record of time worked.
- Must be reviewed and approved by the supervisor.

NON-EXEMPT EMPLOYEE TIME SHEET – SAMPLE

UPNORTH VILLAGE TRIBE HOUSING																		
Non - Exempt Employee Time Sheet																		
August 2nd Half																		
Employee:											Employee ID:							
Position:																		
Department:																		
Period - From:	08/16/14			To:	08/31/14													
Pay Day:	Monday, September 15, 2014																	
	Sat	Sun	Mon	Tues	Wed	Thur	Fri	Sat	Sun	Mon	Tues	Wed	Thur	Fri	Sat	Sun	Total	
Date	8/16	8/17	8/18	8/19	8/20	8/21	8/22	8/23	8/24	8/25	8/26	8/27	8/28	8/29	8/30	8/31	Hours	
HOUR																		
PTOH																		
LWOP																		
OT																		
HOL																		
HBDAY																		
HBRV																		
HJDTY																		
ONCALL																		
OTHER																		
Total Hours																		
Employee Certification:																		
Supervisor Certification:																		

Document time worked EACH day



Internal Controls: Payroll

TIMESHEET - EXEMPT EMPLOYEES

- Receive a salary for the work they perform.
- Not eligible to receive overtime pay.
- Entitled to a monthly base payment higher than the FLSA minimum threshold, regardless of the number of hours of work they complete per week.
- FLSA does not require exempt employees to track time.
- Employees can require exempt employees to track time – however, this has no effect on employee salary.
- 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, you may want to consider having an exempt employee submit a “leave report” every pay period to track the number of type of leave hours taken during that payroll period for recording and accounting of exempt employee’s leave benefits.

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

First Name Last Name Employee ID#

Position Title

Department

Type of Leave Taken	Dates Taken	Total Days
Personal		
Jury Duty		
Bereavement		
Administrative		
Holiday		
Leave without Pay		
Total Days Taken		<input 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

HOWEVER – REMINDER!

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

Important:

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

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

Internal Controls: Payroll

Payroll Guidance And Reporting

Quarterly: Deposit requirements and deposit schedule for Federal income tax withholding and Social Security and Medicare, using:

Form 941: Employer's quarterly Federal Tax Return and Schedule B (Form 941) must be filed quarterly to:

- Report income taxes, Social Security tax, or Medicare tax withheld from employee's paychecks.
- Pay the employer's portion of Social Security or Medicare tax.

Annual: The employer is required to file Form W-2 which reports an employee's annual wages and taxes withheld from paychecks.

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.

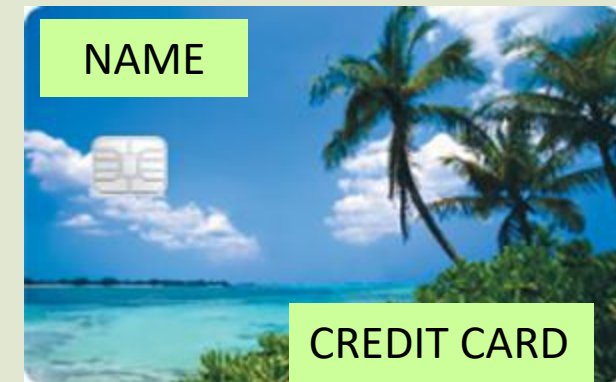
Internal Controls: Credit Card

BENEFITS of having company business credit cards?

- Convenience and efficiencies when making purchases.
- Document travel expenses and other purchases.

RISKS: Unauthorized use and incurring unallowable costs such as:

- Personal use of business credit card.
- Making unallowable purchases.
- Purchasing goods above authorized limit.



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 – Organizations should 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.
- Informs users of their responsibilities as a cardholder, including 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 available for use and assign limits to each card.

- Controls for insuring invoices are received in a timely manner with required information: business purpose, account code, approvals.
- Credit card charges should be reviewed, approved and entered in the accounting system timely. Establish spending limits – Each employee who has a credit card should have a limit that is appropriate for their typical expenditure levels or position.
- Have bills approved by a supervisor or management – Employees' monthly original credit card bills should be approved by their manager or another supervisor, and this review should be evidenced, for example, by a signature on the bills or an electronic bill signoff.
- Reconcile monthly – The monthly credit card bills should be reconciled timely to receipts by the Finance Office. The Finance Office should follow up promptly on any missing receipts.

Internal Controls: Credit Card

Responsibility and segregation of duties

- Assign someone as 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 to credit cards.
- Cardholders:
 - Sign an “Agreement and Acknowledgement of Understanding.”
 - Submits list of CC charges 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.

REVIEW
CREDIT CARD PROCEDURE

REVIEW
SAMPLE CREDIT CARD HOLDER
AGREEMENT

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

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 if you are approved to invest IHBG funds.
 - 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 24736-B](#)

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	\$171,332.51	\$171,332.51

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)
		Adjusted Balance per BANK	170,229.01
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)
		Adjusted Balance per BOOKS	170,229.01
	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	...of posting to the wrong general ledger account or wrong class
Adjusting Entries	Monthly bank charge on bank statement to the general ledger
Adjust Accounting Balances	Recording depreciation of expenses and accumulated depreciation

Internal Controls: Journal Entries

A journal entry form must be used and filled out completely and must have the following:

- Adjusting Journal Entry number
- Account numbers and account descriptions
- 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:

- Reviewing all detailed supporting documents and ensuring they are accurate prior to preparation.
- Responsible for explaining the reason to justify the journal entry and the basis used in preparing the journal entry. This includes ensuring that the debits and credits on the journal entry are in balance.
- 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)		\$\$\$
short description of why you are creating the journal entry.					
TOTAL					
Name and signature of preparer				Date of Preparation	
Prepared by:				Date	
Name and signature of reviewer/approver			<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: auto;"> must be different from the Preparer, such as the Administrator or Council Member </div>	Date	
Approved by:				Date	
<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

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



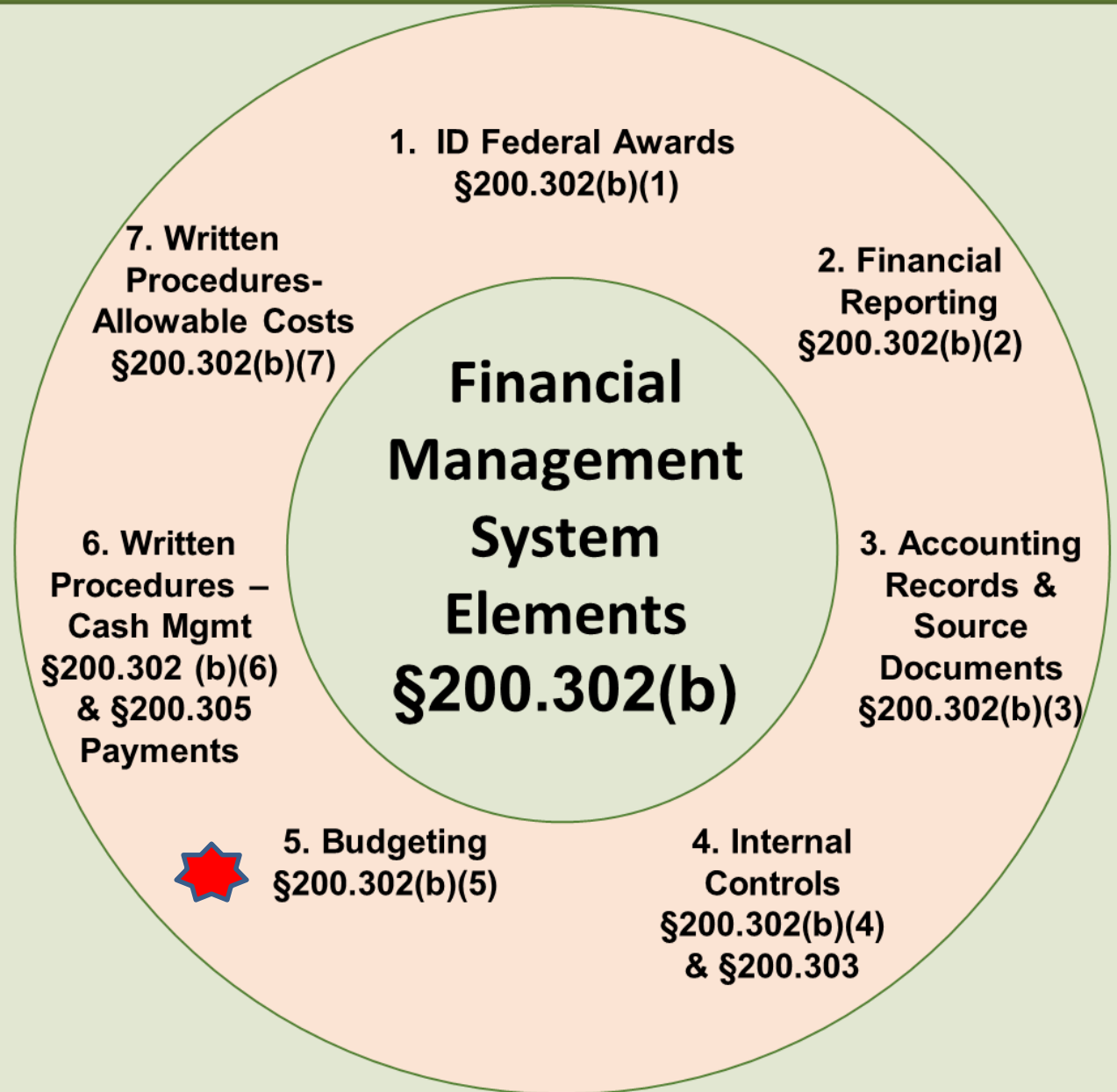
SECTION 6

BUDGETING

**Reference:
Standards for Financial Management Systems
2 CFR 200.302(5) Budgeting
And
IHBG Indian Housing Plan**

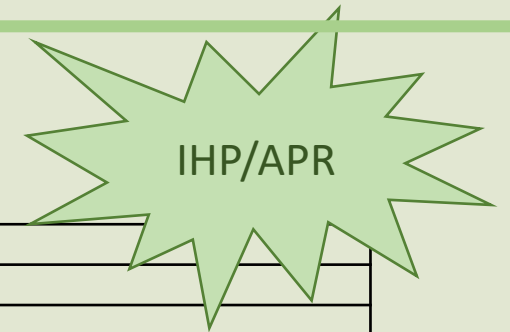
§200.302(b): Financial Management

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



Budgeting

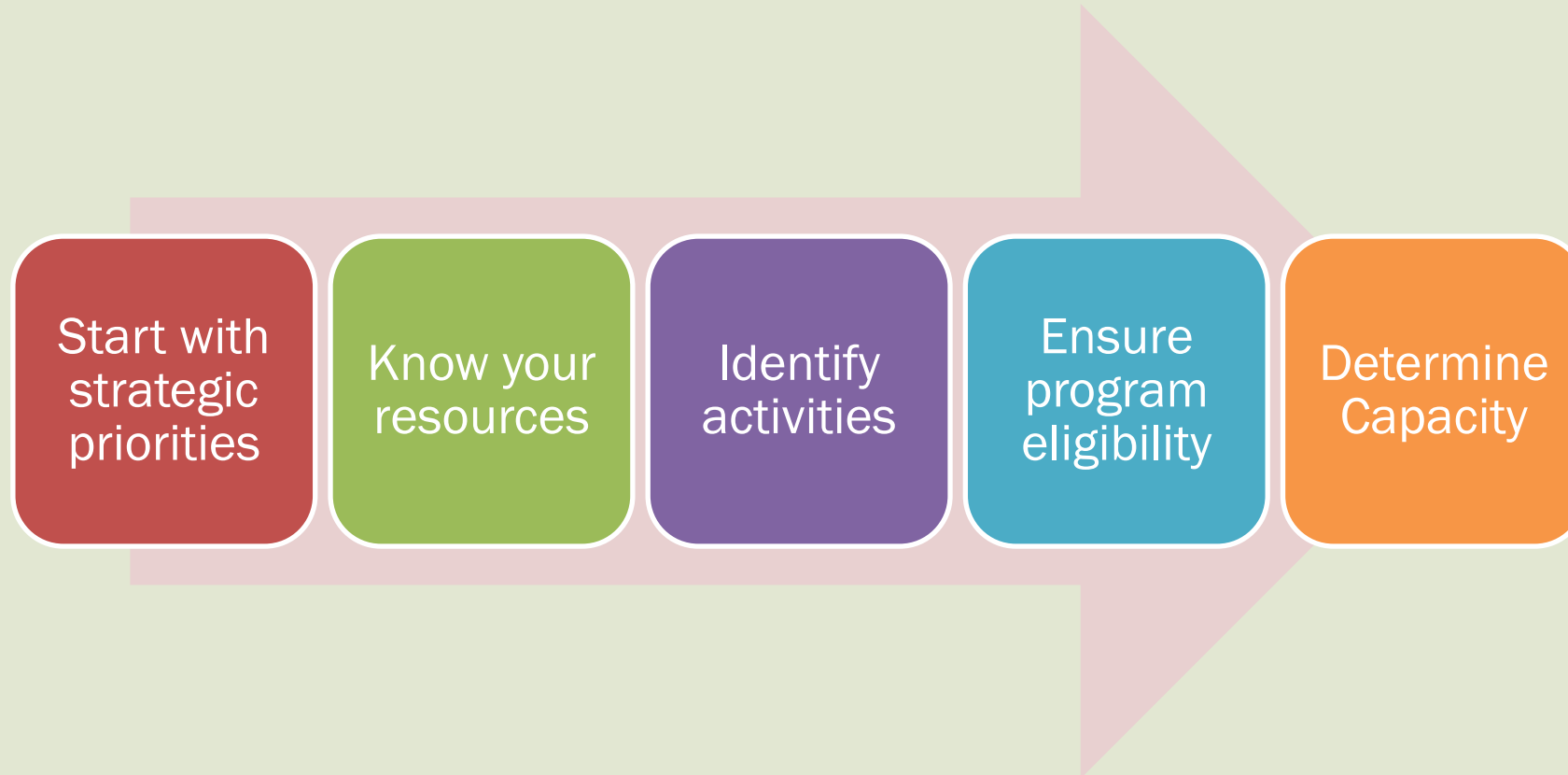
§200.302(b)(5)



(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



BUDGET PROCESS

1. **Start Early and Engage Everyone!!!**
2. Start with strategic priorities-Consider short and long-term strategic goals and objectives.
3. Know your resources – IHBG and other funding streams, including tenant rents
4. What are the needs of Tribal members and how many families can be served?
5. What is the housing inventory in the community?
6. Plan to build? Need a multi-year budget.
7. Use prior year's budget as a starting point for current year budget.
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. Identify and budget all program activities
11. Ensure planned activities are program eligible
12. Determine capacity need: current and future growth



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



Budget Controls: Questions to Ask

- Can activity be completed within budget?
- If over budget, what other sources are available?
- Are activities progressing as planned?
- Is the cost/unit in line with expectations?



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.
 - Eg: 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.

Several Methods for Allocating Indirect (F&A) Costs

Option 1: The 10 Percent De Minimis Rate

Option 2: Negotiated Indirect Cost Rate Agreement

Option 3: Cost Allocation Plan: There are three acceptable methods to calculate the indirect cost rate in a cost allocation plan:

- Simplified allocation method
- Multiple rate allocation method
- Direct allocation method

Reference: Uniform Guidance: Appendix VII: [States and Local Government and Indian Tribe Indirect Cost Proposals](#)

Several Methods for Allocating Indirect (F&A) Costs

About the **Negotiated Indirect Cost Rates (NICR)**

Tribe must use the negotiated ICR if it has an approved ICR:

- Must be accepted by all federal awarding agencies (some exceptions apply).
- Tribes' Development and Submission of Indirect (F&A) Cost Rate Proposals and Cost Allocation Plans is found at: [Appendix VII](#): States And Local Governments And Indian Tribe Indirect Cost Proposals.

Allocating Cost Schedules

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

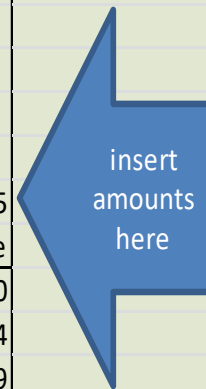
- a. May set up more than one pool cost to allocate like costs (office supplies, insurance)
- b. Allocation method is reasonable and rational to equitably distribute costs to programs and cost objectives
- c. Use your accounting system to track and allocate costs to grants and/or programs
- d. Consider setting up account codes for POOL Expenses in General Ledger. For example: POOL SUPPLIES, POOL – VEHICLE EXPENSES, then allocate the pool to programs benefited.



Allocation Sample- Based On # Of Employees

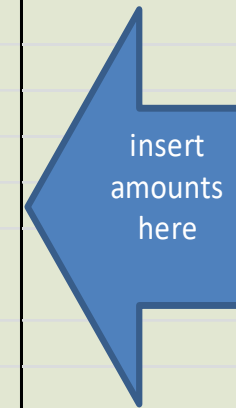
Allocation model 1: Administrative
 Base: number employees
 used to allocation administrative expenses:

Grant	Number Ees	%	Supplies	Office Utiities	Internet/Phone	Postage
	4.25	100.00%	2616	400	1350	317.65
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 – Based On 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
	Budgeted		Gen Liability	Property	
Grant	Expenses	%	Insurance	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



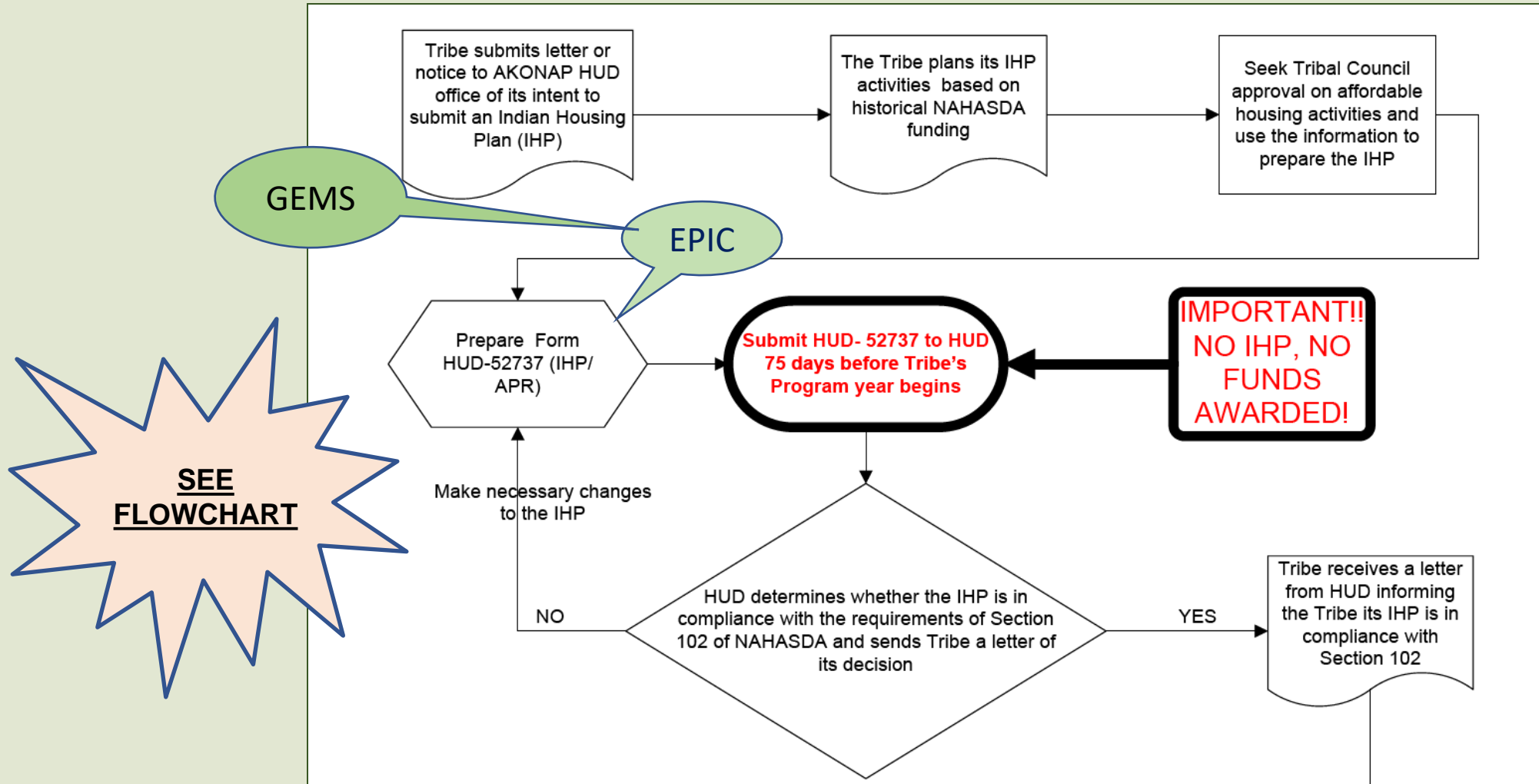
Allocating Costs to different Activities or Programs

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					
PROGRAM:										
Rehab Program	25,000	-		-	25,000	14.7%	2,068	2,000	324	1,324
SFH Construction					-					
Tribal Office Bldg Dev	15,000				15,000	8.8%				
Emergency Assist		10,000		-	10,000	5.9%	827	800	129	529
Youth Activity	-	5,000		-	5,000	2.9%	414	400	65	265
HB Assist Program					-	0.0%	-	-	-	-
Other Programs		2,000	29,485	30,000	61,485	36.2%	5,085	4,919	796	3,255
Planning & Admin	-	-	18,515	35,000	53,515	31.5%	4,426	4,281	693	2,833
Budget Totals	40,000	17,000	48,000	65,000	170,000	100%	14,059	13,600	2,200	9,000

The above schedule illustrates:

1	Column 5: The Tribe Housing staff of 3.5 FTEs are directly charged to NAHASDA activities or other programs based on work they perform for those areas.
2	Column 6: The % of Total column shows what percent of wages and salaries are being charged to the activities and other programs. For example, the Rehab Program bears 14.7% of the cost of wages. The percent establishes the rate to apply to associated expenses (payroll taxes and other expenses such as telephone charges, and office supplies.

How Funds Are Made Available Under NAHASDA



Know HUD documents you'll receive in response to submitting your IHP



U.S. Department of Housing and Urban Development
Region X – Anchorage Field Office
Alaska Office of Native American Programs
3000 C Street, Suite 401
Anchorage, AK 99503-3914
www.hud.gov/akonap

To: Tribe/TDHE

November 2, 2021

Subject: Federal Fiscal Year 2022 Indian Housing Block Grant Award

Dear Chairman/President/Executive Director:

The Alaska Office of Native American Programs (AKONAP), is pleased to inform the (Tribe/TDHE name) that the Indian Housing Plan (IHP) submitted on October 15, 2021, for the Indian Housing Block Grant (IHBG) program has been found to be in compliance with the requirements of Section 102 of the Native American Housing Assistance and Self-Determination Act (NAHASDA) and the implementing regulations at 24 CFR part 1000.

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 EPIC at PIH 2018-05**

§1000.238: Percentage of IHBG funds for Administrative and Planning(A&P) Expenses

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

HUD-52737 SECTION 3 PROGRAM DESCRIPTIONS: ELIGIBLE ACTIVITIES

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 compl
(5) Rehabilitation of Rental Housing [202(2)]	Units	All work compl
(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

**Refer to Program Guidance [2018-02A](#)
IHP and APR**

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

SOURCE	IHP					APR					
	(A) Estimated Amount on hand at beginning of program year	(B) Estimated amount to be received during 12-month program year	(C) Estimated total sources of funds (A + B)	(D) Estimated funds to be expended during 12-month program year	(E) Estimated unexpended funds remaining at end of program year (C minus D)	(F) Actual amount on hand at beginning of program year	(G) Actual amount received during 12-month program year	(H) Actual total sources of funding (F + G)	(I) Actual funds expended during 12-month program year	(J) Actual unexpended funds remaining at end of 12-mo program year (H minus I)	(K) Actual unexpended funds obligated but not expended at end of 12-month
1. HBG Funds	100,000	525,000	625,000	590,564							
2. IHBG Program Income	0	34,420	34,420	34,420							
3. Title VI	0	315,000	315,000	315,000							
4. Title VI Program Income	0	0	0	0							
5. 1937 Act Operating Reserves											
6. Carry Over 1937 Act Funds											
LEVERAGED FUNDS											
7. ICDBG Funds											
8. Other Federal Funds											
9. LIHTC											
10. Non-Federal Funds			0	0	0						
TOTAL	100,000	874,420	974,420	939,984	34,436	100,000	1,017,380	1,117,380	1,023,00	94,378	

Includes Investment Income

MULTIPLE SOURCES OF FUNDS

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. **COMPARE THE ACTUAL EXPENSES TO THE BUDGET.** Analyze budgets and variances frequently:
 - 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. **SHARE BUDGET TO ACTUAL REPORTS WITH STAKEHOLDERS (EXECUTIVE DIRECTOR, MANAGERS, ETC) ON A REGULAR BASIS (MONTHLY)**

**UPNORTH TRIBAL HOUSING
20XX NAHASDA BUDGET**

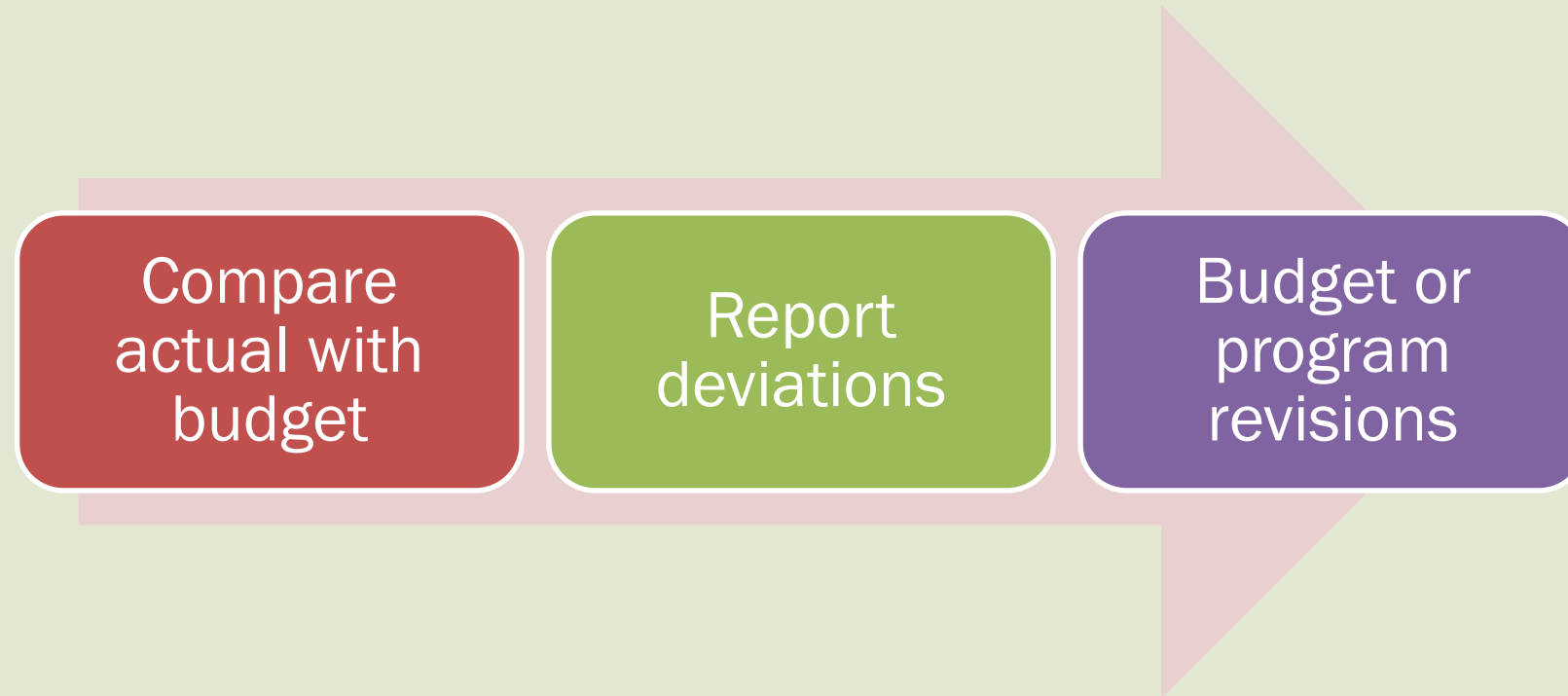
	1937 Act Budget	NAHASDA Dev Budget	Housing Services Budget	Moderniza tion Budget	MH Program Budget	Title VI Budget	NAHASDA Admin Budget	TBRA Budget	Total NAHASDA Budget
Income									
4000 · Rental Income	8,400		23,100		7,000				38,500
4010 · Administrative Exp - MH					4,320				4,320
4300 · Federal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

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

**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		
4000 - Rental Income						38,500	38,500
4010 - Administrative Exp						4,320	4,320
4300 - Federal Grants	38,500	125,000	20,000	150,000	265,000	590,564	1,189,064
4500 - Proceeds from Debt						315,000	315,000
48801 - Interest Income						0	0
Total Income	38,500	125,000	20,000	150,000	265,000	948,384	1,546,884
Expense							
5000 - Salaries & Wages-Tribe Paid		80,000			145,350	241,220	466,570
5005 - Benefits		14,400			26,163	43,420	83,983
5130 - Legal		6,000			30,000	0	36,000
5135 - Accounting/Auditing		4,720	967		10,250	20,364	36,301
5200 - Travel		5,500			5,700	5,000	16,200
5406 - Utilities - Fuel		1,000	200		800	13,200	15,200
5407 - Utilities - Water/Sewer		1,000	200		800	10,600	12,600
5408 - Utilities - Electri		1,500	200		800	14,533	17,033
5505 - Telephone & Communications		2,500	700		2,500	5,260	10,960
5550 - Insurance-general liability		1,500	200		2,500	3,000	7,200
5600 - Supplies		2,780	1,533		25,137	6,003	35,453
5605 - Fuel Operations		250				0	250
5610 - R&M Buildings						6,100	6,100
5615 - Groundskeeping/snow removal						5,000	5,000
5700 - Program Assistance-Emergency		3,850				5,000	8,850
5710 - Child Care Assistance			16,000			0	16,000
5780 - Interest Expense						36,000	36,000
5800 - Capital Assets-Building						454,784	454,784
5800.99 - Contra Exp-Buildings						0	0
5803 - Land Improvements				150,000		0	150,000
5803.99 - Contra Exp-Land						0	0
5804 - Capital Infrastructure	38,500					0	38,500
5804.99 - Contra Exp-Infrastructure						0	0
5805 - Capital Assets - Equipment					15,000	0	15,000
5805.99 - Contra Exp - Equipment						0	0
5890 - Principal Payments on Loan						70,500	70,500
5890.99 - Contra Exp-Principal Payments						0	0
Total Expense	38,500	125,000	20,000	150,000	265,000	939,984	1,538,484
Net Income	0	0	0	0	0	8,400	8,400

Budget Controls: Basic Elements



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

<u>Account Number & Description</u>	<u>Period to Date Actual</u>	<u>Year to Date Actual</u>	<u>Annual Budget</u>	<u>% Used</u>	<u>Budget Variance</u>
311000 11 000 000 Dwelling Rents	17,855.00	120,509.95	235,769.00	51.11	(115,259.05)
369000 00 070 000 Other Revenues	3,708.80	3,708.80	0.00	0.00	3,708.80
390010 00 070 000 IHBG Grant Revenue	263,876.20	1,613,308.15	3,807,579.00	42.37	(2,194,270.85)
Total Revenue	320,551.93	1,977,507.80	4,556,945.00	0.43	(2,579,437.20)
411000 00 070 000 Administrative Salaries	75,566.86	284,994.66	587,175.00	48.54	302,180.34
411001 00 070 000 Fringe Benefits	31,026.09	118,959.23	270,716.00	43.94	151,756.77
413000 00 070 000 Legal Expense	0.00	630.00	180.00	350.00	(450.00)
414400 00 070 000 Staff Training	8,608.00	40,320.31	112,320.00	35.90	71,999.69
417000 00 070 000 Auditing Fees	43.80	18,010.92	17,885.00	100.70	(125.92)
419020 00 070 000 Membership Dues	0.00	4,150.20	4,530.00	91.62	379.80
419030 00 070 000 Office Supplies	3,066.71	8,902.62	20,440.00	43.55	11,537.38
	↓	↓	↓	↓	↓
Total Expenditure	320,551.93	1,977,507.80	4,556,945.00	0.43	2,348,987.78
Excess Revenue over (under) Expenditures	0.00	0.00	0.00		(230,449.42)

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

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

Notes:

- 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.**

Attachment Page 25

Submission of IHP and APR

Required submission of the Indian Housing Plan/Annual Performance

Report: **Online on HUD's Energy and Performance Information Center (EPIC)**

- 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.

COMING SOON - GEMS

- Grants Evaluation and Management System (GEMS) to replace EPIC. The system is in testing phase.

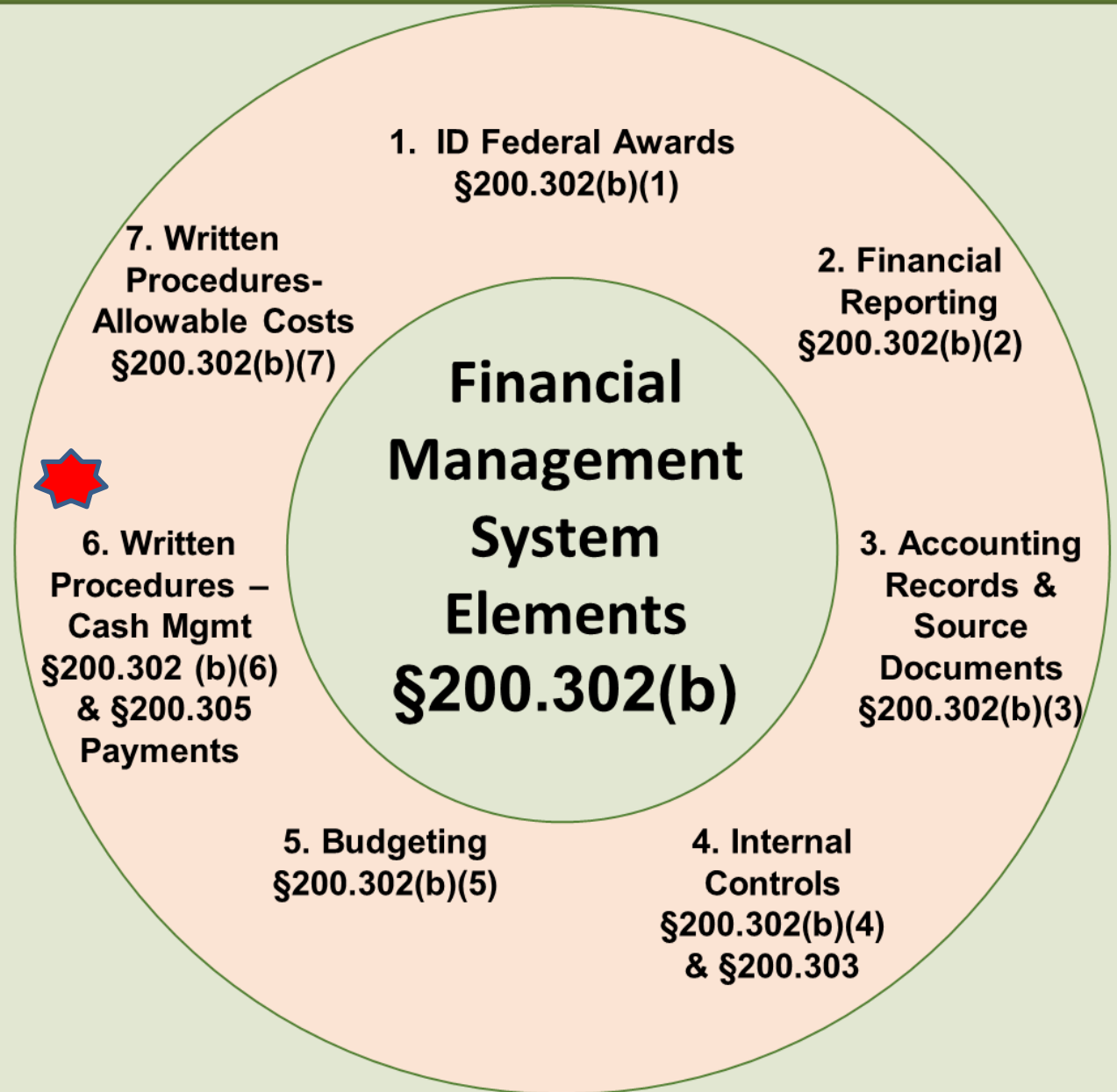
SECTION 7

PROCEDURES FOR ACCESSING IHBG GRANT FUNDS

**Standards for Financial Management Systems
2 CFR 200.302(6)
and
§200.305 Payments**

§200.302(b): Financial Management

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



2 CFR 200.302(b)(6):

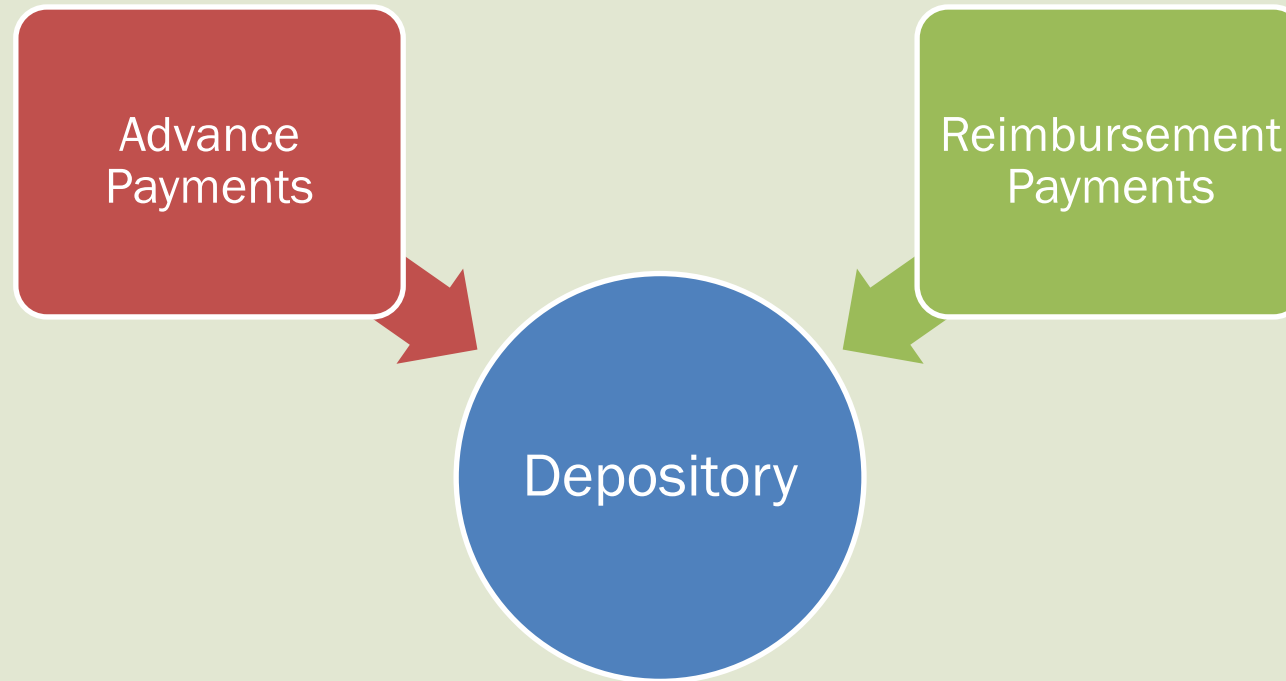
*The Tribe/TDHE **must have written procedures** to implement the requirement of **§200.305 Payment***



IMPORTANT TO
KNOW

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

Accessing Funds (through eLOCCS)



Access IHBG Funds via eLOCCS



What is eLOCCS?

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

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

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

Advance Payments

Advanced Payments must be paid provided:

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

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.

Accounting for Reimbursement from IHBG Funds

Due to stringent requirements to disburse advance funds within three (3) working days, it is common practice for recipients to draw down NAHASDA grant funds to reimburse themselves rather than take an advance on the funds.



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)

Accounting For IHBG

Reimbursement from eLOCCS

ACCOUNT	ACCOUNT DESCRIPTION	DEBIT	CREDIT
1430	Grants Receivable - IHBG	3,621.37	
4300	Grant Revenue - IHBG		3,621.37
To record grants receivable and recognize IHBG grant revenue reimbursement of eligible IHBG expenses for month of June, 202X.			

ACCOUNT	ACCOUNT DESCRIPTION	DEBIT	CREDIT
1111	Operating Fund - Cash	3,621.37	
1430	Grants Receivable - IHBG		3,621.37
To record receipt of IHBG funds from eLOCCS drawdown to reimburse eligible expenses incurred for the month of June. 202X.			

EXERCISE

You drew a large amount of IHBG funds from eLOCCS 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



ACTIVITY:

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

SECTION 8

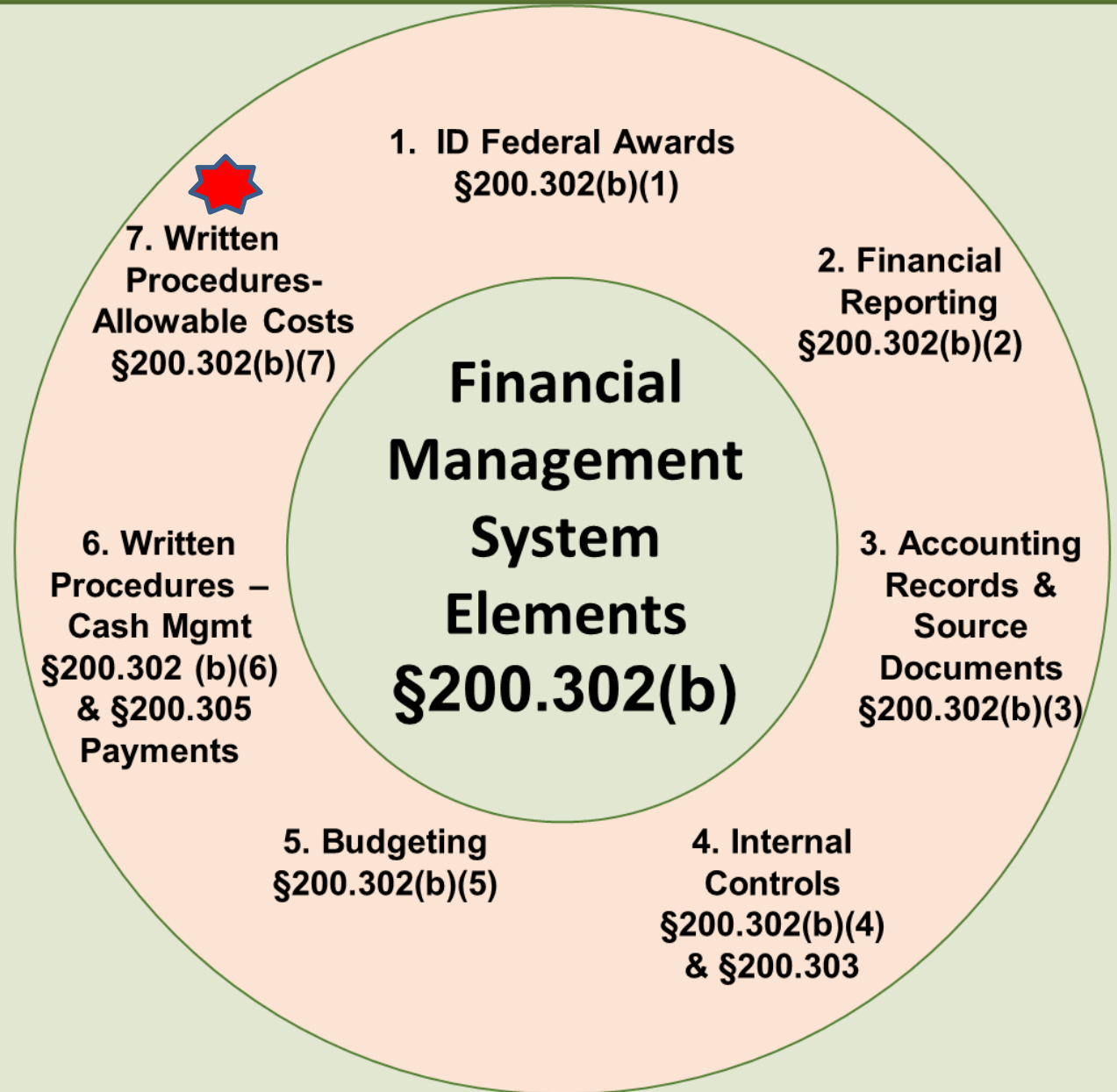
PROCEDURES FOR ALLOWABLE COSTS

**Standards for Financial Management Systems
2 CFR 200.302(7)**

Written procedures for determining the allowability of costs in accordance with [subpart E of this part](#) and the terms and conditions of the Federal award.

§200.302(b): Financial Management

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



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.



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:



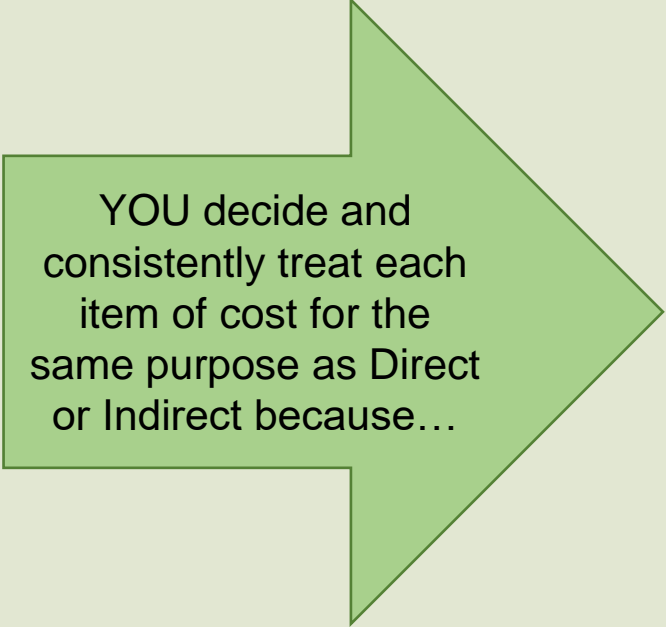
- What expenses are allowable costs for federal programs; and
- Written procedures for control and consistency
- Direct and Indirect costs
- Cost Allocation models
- Uniform Guidance Subpart E – Cost Principles

Allowable Cost 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).

§ 200.412

Classification Of Costs



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?



(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

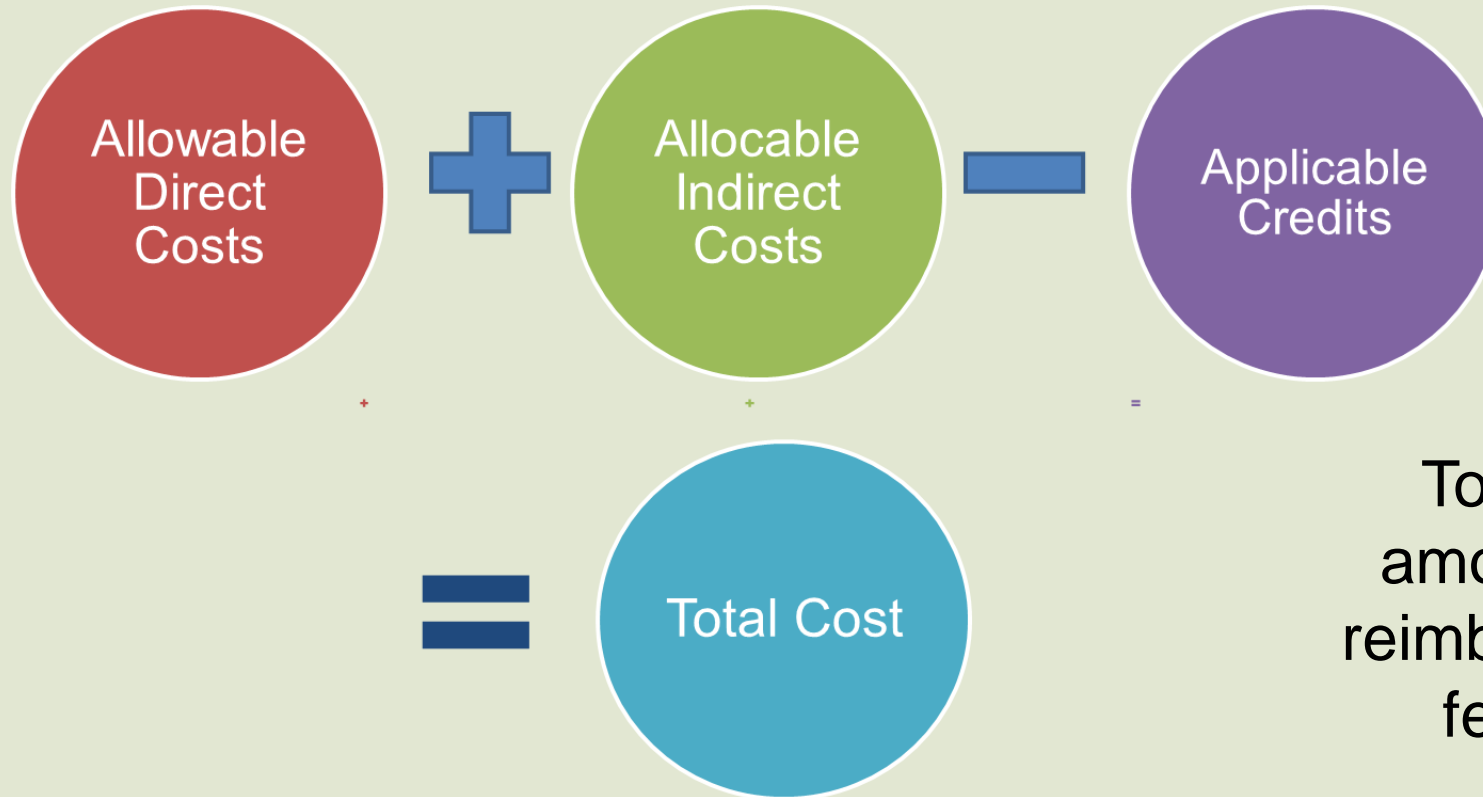


(h) Must be incurred during the approved budget period

Refer to
§ 200.403

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

§ 200.402: Composition of Costs



Total Cost - the amount you will be reimbursed from your federal award.

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

Allocating Direct Costs

Direct Cost Allocation Method – A direct expense whose benefit can be specifically identified with more than one funding source.

Example: A project manager overseeing the construction of a rental property funded solely with IHBG and ICDBG.

- Direct cost of the project manager's time is chargeable 50% each to the IHBG and the ICDBG grant.

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.

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 (\$176,300/year; daily rate: \$84.76/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.**

§ 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)

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

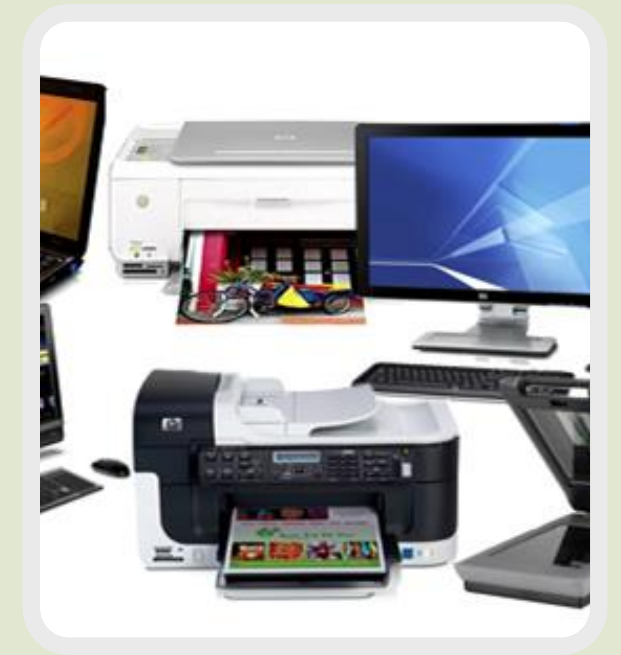
- Cost of insurance required or approved and maintained, pursuant to the Federal award. Example: General Liability
- Costs of other insurance in connection with the general conduct of activities are allowable – if type and extent and cost of coverage are in accordance Tribe/TDHE policy and sound business 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.**



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 Payment in Lieu of Taxes (PILOT) may be negotiated between the Tribe/TDHE and the local government.

Telecommunication Costs and Video Surveillance Costs § 200.471



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

ALLOWABLE...

provided that a NFE does not procure, contract or obtain equipment, services and systems from entities 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.

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

Travel Costs § 200.475(e)

2. COMMERCIAL AIR TRAVEL - AIRFARE:

ALLOWABLE: LEAST EXPENSIVE UNRESTRICTED AIRFARE.

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

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

Practice Exercise - Travel Costs

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

Scenario B: 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!