

## **CREDIT CARD PROCEDURE – SAMPLE**

The credit card is a mechanism for procuring goods or services using the micro-purchase method of procurement (under \$5,000) and can be used for approved travel.

The credit card is a method for simplifying purchases for daily operations but it does not alleviate the cardholder's responsibilities for following the Tribe/TDHE procurement policies prior to procuring commodities or services. Additionally, credit card use for travel shall be in accordance with the Tribe/TDHE's travel policy and procedures.

- a. Cardholders are required to complete the Cardholders Agreement (attached) acknowledging their responsibilities as cardholders.
- b. Credit cards will be used for business purposes only. Personal use is not authorized. All charges shall be on itemized receipts. Authorized purchases include:
  - Supplies
  - Travel expenses
  - Gas/fuel for company vehicles
- c. Credit cards are assigned to specific employees, named on the card, and are not to be used by other employees.
- d. There will be limits attached to each cardholders' credit card. These limits are designated by the Tribal Administrator and/or President (or set out in this policy and are managed by Accounting Personnel.
- e. Each cardholder is responsible for attaching a pay request to each charge and obtaining their supervisors review and approval before submitting to accounting for processing.
- f. All charges shall be processed for payment by the employee within 48 hours of the charge.
- g. Accounting personnel will enter approved charges in the accounting system.
- h. Accounting personnel will reconcile charges to credit card statements monthly.
- i. The Tribal Administrator (President) shall review and approve payment of the credit card statement.
- j. Credit cards will be cancelled to the cardholder if cardholder does not adhere to these policies and procedures.

# BASIC FINANCIAL MANAGEMENT TRAINING MATERIAL

## DESIGNING INTERNAL CONTROLS – EXAMPLE 2

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### REMEMBER INTERNAL CONTROLS ARE UNIQUE TO YOUR ORGANIZATION

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

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

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

#### **Tribal Council**

- 1) Approves all contracts purchases and contracts over a certain dollar amount
- 2) Approves disposition of assets
- 3) Approves the annual budget and indirect cost proposal
- 4) Approves policies and procedures
- 5) Approves Tribally Determined Wage Rates
- 6) Approves the annual audit

#### **Tribal Administrator**

- 1) Manages Internal Controls of the organization
- 2) Reviews and approves financial reports on a regular basis
- 3) Signer on all checks
- 4) Approves procurements over a certain dollar value or with a value range
- 5) Approves the bank reconciliations
- 6) Reviews and approves all credit card reconciliations, approves for payment
- 7) Approves all new hires, including compensation and benefit
- 8) Reviews and signs grant reports to granting entities (Financial and Program)
- 9) Approves monthly and quarterly payroll liabilities (if prepared by Finance Director)
- 10) Approves all out of state travel

#### **Program Managers**

- 1) Prepares Program reports
- 2) Purchase authorization up to certain limits (example: up to \$1,000 or \$2000)
- 3) Reviews and approves all time worked by employees for their program(s)

# **BASIC FINANCIAL MANAGEMENT TRAINING MATERIAL**

## **DESIGNING INTERNAL CONTROLS – EXAMPLE 2**

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- 4) Authorizes overtime or other per policies
- 5) Approves in-state training and travel

### **Finance Director**

- 1) Reviews and approves all accounts payable before checks are processed
- 2) Reviews and approves payroll before payroll checks are processed
- 3) Prepares internal and external finance reports for all grants
- 4) Prepares (or approves) bank reconciliation
- 5) Approves Credit card transactions and reconciliations, authorizes payments
- 6) Prepares (or approves) payment of monthly and quarterly payroll liabilities
- 7) Prepares monthly financial reports before distribution to Program Managers.
- 8) Reconciles general ledger accounts on a regular basis
- 9) Reviews and approves bank deposit slip, cash, cash log
- 10) Coordinates and manages the annual audit
- 11) Prepares the annual Indirect Cost Proposal

### **Bookkeeper**

- 1) Processes accounts payable
- 2) Reconciles to credit card statement and enters invoices for payment
- 3) Processes payroll and payroll liabilities
- 4) Assists with general ledger maintenance
- 5) Reconciles cash to cash receipt log, posts cash, prepares bank deposit
- 6) Reconciles and replenishes petty cash
- 7) Invoices tenant accounts receivable on a monthly basis

### **Receptionist**

- 1) Receives all incoming mail
- 2) Distributes invoices to accounts payable
- 3) Stamps all checks received for deposit and prepares cash received log
- 4) Processes all travel requests
- 5) Orders office supplies
- 6) Manages petty cash

## Credit Card Holder Agreement and Acknowledgement of Understanding

A credit card account has been authorized in your name. The credit card is issued on the company credit line, and you have an established credit card limit of \$\_\_\_\_\_. It is your responsibility to insure the card is safeguarded, and all purchases made on the credit card are in compliance with \_\_\_\_\_ (Tribe/TDHE) policies and procedures, and applicable laws, regulations. A credit card is a privilege and all cardholders agree to the following:

1. I understand that I will be making financial commitments on behalf of \_\_\_\_\_(Tribe/TDHE) will strive to obtain the best value for all purchases.
2. I have read and will follow the Procurement Policies and Credit Card Procedures and state that I fully understand my responsibility to follow these policies and procedures in all procurements using the credit card assigned to me. Failure to comply with this Agreement may result in either revocation of my use privileges or other corrective action, up to and including termination of employment.
3. Every transaction must be supported by an itemized receipt detailing the purchase, account code, and authorized approval.
4. Credit cards will not be used for unauthorized or non-eligible expense purchases.
5. I will submit detailed receipts and approvals for all charges within three business days of receipt of the credit card charges
6. I am responsible for all charges on the card, and will reconcile the statement each period. I will resolve any discrepancies by either contacting the merchant or the credit card company.
7. The credit card is issued in my name. I will safeguard the credit card against loss, theft, and unauthorized use. I am responsible for all charges against this card.
8. I understand and agree that the credit card shall be used for only authorized purchases. If the card is lost or stolen, I will immediately notify the Credit Card company and \_\_\_\_\_ (Tribe/TDHE) accounting personnel.

### **Acknowledgement of Understanding**

By signing below I indicate that I understand and agree to comply with the policy and procedures of \_\_\_\_\_(Tribe/TDHE). Failure to follow Credit Card Procedures, Procurement Policy Procedures and Travel Policy and Procedures may result in forfeiture of credit card privileges and/or disciplinary action.

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Tribal Administrator – Signature

\_\_\_\_\_  
Date

Draft  
IHBG Program  
Accounting Policies and  
Procedures Manual

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## INTRODUCTION – GENERAL PRACTICES AND ACCOUNTING POLICIES

### General Purpose

The purpose of the TRIBE/TDHE's **Financial Management and Internal Controls Policy** is to establish guidelines for control of the administration and implementation of the TRIBE/TDHE's funds in accordance with the TRIBE/TDHE's goals and objectives; to properly safeguard the assets of the TRIBE/TDHE to make sound financial decisions and have the ability to provide accurate financial reports.

TRIBE/TDHEs receive and administer federal programs and are therefore required to account for and present their basic financial statements according to Generally Accepted Accounting Principles (GAAP) standards set by the Governmental Accounting Standards Board (GASB).

This Policy governs the financial management system of the TRIBE/TDHE and complies with the provisions of Title 2, Part 200 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Grant Guidance"). This Policy also applies as well to monitoring activities of subrecipients.

### Financial Responsibilities

This policy and any later changes shall be submitted to the [Tribal Council or Board of Commissioners] ("Board") for approval. The Council/Board is responsible for ensuring that any policy to be adopted is appropriate for the TRIBE/TDHE.

The Council/Board appoints and delegates financial and budget authority to the Executive Director and the Finance Director. The Finance Director oversees the day-to-day financial management activities of the TRIBE/TDHE's funds, ensuring the accuracy of the accounting records, internal controls are in place and adhered to, financial reports are prepared and communicated to the Executive Director timely.

The Finance Director is responsible for the preparation and maintenance of the accounting software's chart of accounts, maintenance of the general ledger, reconciliation of subsidiary system accounts such as cash management, accounts payable, accounts receivable, job costing, payroll, journal entries, and responsibility of preparing required reports for compliance with the Internal Revenue Service (IRS), State and Federal grant reporting requirements.

## **Accounting Methods and Standards**

Accounting methods employed by the TRIBE/TDHE shall, at a minimum, satisfy such requirements as may be prescribed by federal or state laws, regulations or guidelines. Additional accounting methods shall be employed to satisfy applicable government accounting standards promulgated by the Governmental Accounting Standards Board (GASB).

## **ORGANIZATIONAL STRUCTURE**

### **The Role of the Tribal Council/Board of Commissioners**

The TRIBE/TDHE is governed by its Tribal Council/Board of Commissioners, which is responsible for the oversight of the organization that includes:

Setting the "tone at the top" regarding the importance of internal controls to avoid and control risk and ethical behavior  
Establishing broad policies  
Ensures the organization achieves its strategic objectives

### **Fiscal Year of Organization**

TRIBE/TDHE shall operate on a fiscal year that begins on (FISCAL YEAR END).

## **ACCOUNTING DEPARTMENT OVERVIEW**

### **Organization**

The accounting functions for the organization are provided by the Finance Director with a staff of bookkeepers and a compliance officer.

### **Responsibilities**

The primary responsibilities of the accounting department include all accounting and financial reporting that include management of:

- General Ledger
- Budgeting
- Cash and Investment Management Asset Records Management
- Grants and Contracts Administration Purchasing



- Accounts Receivable and Billing Cash Receipts
- Accounts Payable Cash Disbursements
- Financial Statement Processing
- External Reporting of Financial Information Bank Reconciliation
- Reconciliation of Sub-Ledgers
- Compliance with Government Reporting Requirements Annual Audit
- Payroll
- Insurance and Benefits Short Term Investments

## **BUSINESS CONDUCT**

### **Practice of Ethical Behavior**

Unethical actions, as defined in the Tribe/TDHE's personnel policies and are unacceptable under any conditions.

### **Conflicts of Interest**

No employee, officer, or agent of the TRIBE/TDHE shall participate in the selection, award, or administration of a contract involving if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent or any member of his or her immediate family, his or her partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected.

### **Compliance with Laws, Regulations and Organization Policies**

The TRIBE/TDHE does not tolerate the willful violation or circumvention of any federal, state, local, or foreign law by an employee during that person's employment; nor does the organization tolerate the disregard or circumvention of policy or engagement in unscrupulous dealings. Employees should not attempt to accomplish by indirect means, through agents or intermediaries, that which is directly forbidden.

## **DATA STORAGE SECURITY**

### **Access to Electronically Stored Accounting Data**

It is the policy of the TRIBE/TDHE to utilize passwords to restrict access to accounting software and data. Only duly authorized accounting personnel with data input responsibilities will be assigned passwords that allow access to the system.

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Administration of passwords shall be performed by the finance department who is independent of programming functions. The Network Administrator is responsible for our computer security and network maintenance.

Each password enables a user to gain access to only those software and data files necessary for each employee's required duties.

### **Storage of Back-Up Files**

It is the policy of the TRIBE/TDHE to maintain back-up copies of electronic data files in a secure environment. Access to back-up files shall be limited to individuals authorized by management.

### **Cybersecurity Controls**

TRIBE/TDHE must implement cybersecurity controls to improve risk management in order to prevent, detect, and mitigate cyberthreats and attacks.

### **General Office Security**

During normal business hours, all visitors are required to check in with receptionist. After hours, a security key and alarm code are required for access to the offices of TRIBE/TDHE. Keys are issued only to employees of the TRIBE/TDHE.

Any cash, blank checks, and negotiable securities, if any, are kept in a locked and fireproof safe in the finance office and access is restricted to authorized fiscal staff. Blank purchase orders are also physically secured and access to them is strictly controlled.

## **APPLICABILITY OF 2 CFR PART 200 FOR FEDERAL GRANTS**

All Federal grants received by the TRIBE/TDHE must first comply with the administrative requirements of the federal grants in accordance with the specific statutes and regulations governing the federal award.

The TRIBE/TDHE shall comply with the general requirements of the Uniform Guidance, 2 CFR Part 200 - [Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#) as directed in the federal grant agreement and regulations for each federal grant received.

## **BUDGETS**

### **Overview**

Budgeting is an integral part of managing any organization in that it is concerned with the translation of organizational goals and objectives into financial and human resource terms. A budget should be designed and prepared to direct the most efficient and prudent use of the organization's financial and human resources. A budget is a management commitment of a plan for present and future organizational activities that will ensure survival. It provides an opportunity to examine the composition and viability of the organizations' programs and activities simultaneously in light of the available resources.

### **Purpose**

To facilitate the TRIBE/TDHE's strategy to achieve the Tribe/TDHE's priorities with budget control, accountability, monitoring and measuring of performance. It is also required under Uniform Guidance §200.302(b)(5) that the TRIBE/TDHE's financial management system must provide for comparison of expenditures with budget amounts for each Federal award.

### **Procedures**

#### **Preparation and Adoption**

1. An annual budget will be prepared by each department of the TRIBE/TDHE. The Accounting Department shall facilitate the budget process and gather proposed budget information from all staff with budgetary responsibilities and prepare the draft of the budget.
2. The budget process should begin early in the fiscal year to allow the Executive Director, the Finance Director, and the department managers to engage in the process and present the budget to the Council/Board for approval.
3. After appropriate revisions and a compilation of all department budgets, a draft of the organization wide budget, as well as individual department budgets, is prepared.
4. The proposed budget is then submitted to the Tribal Council/Board of Commissioners for approval.
5. The finance department inputs the approved budget into the accounting system and establishes appropriate accounting and reporting procedures (including any necessary modifications to the chart of accounts) to ensure proper

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classification of activities and comparison of budget versus actual once the year begins.

6. For the NAHASDA Program, an Indian Housing Plan (IHP) budget will be prepared based on the approved budget activities to submit to HUD via the Grants Evaluation and Management System (GEMS) at least 75 days prior to the Fiscal Year End.

## **Monitoring Performance and Budget Amendment**

7. It is the policy of the TRIBE/TDHE to monitor its financial performance by comparing and analyzing actual results with budgeted results. This function shall be accomplished in conjunction with the monthly financial reporting process described.
8. On a monthly basis, financial reports comparing actual year-to-date revenues and expenses with budgeted year-to-date amounts shall be produced by the finance department and distributed to the program managers, who are accountable for ensuring their department budgets and charges against the budgets are accurate and are responsible input, corrections, and changes, if any, and to provide justifications on budget variables before the monthly financial reports are finalized.
9. As necessary, budget amendments will be presented to the Tribal Council/Board for approval and once approved, amendments shall be entered into the accounting system.
10. The TRIBE/TDHE will follow specific regulatory requirements of the grant award, or, if directed by the grant regulations, follow the general requirements of § 200.308 Revision of budget and program plans and §200.407, as required, where grantees will report deviations from budget or project scope or objective, and request prior approvals from federal awarding agencies for budget and program plan revisions.

## **GENERAL LEDGER AND CHART OF ACCOUNTS**

### **Overview**

The general ledger is defined as a group of accounts that supports the information shown in the financial statements. The general ledger is used to accumulate all

financial transactions of TRIBE/TDHE and is supported by subsidiary ledgers that provide details for certain accounts in the general ledger. The general ledger is the foundation for accumulation of data and reports.

### **Purpose**

The accounting department is responsible for the maintenance of the general ledger and the chart of accounts; for the proper posting of journals and entries to the general ledger and for the maintenance of the accounts to ensure accuracy, validity and reliability of financial records.

### **Procedures**

#### **A. Design of Chart of Accounts**

1. General ledger accounts are used to accumulate transactions and the impact of these transactions on each asset, liability, net asset, revenue, expense and gain and loss account.
2. The chart of accounts is the framework for the general ledger system, and therefore the basis for TRIBE/TDHE's accounting system.
3. The chart of accounts consists of account titles and account numbers assigned to the titles.
4. The chart of accounts includes segments in addition to the General ledger account segment and they define the following:
  - i. Fund
  - ii. Program
  - iii. Grant
  - iv. Location
  - v. Activity Type
5. The "Grant" segment of the chart of accounts allows for the administration of all federal awards received and expended and the federal programs under which they were received to comply with the requirements of **§200.302(b)(1-3)** where the TRIBE/TDHE's chart of accounts and accounting system:
  - a. Identifies and accounts for the federal grant in the TRIBE/TDHEs accounting system.
  - b. Allows for tracking of federal award to enable accurate, current, and

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- complete disclosure of the financial results of each Federal award.
- c. Tracks and accumulates financial records that identify adequately the source and application of the federal funds.

## **B. Control and Distribution of Chart of Accounts**

TRIBE/TDHE's chart of accounts is monitored and controlled by the Finance Director. Responsibilities include the handling of all account maintenance, such as additions and deletions.

1. Any additions or deletions of accounts should be approved by the Finance Director who ensures that the chart of accounts is consistent with the organizational structure of and meets the needs of the organization.
2. All employees involved with account coding responsibilities (assignment or review of coding) or budgetary responsibilities will be issued a current chart of accounts.
3. Employees utilizing the chart of accounts are responsible for printing out updated copies on a monthly or more frequent basis.

## **JOURNAL ENTRIES**

### **Overview**

All financial activities entered in an accounting system is through a double entry journal transaction, which is used to record a business transaction in the accounting records of an organization. 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. However, it may be necessary to create and post manual journal entries to the general ledger or to post transactions that do not post through the subsidiary ledgers for:

### **Journal Entry types**

1. Computerized posting features posted in subsidiary ledgers such as Accounts Payable, Accounts Receivable, and Payroll. Journal entries of the transactions are posted to the general ledger using the computerized posting feature.
2. Adjusting journal entries (AJEs): These are general ledger entries that do not

originate from a subsidiary ledger. AJEs adjust general ledger accounts due to any of the following:

- Accrual of income and expense items – Interest income and Interest expense
- Recording of non-cash transactions – Depreciation of fixed assets
- Correction of errors – to correct general ledger balances

## **Purpose**

The following procedures describe the process and requirements for preparing journal entries to be made to the general ledger system to ensure that all journal entries to the TRIBE/TDHE's general ledger are properly prepared, documented, reviewed, approved, recorded, and maintained in accordance with governmental GAAP.

## **Procedures**

1. To ensure all journal entries are properly prepared, reviewed, authorized, and posted, all journal entries must have the following:
  - i. A journal entry form must be used and filled out completely and must have the following:
    - ii. Adjusting Journal Entry number
    - iii. Account numbers and account descriptions
    - iv. Reason for the journal entry
    - v. Preparer name, signature and date signed
    - vi. Reviewer/approver's name, signature and date signed
  - vii. All journal entries are to be signed by both the preparer and reviewer prior to posting.
  - viii. The Person(s) preparing a journal entry is responsible for:
2. Reviewing all detailed supporting documents and ensuring they are accurate prior to preparation.
3. 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.
4. Person(s) preparing a journal entry cannot approve the same journal entry.
  - i. All journal entries should have supported documentation and a description that fully explains the nature of the entry and amounts being recorded.

- ii. All journal entries have to be properly processed prior to closing the accounting period.
- iii. All posted journal entries and related documentation should be maintained in an accessible file for review by management and external auditors, if necessary.

## **BANK ACCOUNT RECONCILIATIONS**

### **Overview**

A bank reconciliation is used to compare the TRIBE/TDHE's general ledger bank balances to those of the bank, to see if there are any differences between these two sets of records for cash transactions. The ending balances of TRIBE/TDHE's version of the cash records is known as the book balance, while the bank's version is called the bank balance. There will be differences due to errors or omissions, or because of bank entries that have not been accounted for by the TRIBE/TDHE, such as monthly bank charges, or because of outstanding deposits that have not been accounted for by the bank.

### **Purpose**

To outline the procedures for preparation of a monthly bank reconciliation and recordkeeping of any adjustments and a timely review of all cash reconciliations by the Finance Director.

### **Procedure**

- 1.0 A monthly bank reconciliation of all bank and cash accounts shall be completed within the TRIBE/TDHE's accounting system each month.
- 2.0 A printed copy of the completed detail reconciliation will be attached to the appropriate original bank statement each month.
- 3.0 Upon receipt of the monthly bank statement including cleared checks, deposit slips and any other transaction notifications, the monthly bank reconciliation is prepared by the Bookkeeper and reviewed by the Finance Director. Periodically the bank reconciliation should be completed by someone other than the bookkeeper.
- 4.0 All cleared transactions on the bank statement will be reconciled and cleared in the accounting system.
- 5.0 Any discrepancies between the book and bank balances will require research to



determine the cause, such as recording errors or omissions.

- 6.0 Reviewer should review cancelled checks, outstanding checks, and deposits. Stale dated checks, along with any outstanding payroll checks should be reviewed and investigated, and any unclaimed checks must be treated in accordance with State law.
- 7.0 A Journal Entry Form will be prepared for any book reconciling items such as interest, bank charges and any recording errors that need to be recorded in the general ledger. The bookkeeper will prepare the Journal Entry Form following the procedures for preparing and reviewing Journal Entry Forms. All supporting documentation will be maintained for audit purposes.
- 8.0 Records of the monthly reconciliations that has been signed by the Bookkeeper and reviewed and signed by the Finance Director should be filed in a bank reconciliation folder by month for easy access and use in various audits.

## **FINANCIAL STATEMENTS**

### **Overview**

Timely completion of reports is required by the accounting department to ensure all monthly transactions have been properly posted. Preparing financial statements and communicating key financial information is necessary and a critical accounting function. Financial statements are used for management tools in making decisions, monitoring the achievement of financial objectives, and as a standard method for providing information to interested parties external to the organization. Financial statements may reflect year-to-year historical comparisons or current year budget to actual comparisons.

Regular monthly internal financial statements are generated by the bookkeeper at the request of the Department Director.

### **Purpose**

To describe the process for preparing the necessary accounting and other internal and external reports.

### **Procedure**

## **Internal Reports**

1. Monthly and yearly financial activities, compared to budget, will be available on request (if not included in the statement of activities), for presentation and examination by the Executive Director and Department Directors as requested. These statements should be analyzed in depth regularly by senior management officials and other appropriate staff.
2. Monthly financial statements are generated on a timely basis and will include all monthly adjusting entries. Prior to generating the monthly statements, all bank reconciliation will be completed by the 20<sup>th</sup> day of the following month.
3. The proper allocations and necessary inter-program adjustments will be recorded to ensure meaningful analysis of the statements, and accurate data from which important potential decisions may be evaluated.

## **Funding Sources Reports**

1. Financial Reports must be submitted in a timely manner for all Federal grants. The reports must be prepared from the financial reports generated from the accounting system and must include all the pertinent supporting documents. These reports must be signed by both the preparer and the Finance Director.

Reports that must be submitted to HUD for the IHBG grant are:

- a. SF-425: Federal Financial Report
  - b. Annual Performance Report – APR that must be submitted annually within 90 days of the Tribe/TDHE's fiscal year end.
2. The TRIBE/TDHE must refer to the Federal award requirements for timely submission of reports specifically required for the Federal award since Funding Agencies may have different due dates and frequency requirements for submission of reports.

## BANKING AND INVESTING SERVICES

### Overview

The administration and investment of the TRIBE/TDHE's Indian Housing Block Grant (IHBG) requires the establishment of bank and investment accounts which can only be accessed through the Electronic Line of Credit Control System (eLOCCS). HUD prescribes specific procedures for a TRIBE/TDHE to set up a bank account and investment accounts with a bank or a broker/dealer. These are:

Banking and services shall be arranged through competitive solicitation, when practical under the circumstances. The depository must be a financial institution that is sufficiently insured by the Federal Deposit Insurance Corporation ("FDIC") or National Credit Union Share Insurance Fund ("NCUSIF").

The following HUD forms shall be executed when receiving HUD funds for the following purposes:

- I. **Form HUD-51999: General Depository Agreement.** This form is used to open an account that shall serve as a single bank account for the deposit of all payments that are received from HUD through the Electronic Line of Control System ("eLOCCS"). A copy of the agreement form should be kept on file.
- II. **Form HUD-52736A: Depository Agreement Banking Accounts.** This form is used to establish an account with a banking institution (Depository) as a depository for funds borrowed by the TRIBE/TDHE and guaranteed under Title VI of NAHASDA, and for investment purposes for approved reserve accounts and/or NAHASDA IHBG grant funds pre-approved for investments. The funds must comply with investments prescribed by HUD. A copy of the agreement form should be kept on file.
- III. **Form HUD-52736B: Depository Agreement (Brokers/Dealers):** The purpose of form HUD-52736A is similar to HUD-52736A, except that this form shall be used when the TRIBE/TDHE uses a Broker-Dealer for investing NAHASDA funds. In this agreement, the Broker/Dealer warrants and represents that it is registered as a broker-dealer under the Securities Exchange Act of 1934(15 U.S.S. 78a et seq.) with the Securities and Exchange Commission and shall be a member of the Securities Investor Protection Corporation (SIPC). A copy of the agreement form should be kept on file.

## **Investment Control Procedures**

1. Subject to the approval of HUD and the Council/Board, IHBG funds may be drawn from eLOCCS to be invested by the TRIBE/TDHE. A copy of the resolution authorizing each investment transaction shall be maintained in the official records of the Tribe/TDHE, with a copy provided to the Finance Director of the TRIBE/TDHE.
2. All investment documents shall be kept in the custody of the Finance Director of the TRIBE/TDHE or his/her designee. Investment documents shall be safeguarded in a fireproof cabinet or safe and shall be stored separately from other accounting records.
3. Investments shall be made only in the name of the TRIBE/TDHE and shall be maintained in a custodian or trust account. The General Depository Agreement (Form HUD-52736B) shall be executed by a representative of the TRIBE/TDHE and the depository. An original HUD-52736B shall be maintained by the financial institution and the Finance Department of the TRIBE/TDHE.
4. Investments shall be recorded in detail in an investment ledger, which shall reflect any and all interest earned, collected and/or disbursed.

## **CASH DISBURSEMENT AND CONTROL PROCEDURES**

### **Overview**

Implement a check writing policy for timely processing of payments to contractors and internal controls on the handling, who is authorized to sign, distribution, and handling of void checks.

### **Purpose**

To ensure strong internal controls are in place for the check-writing processes.

1. The Council/Board shall approve by resolution a spending and signing authority for the Council/Board, Executor Director, Finance Director and department managers to identify and enable authorized personnel to:
  - a. Procure products and services through requisitions, check requests, or credit card services.
  - b. Sign contracts and change orders for an authorized amount.
  - c. Receive grants.
  - d. Sign checks.

2. All checks require two authorized signatures. The Finance Director shall oversee the proper notification of the TRIBE/TDHE banks whenever authorized signature changes are made.
3. All debts representing allowable and authorized costs shall be paid promptly upon receipt of proper invoices/billing statements.
4. All disbursements shall be made by check. The Executive Director may approve other forms of disbursement, such as wire or electronic funds transfers.
  - a. All checks shall be pre-printed and shall bear the name and address of the TRIBE/TDHE.
  - b. All checks must be pre-numbered and used in sequence. Voided checks must be retained and recorded.
  - c. The supply of unused checks shall be adequately safeguarded in a fireproof cabinet or safe.
5. The employee designated by the Finance Director shall initiate each transaction by completing a "check request" form, which shall be presented to the Finance Director for approval. All check request forms shall contain enough narrative description to specifically identify the purposes of the payment and the account to which the cost is to be charged.
6. The Finance Director shall review the check requests and attached supporting documentation for completeness and accuracy. The Finance Director shall ensure that the vendor's invoice/billing statement accords with the terms of the purchase, that the goods have been received and conform to specifications or that the services billed have been rendered satisfactorily, that discounts or other adjustments of the amounts billed are in order, that the computations and accounts to be charged are correct and that sufficient funds are available for payment. The Finance Director shall then submit the checks and supporting invoices for processing.
7. The Finance Director of the TRIBE/TDHE or his/her designee shall prepare checks.
8. Checks shall never be written for "cash."
9. Checks shall not be signed or countersigned in advance of being filled out. Each check shall be accompanied by adequate supporting

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documentation, including invoices, travel vouchers, etc.

10. All checks shall require the signature of at least two (2) individuals properly authorized by the TRIBE/TDHE.
11. Whenever possible, no individual shall sign a check on which he/she is the payee.
12. Check signers shall review each check carefully and shall not sign any check that lacks appropriate supporting documentation or exhibits signs of alteration.
13. If it is necessary to change a check, the check must be voided and a new check issued. If an error occurs in the processing of payment, the printed check may need to be voided due to an error. An error may occur when:
  - a. The amount is greater than the amount owed which will result in overpayment,
  - b. Reimbursement from funding source has not been received, or the amount and items are not budgeted or approved by the funding source.
  - c. Multiple invoices paid to vendor in error.
14. If and when there is sufficient information to justify voiding a check, the check will be voided through the accounting system and in most cases original voided check will be filed with bank statement along with bank reconciliations. The Finance Director verifies all voided checks and cleared checks to ensure the payee on the cleared checks matches the Contractor name on the invoice that was paid.
15. The signed check shall be mailed or delivered to the payee by the Accounts Payable Clerk of the TRIBE/TDHE or his/her designee.
16. The Finance Director of the TRIBE/TDHE or his/her designee shall reconcile the bank statements of the Department. Discrepancies between any books of account, financial statements, and/or bank statements shall be reported to the Executive Director and/or Council/Board, promptly investigated and resolved.

**Special Procedures Regarding Payroll Disbursement.**

1. The TRIBE/TDHE shall have written authorizations on file for all employees that cover their rates of pay, withholdings and deductions.
2. The Finance Director or his/her designee shall establish adequate timekeeping

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controls (including the use of time sheets) and there shall be a supervisory review and approval of all employee time/leave records prior to issuance of a check.

3. The Finance Director of the TRIBE/TDHE/TDHE or his/her designee shall prepare payroll checks.

### **CREDIT CARD CONTROL PROCEDURES**

1. With the advice and consent of the Council/Board of the TRIBE/TDHE, credit cards may be made available to designated employees of the TRIBE/TDHE consistent with their job duties and demonstrated professional responsibility.
2. Credit cards are for authorized business expenditures of the TRIBE/TDHE and are not intended to be used by employees as a substitute for personal credit cards.
3. The Executive Director must authorize business expenses before charges are incurred on company credit card(s) in accordance with applicable TRIBE/TDHE policies, procedures and practices, including but not limited to the Travel and Training Policy and the Procurement Policy. The Executive Director may authorize valid business expenses in writing retroactively.
4. Employees shall submit receipts for all expenses charged to company credit card(s) to the Finance Director of the TRIBE/TDHE or his/her designee within one week of the transaction.
5. The Finance Director of the TRIBE/TDHE or his/her designee shall examine billings for all company credit cards to ensure that all charges are valid. If there are incorrect charges, the Finance Director or his/her designee shall notify the Executive Director immediately and shall complete and return any forms necessary to dispute such charges to the credit card company. If an employee with knowledge of an incorrect or disputable charge fails to report such charge within a reasonable time, he or she may be liable to the TRIBE/TDHE for any resultant charges and may be subject to disciplinary action up to and including termination of employment.
6. Employees who incur ineligible or disallowed costs on company credit cards shall reimburse the TRIBE/TDHE for such charges within thirty (30) calendar days of

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the date such charges were incurred and may be subject to disciplinary action up to and including termination of employment.

7. Finance charges, late fees and/or penalties associated with credit card use shall be avoided and shall not be paid with IHBG funds under any circumstances.
8. Charges shall not be incurred in excess of the credit card's established credit limits. If a higher limit is required, a request for a new credit limit and supporting documentation shall be submitted to the Executive Director for approval.
9. Lost or stolen credit cards shall be reported to the TRIBE/TDHE and to the credit card company immediately and not later than the first business day after discovery of the loss. Employees who fail to report lost or stolen credit cards may be held liable for any charges and may be subject to disciplinary action up to and including termination of employment.
10. Employees shall surrender company credit card(s): (1) upon demand by the TRIBE/TDHE, (2) when there is no longer a business need for the card and/or (3) upon termination of employment. Cancelled credit cards shall be returned immediately to the TRIBE/TDHE and properly destroyed. Surrender or cancelation of a credit card does not discharge any responsibilities incurred up to and including the date of such action.

## **CASH RECEIPTS and COST REIMBURSEMENT CONTRACTS**

### **Overview**

Accurate internal control of cash receipts and deposits are maintained at all times. The Finance Department is responsible for the invoicing of **cost reimbursement contracts**.

### **Purpose**

To establish the procedures for all cost reimbursement contracts that must be submitted on a timely basis in accordance with procedures established by the funding source.

### **Procedure**

**Cost Reimbursement Contracts:** All cost-reimbursement contracts shall be submitted on a timely basis in accordance with procedures established by the



funding source. Refer to **“WRITTEN PROCEDURES REGARDING CASH MANAGEMENT AND PAYMENT WITH FEDERAL FUNDS”**

### **Cash Collection Control Procedures**

1. The TRIBE/TDHE accepts checks, money orders, and other forms of non-cash payments at the front desk where the receipt of payment is processed by the receptionist by entering the payment through data system.
2. The Tribe/TDHE does NOT ACCEPT CASH.
3. Payments that are received directly at TRIBE/TDHE office or through the mail (checks, money orders, etc.), should be stamped “For Deposit Only” and should be recorded and deposited on a timely basis.
4. When checks are retained in the office overnight, they must be stored in a locked, fireproof cabinet or safe.
5. A receipt shall be issued for all payments collected so there is an official record of the transactions and possible disputes are prevented.
  - a. Receipts shall be assigned through the tenant accounting software system. One part shall be given to the resident and one part, having the same number, shall be provided to the employee designated by the Department Director as having responsibility for tenant ledger maintenance.
  - b. Receipts shall contain, at a minimum, the following information: (1) name of the resident being credited with the payment, (2) date, (3) amount of payment and (4) method of payment (check, credit card etc.).
  - c. The supply of unassigned receipts shall be adequately safeguarded and kept in the custody of designated personnel of the Finance Department of the TRIBE/TDHE.
6. As extra cash control the compliance officer opens each month's bank statement and reviews the monthly detail. An assigned person reconciles all bank statements to general ledger monthly.
7. A bank deposit slip shall be prepared and shall include each of the cash receipt numbers making up the deposit and complete details as to the amount of coin,

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currency and checks. An employee of the Finance Department of the TRIBE/TDHE (other than the employee who issued and/or previously handled the cash receipts) shall reconcile the receipts.

8. All payments shall be deposited intact with the appropriate deposit slip to provide an additional record. Under no circumstances shall any disbursements be made from payments received.
9. Payments received shall be recorded in the individual resident accounts receivable records on the day of receipt or as soon thereafter as practical, even when the money is not deposited on the same day. Cash receipt numbers shall be recorded on both the deposit slip and the resident account receivable records.
10. The employee designated by the Department Director as having responsibility for tenant ledger maintenance shall be responsible for posting the resident accounts receivable records. The Finance Director of the TRIBE/TDHE or his/her designee shall make the bank deposits.
11. On a monthly basis, the assigned bookkeeper will reconcile the monthly bank statements. Any discrepancies shall be reported immediately to the Finance Director and investigated immediately. **See procedures on Bank Reconciliations.**

## **PROCEDURES REGARDING CASH MANAGEMENT AND PAYMENT WITH FEDERAL FUNDS**

### **Purpose:**

1. The administration of federal grants administered by the [Tribe/TDHE] must comply with Section 2 CFR §200.302(b)(6), where a Tribe/TDHE's financial management system must provide for "Written procedures to implement the requirements of §200.305(b), "Federal Payment – Payments for Tribe/TDHEs and Tribe/TDHEs other than States.
2. Section 200.305(b) requires that "payment methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the Tribe/TDHE entity regardless of whether the payment is made by electronic funds transfer or by other means."

3. It is the Tribe/TDHEs normal practice to draw funds from ELOCCS to reimburse itself for allowable federal grant expenses incurred and paid for in the period. However, there may be situations under which the Tribe/TDHE may draw funds in advance of making payments to a contractor to pay for incurred expenses. In this case, TRIBE/TDHE will draw funds from eLOCCS in advance to pay for its obligations to contractors/vendors.
4. If the Tribe/TDHE is approved to draw all its IHBG grant funds to invest, it will also follow the same process as outlined in these procedures.
5. The following written procedures outline the Tribe/TDHE's process for implementing the requirements of §200.305.

Procedures: Reimbursement:

It is the Tribe/TDHE's normal practice to drawdown funds from ELOCCS after it has made the payment to reimburse itself for allowable federal grant expenses incurred in the period. The reimbursement method ensures the allowable grant expenditures have been incurred and paid for before funds are drawn from eLOCCS/ to reimburse itself.

**Procedures regarding the obligation, expense and payment of goods and services with Federal funds**

- 1) Before any purchases or contracts are signed, TRIBE/TDHE must follow its Procurement Policy and procedures for the type of purchase and the amount of purchase it will undertake, which includes Indian Preference.
- 2) Tribe/TDHE initiates the purchase of goods and services with:
  - a) **Purchase Requisition.**
    - i) A staff requests purchase of goods and services with a purchase requisition that describes the item/service being purchased, the account and program to be charged.
    - ii) Staff must ensure that the item being purchased is an approved purchase and has been budgeted.
    - iii) The requester staff signs the purchase requisition and forwards the requisition to the authorized signer for approval.
    - iv) Purchase requisition approval by the authorized approver includes:
      - (1) determination that the purchase or service is an allowable cost of the federal grant. Allowability of cost is determined from the Tribe/TDHE's written procedures on the allowability of cost in compliance with 2 CFR

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200.302(b7).

- (2) Determines that the item being purchased is an approved budgeted item to the IHBG grant.

- b) **Purchase Order.** A numbered purchase order is prepared and issued to the contractor. Support documents for the purchase order, should, at a minimum include:
    - i) The purchase requisitions.
    - ii) Documentation or reference to completion of procurement process.
    - iii) Approval of purchase order by authorized personnel.
  - c) **Purchase of Goods and Services.** The department that initiated the purchase requisition shall be responsible for purchasing the item using the approved purchase order.
  - d) **Receipt of goods or services performed.**
    - i) When the item is received, the initiating department must be responsible for verifying that the goods have been received, or the services have been performed.
    - ii) The goods received must be verified with the original purchase order that included the items and amounts ordered against the items and amounts received.
    - iii) If a service was procured, the authorized staff shall verify that the work to be performed under the service contract was performed in accordance with the agreement and within the timeframe agreed upon.
  - e) **Processing of Invoice.**
    - i) The invoice is received and opened by the front desk staff and is submitted to the accounting department.
    - ii) The accounting department sends the invoice to the responsible staff who initiated the purchase to approve the invoice for payment and sends it to the accounting department.
    - iii) The accounting department verifies the invoice against the purchase order and processes the invoice for payment using the information on the purchase order to charge to the appropriate accounts and programs.
- 3) **Payment Process - REIMBURSEMENT**
- a) TRIBE/TDHE prepares invoices to be paid once a week.
  - b) Once the invoice has been paid, the TRIBE/TDHE draws down funds from eLOCCS to reimburse itself for eligible expenses charged to the federal grant.

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- c) The process for reimbursement from eLOCCS is as follows:
    - i) TRIBE/TDHE prints out the financial report for each federal grant that shows the activities to date.
    - ii) Since TRIBE/TDHE reimburses itself from eLOCCS for federal grant expenses, the financial report will show IHBG grant expenses exceeding recorded grant revenues.
    - iii) TRIBE/TDHE will draw from eLOCCS for the amount of expenses that exceed grant revenues as shown on the Revenue and Expense Report related to the grant.
    - iv) TRIBE/TDHE staff will prepare a payment voucher that will include all supporting documents for the exact amount it will draw from eLOCCS, consisting of invoices, payroll expense documents and contracts paid by Tribe/TDHE, but not as yet reimbursed with federal grants.
    - v) The payment voucher with all supporting documents is submitted to an authorized staff - who is not involved in the processing of invoices - to draw the funds from eLOCCS.
    - vi) The accounting staff will verify receipt of the payment in the Tribe/TDHE's bank account.

During the monthly bank reconciliation process, the Finance Director will record the amount received from eLOCCS as a federal grant revenue.

#### **A. Procedures - Advance Payment**

The Tribe/TDHE may, under certain circumstances, draw funds from eLOCCS in advance of making the payment to a contractor for goods and services. An example of when the Tribe/TDHE draws funds from eLOCCS in advance of having made a payment for goods and services is when the expenditures exceed available working capital in the bank to use the reimbursement method, or the amount of the payment is of a high dollar amount.

To remain in compliance with the requirements of §200.305(b) for advance payments, a TRIBE/TDHE must ensure:

- The amount drawn from eLOCCS as an advance payment is limited to the minimum amount needed for actual, immediate cash required to pay for invoices that are due and payable.
- To ensure the amount of advanced funds matches the cash needs for payment, staff will total the amount of the prepared invoices that need to be paid, and draw the exact amount from eLOCCS.

- The timing and amount of advance payments received from eLOCCS must be disbursed within **three (3) business working days** upon receipt of the funds in TRIBE/TDHE's bank account. In order to ensure that the disbursements of the funds are made timely and within the 3 business working days, staff will have already prepared the invoices for payment to ensure that when the eLOCCS draw has been completed, the payment can be made timely within the required timeline.
- Tribe/TDHE is prohibited from drawing advance funds from eLOCCS without any pending approved invoices for payment of approved federal grant expenditures.

### **Process for Repayment of Federal Funds**

If a TRIBE/TDHE draws down funds in advance but does not disburse the funds within 3 business working days, it must return the unauthorized funds to eLOCCS and should follow guidance on repayment of federal grants found at 2 CFR 200.305(b)(10 & 11), or with IHBG grant funds, it should refer to **PG 2019-01: Process for Repayment of Federal Fund**.

## **PROCEDURES REGARDING ALLOWABILITY OF COSTS**

### **Purpose:**

It is the policy of the Tribe/TDHE that only costs that are reasonable, allowable and allocable to a federal award shall be charged to that award directly or indirectly.

All unallowable costs shall be appropriately segregated from allowable costs in the general ledger in order to assure that unallowable costs are not charged to federal awards.

1. The administration of federal grants must comply with:
  - a. Section 200.302(b), "Financial Management."

In 2 CFR §200.302(a)(7), a Tribe /TDHE's financial management system must provide for written procedures for determining the allowability of costs in accordance with Subpart E – Cost Principles of the Uniform Guidance and the terms and conditions of each federal award.

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- b. 2 CFR Part 200.403: To be allowable under Federal awards, except where otherwise authorized by statute, costs must be:
    - a) Necessary and reasonable and allocable.
    - b) Conform to cost principles of Federal award as to types or amount of cost items.
    - c) Consistent with policies and procedures that apply uniformly to federal and non-federally funded activities.
    - d) Consistent treatment as direct or indirect cost.
    - e) In accordance with Generally Accepted Accounting Principles (GAAP), (except for governments that must conform to Governmental GAAP).
    - f) Not included as a cost to meet cost sharing or matching requirements of any other federally financed program.
    - g) Adequately documented.
    - h) Unobligated closeout cost may be incurred during the due date of the final report but must be incurred during the approved budget period.

### **Subpart E -- Cost Principles**

- 2. The application of these cost principles is based on the fundamental premises that the Tribe/TDHE has in place sound management practices; will follow the terms and conditions of the specific Federal award and will determine, based on its own unique combination of staff, facilities, and experience how to assure proper and efficient administration of the federal funds.
- 3. §200.420 addresses “selected items of cost” that provide clarification regarding allowability, in general, for using federal funds. Tribe/TDHE staff should be familiar with and use the Cost Allowable Table to verify the allowability of costs that will be paid with federal funds.

Note: The table of allowable costs attached to the end of the written procedures provides guidance on typical costs for federal grants and specifically provides guidance on what is allowable or not under the NAHASDA program and the Uniform Guidance.

### **Written procedures for determining allowable costs**

- 4. Tribe/TDHE is a recipient of multiple federal grants, and each grant has specific requirements for preparing the budget and what are eligible activities and costs to the federal grants. Tribe/TDHE must review and comply with program requirements of each grant.
- 5. Costs that can be identified specifically with a particular funding source (contract or grant) are directly charged.

6. Shared Costs incurred for more than one program are charged to indirect costs.
7. Tribe/TDHE prepares an annual budget for each federal grant in accordance with program requirements, which incorporates all allowable sources and uses of the funds for the program year, including all Federal grants.
8. The Finance Director's responsibilities include:
  - a. Review of the budget to ensure all expenses budgeted to Federal grants are eligible and allowable costs of the federal grants.
  - b. Accounting for allocation of costs to each grant must be allowable and necessary.
9. The annual budget and budget amendments are approved by the Tribal Council/Board of Commissioners.
10. Once a month, the Finance Director and the managers review the budgets they are responsible for, to ensure that costs charged to their programs and grants are eligible and allowable.
11. Tribe/TDHE has staff whose hours are allocated to various grants based on the work they perform for the activities funded with various grant funding sources. Accordingly, Tribe/TDHE prepares a staffing budget for the entire budget year to allocate staff time to multiple grants and programs.
  - a. The use of budget estimates for staff whose hours are allocated to various grants (such as admin staff) is permissible, but the Tribe/TDHE must, on a regular basis, ensure that the estimated hours of the staff charged in this manner closely approximates the actual work performed.
    - i. At least quarterly, managers must verify that staff, whose hours are budgeted based on estimates, have not changed, or if they have, they are required to submit an updated allocation of staff time for a budget amendment.
    - ii. Managers submit the amended allocation of staff time to the Finance Director, who in turn, submits the changes in a budget amendment for the Tribal Council/Board of Commissioners to approve.
  - b. Non-exempt staff must fill out a timesheet and document hours for each



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program or grant worked in the payroll period and timesheet must be signed by the staff and approved and signed by the supervisor to ensure the charges to the Federal grants are based on records that accurately reflect the work performed.

- c. Exempt staff whose hours are chargeable to various grants may also document the hours worked and chargeable to the various grants. As an exempt employee, salary for the pay period does not vary due to hours documented and chargeable to each grant.
  - d. The Accounting Department must provide a budget to actual grant expense report to the managers in charge of the program to verify that the charges to their programs are aligned with their approved program activities and grants.
12. All staff should have access to this procedure and to the list of allowable costs. In addition, the Finance Director is the person to be contacted for questions regarding the allowability of each cost charged to federal and state grants and the Uniform Guidance when staff have questions.

### **Application of Credits**

All items of miscellaneous income or credits, including the subsequent write-offs of checks not cashed, rebates, refunds, and similar items, shall be reflected for grant accounting purposes as reductions in allowable expenditures if the credit relates to charges that were originally charged to a federal award or to activity associated with a federal award. The reduction in expenditures shall be reflected in the year in which the credit is received (i.e. if the purchase that results in the credit took place in a prior period, the prior period shall not be amended for the credit.)

### **Allowability of Costs**

Tribe/TDHE shall comply with §1000.26(b) with respect to the applicability of cost principles as outlined in 2 CFR200, Subpart E with the following exceptions:

13. All items of cost listed in [2 CFR part 200, subpart E](#), which require prior Federal agency approval are allowable without the prior approval of HUD to the extent that they comply with the general policies and principles stated in [2 CFR part 200, subpart E](#) except for the following:

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(i) Depreciation method for fixed assets shall not be changed without the approval of the Federal cognizant agency.

(ii) Penalties, damages, fines and other settlements are unallowable costs to the IHBG program.

(iii) Costs of housing (e.g., depreciation, maintenance, utilities, furnishings, rent), housing allowances and personal living expenses (goods or services for personal use), regardless of whether reported as taxable income to the employees ([2 CFR 200.445](#)) requires HUD prior approval.

14. In addition, no person providing consultant services in an employer-employee type of relationship shall receive more than a reasonable rate of compensation for personal services paid with IHBG funds. In no event, however, shall such compensation exceed the equivalent of the daily rate paid for Level IV of the Executive Schedule.
15. A table of allowable costs for the NAHASDA Program is attached as guidance for Allowability of costs as outlined in 2 CFR Part 200 Subpart E Cost Principles.

**ATTACHMENT – NAHASDA PROGRAM: 2 CFR Part 200 Subpart E  
Cost Principles – ALLOWABILITY OF COSTS**

## CAPITAL ASSETS CONTROL

### Overview

Proper control procedures are followed for all capital asset acquisitions, transfers and dispositions in order to provide internal control of capital equipment and to assist in reporting. Program managers are responsible and accountable for furniture, equipment, machinery and any other capital assets in their departments and maintain some type of control over capital assets. Accounting assists and evaluates any department's capital asset control procedures.

### Purpose

To outline the procedures for acquiring, disposing and maintaining control of capital assets, in accordance with the grant regulations used to purchase the capital assets and the relevant parts of 2 CFR Part 200.

### Procedures

This procedure applies to all property and capital equipment with a value of \$10,000 or more and with a useful life greater than one year. This procedure also applies to IT purchases of \$10,000 cost per unit or more and a useful life of more than one year.

### Property and Capital Asset Management Requirements

Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a federal award, until disposition takes place must, at a minimum, meet the following requirements of **§200.313**:

1. Accurate property records must be maintained for all fixed assets (including vehicle titles) with historical costs of **\$10,000** or more.
2. Property records must be maintained that include:
  - a. a description of the property,
  - b. a serial number or other identification number,
  - c. the source of funding for the property (including the FAIN),
  - d. who holds title,
  - e. the acquisition date, and cost of the property,
  - f. percentage of Federal participation in the project costs for the Federal award under which the property was acquired,
  - g. the location of asset,

- h. use and condition of the property,
  - i. and any ultimate disposition data including the date of disposal and sale price of the property.
- 3. A physical inventory of the property must be conducted and the results reconciled with the property records at least once every two years.
- 4. A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
- 5. Adequate maintenance procedures must be developed to keep the property in good condition.
- 6. Items with unit costs below the capitalization threshold of \$10,000 shall be expensed in the year purchased.
- 7. If the non-Federal entity is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.
- 8. Capitalized fixed assets are accounted for at their historical cost and all such assets, except land and certain works of art and historical treasures, are subject to depreciation over their estimated useful lives.
- 9. Donated assets shall be recorded at their fair market value (FMV) at the time of the donation. The Tribe/TDHE may depreciate the donated asset over its useful life.
- 10. Depreciation is computed using the straight-line basis over the following estimated useful lives:
  - 11. Machinery & Equipment 3 – 25 years
  - 12. Buildings & Improvement 20 – 50 years
  - 13. Infrastructure 20 – 50 years

#### **Receipt of Newly Purchased Equipment and Furniture**

- 14. At the time of arrival, all newly purchased equipment and furniture shall be inspected for obvious physical damage. If an asset appears damaged or is not in working order, it shall be returned to the vendor immediately.
- 15. In addition, description, and quantities of assets per the packing slip or bill of lading shall be compared to the assets delivered. Discrepancies should be resolved with the vendor immediately.
- 16. The Property Manager assigns control numbers and ensures that newly purchased equipment and furniture is properly tagged.

## **Repairs of Fixed Assets**

17. The Property Manager assigns control numbers and ensures that newly purchased equipment and furniture is properly tagged.
18. Expenditures to repair capitalized assets shall be expensed as incurred if the repairs do not materially add to the value of the property or materially prolong the estimated useful life of the property.
19. Expenditures to repair capitalized assets shall be capitalized if the repairs increase the value of property, prolong its estimated useful life, or adapt it to a new or different use. Such capitalized repair costs shall be depreciated over the remaining estimated useful life of the property. If the repairs significantly extend the estimated useful life of the property, the original cost of the property' shall also be depreciated over its new extended useful life.

## **Disposition of Assets**

20. Capital assets may be sold or traded-in on new equipment. An Asset Disposition form is to be completed and approved by the department manager. Any assets with an original value greater than \$5,000 and previously capitalized will also require the approval of the Chief/Governor.
21. Upon approval, the department may advertise the property for sale or submit a list of items to Accounting for sale and disposition.
22. After completion of the sale, the Asset Disposition form will be submitted to Accounting. Accounting will delete the item from the asset records and record any gain or loss on the disposition.
23. Worn-out or obsolete property with no cash value will be reported to Accounting on the Asset Disposition form with the description, serial number and condition. The asset will then be removed from the asset records.
24. Any asset that is missing or has been stolen will be reported in writing to the department manager and Accounting as soon as possible. The description, serial number, and other information about the lost item should be included in the report.
25. Accounting along with the Executive Director will determine the proper course of action and will notify the organization's insurance carrier and any outside authorities if deemed appropriate. If not recovered, the asset will then be removed from the asset records.

26. Interdepartmental transfers of assets will be reported to Accounting in writing including the description, serial number and the name of the department to receive the property.
27. The department manager to whom the item was assigned originally will be held accountable until accounting is notified of the transfer. After being notified, the department manager acquiring the property assumes responsibility. Accounting will then record the departmental transfer on the asset records.

## **Asset Records**

28. Accounting will maintain a detailed listing of each capital asset item along with depreciation records which will include the description, date acquired, vendor, cost basis, assigned department, depreciation method/life and accumulated depreciation and net book value.
29. On an annual basis, accounting will furnish each department a report showing a listing of assets assigned to that department and any acquisitions, disposals, and transfers during the past year. Any discrepancies noted by the department should notify the Accounting Department as soon as possible. This report should be filed by the department manager for reference and later use.
30. Each department will be responsible for locating assets with its number tag attached that are recorded as assigned to their department whenever requested by Accounting, or by external auditors.
31. Whenever a change in department manager occurs, all items should be accounted for by the outgoing department manager. The incoming department manager will accept the responsibility and accountability for the departmental asset listing upon assuming the position. Accounting can assist with this audit if requested.

## **Real Property Procedures**

32. The TRIBE/TDHE shall maintain a property ledger for all units developed and improvements made to real estate to ensure that amounts expended comply with applicable Total Development Costs ("TDC") and/or Dwelling Construction and Equipment ("DC&E") requirements. The amount of IHBG assistance (including TDC, DC&E and/or any amounts expended on repair and modernization) shall be tracked for useful life purposes.
33. The TRIBE/TDHE shall track and determine whether the income derived from units developed under the 1937 Housing Act should be classified as program

income upon conveyance of each unit. Income shall be classified as program income if the rehabilitation and modernization costs attributed to any unit developed under the 1937 Housing Act exceeded forty percent (40%) of the DC&E amount of such unit.

## AUDIT REQUIREMENTS

The TRIBE/TDHE shall have a financial audit completed annually by a certified, external, independent accounting firm, unless the TRIBE/TDHE is required by constitution or statute, to undergo audits biennially. The Finance Director shall have direct responsibility for overseeing the implementation of the audit. The selection of an auditor shall be competitively procured using the Request for Proposal (RFP) method with the objective of obtaining a high-quality audit, and the selected audit firm must provide a peer review report as part of the selection process.

The Executive Director and the Finance Director shall make available the completed audit report to the Council/Board. The auditors shall present the audit to the Council/Board for the Council/Board to approve and accept.

The audit shall meet the Generally Accepted Government Auditing Standards (GAGAS) and comply with the audit requirements under Title 2 Part 200 of the Uniform Grant Guidance. The TRIBE/TDHE's audit shall include audit of the TRIBE/TDHE's federal, state, and local government funded programs expended during the audit period.

**Single Audit:** If the TRIBE/TDHE expends \$1,000,000 or more of federal funds during the fiscal year, it is subject to a single audit and must comply with the scope of audit within Subpart F of the Uniform Grant Guidance where auditor shall test for the TRIBE/TDHE's:

- I. Compliance with the requirements of the federal program, and
  - II. Internal Control over the compliance of the program.
- b. **Audit Findings and follow-up:** The TRIBE/TDHE shall submit the audit to HUD with the Annual Performance Report ("APR"). The TRIBE/TDHE shall develop a plan to correct all deficiencies (if any) noted in the audit and shall implement sufficient and appropriate corrective actions in order to preclude repeat findings in subsequent audits. The TRIBE/TDHE shall

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be required to describe in the audit document, reasons for the reoccurrence of the finding, planned corrective action, and any partial corrective action taken.

- c. **Report Submission:** The audit shall be submitted to the Federal Audit Clearinghouse (FAC) within thirty (30) days after receipt of the auditor's report, or nine (9) months after the end of the audit period, whichever is earlier.
- d. The TRIBE/TDHE may opt not to authorize the FAC to make the reporting package publicly available on a website. If the TRIBE/TDHE chooses this option, it shall be responsible for submitting the reporting package directly to any pass-through entities through which it has received a Federal award and to pass-through entities for which the summary schedule of prior audit findings reported the status of any findings related to Federal awards that the pass-through entity provided.

## **RECORDS SECURITY AND DOCUMENT RETENTION POLICY**

### **Overview**

The Sarbanes-Oxley Act provides for Whistle Blower protection and the destruction of business records and documents and turns intentional document destruction into a process that must be carefully monitored.

In addition, financial records pertinent to Federal awards must comply with records retention, storage, public access of documents and the TRIBE/TDHE's responsibility to protect personally identifiable information as described in the Federal grant regulations and the requirements of **§200.334 through §200.338**.

### **Purpose**

To outline the procedures for managing records and document retention to comply with pertinent laws and regulations governing the security of records and document retention and financial records pertinent to Federal awards.



## Procedures

### Retention Requirements

1. All Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three (3) years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, and for a Subrecipient, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity.
2. Exceptions to the retention period of 3 years occurs when:
  - a) If any litigation, claim, or audit is started before the expiration of the 3-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.
  - b) When the non-Federal entity is notified in writing by the Federal awarding agency, cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs, or pass-through entity to extend the retention period.
  - c) Records for real property and equipment acquired with Federal funds must be retained for 3 years **after final disposition**.
  - d) Records for program income transactions after the period of performance. In some cases recipients must report program income after the period of performance. Where there is such a requirement, the retention period for the records pertaining to the earning of the program income starts from the end of the non-Federal entity's fiscal year in which the program income is earned.
  - e) Indirect cost rate proposals and cost allocations plans.
    - ***If submitted for negotiation.*** If the proposal, plan, or other computation is required to be submitted to the Federal Government (or to the pass-through entity) to form the basis for negotiation of the rate, then the 3-year retention period for its supporting records starts from the date of such submission.
    - ***If not submitted for negotiation.*** If the proposal, plan, or other computation is not required to be submitted to the Federal Government (or to the pass-through entity) for negotiation purposes, then the 3-year retention period for the proposal, plan, or computation and its supporting records starts from the end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation.

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**Storage:** The TRIBE/TDHE should, whenever practicable, collect, transmit, and store Federal award-related information in open and machine-readable formats rather than in closed formats or on paper in accordance with applicable legislative requirements.

**Cybersecurity Measures:** To comply with the 2CFR200, the Tribe/TDHE must implement Cybersecurity measures to prevent cyberattacks or mitigating their impact, the goal of which, to protect computer systems, applications, devices, data, financial assets and people against ransomware and other malware, phishing scams, data theft and other cyberthreats.

**Access to Records:** The Federal awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, must have the right of access to any documents, papers, or other records of the TRIBE/TDHE which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the Tribe/TDHE's personnel for the purpose of interview and discussion related to such documents.

**Document Retention Schedule:** The following table provides the minimum requirements and is provided as guidance in determining the TRIBE/TDHE's document retention policy.

Type of Document	Minimum Requirement
Accounts payable ledgers and schedules	7 years
Audit reports	Permanently
Bank reconciliation	2 years
Bank statements	3 years
Checks (for important payments and purchases)	Permanently
Contracts, mortgages, notes and leases (expired)	7 years
Contracts (still in effect)	Permanently
Correspondence (general)	2 years
Correspondence (legal and important matters)	Permanently
Correspondence (with customers and vendors)	2 years
Deeds, mortgages, and bills of sale	Permanently
Depreciation schedule	Permanently
Duplicate deposit slips	2 years
Employment applications	3 years
Expense analyses/expense distribution schedules	7 years
Year end financial statements	Permanently
Insurance policies (expired)	3 years
Insurance records, current accident reports, claims, policies, etc.	Permanently
Internal audit reports	3 years
Inventories of products, materials, and supplies	7 years
Invoices (to customers, from vendors)	7 years
Minute books, bylaws and charter	Permanently
Patents and related papers	Permanently
Payroll records and summaries	7 years
Personnel files (terminated employees)	7 years
Retirement and pension records	Permanently
Tax returns and worksheets	Permanently
Time sheets	7 years
Trademark registrations and copyrights	Permanently
Withholding tax statements	7 years

# **SAMPLE WRITTEN PROCEDURES REGARDING CASH MANAGEMENT AND PAYMENT WITH FEDERAL FUNDS**

## **Purpose:**

1. The administration of federal grants administered by the [Tribe/TDHE] must comply with Section 2 CFR §200.302(b)(6), where a Tribe/TDHE's financial management system must provide for "Written procedures to implement the requirements of §200.305(b), "Federal Payment – Payments for Tribe/TDHEs and Tribe/TDHEs other than States.
2. Section 200.305(b) requires that "payment methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the Tribe/TDHE entity regardless of whether the payment is made by electronic funds transfer or by other means."
3. It is the Tribe/TDHEs normal practice to draw funds from ELOCCS to reimburse itself for allowable federal grant expenses incurred and paid for in the period. However, there may be situations under which the Tribe/TDHE may draw funds in advance of making payments to a contractor to pay for incurred expenses. In this case, TRIBE/TDHE will draw funds from eLOCCS in advance to pay for its obligations to contractors/vendors.
4. If the Tribe/TDHE is approved to draw all its IHBG grant funds to invest, it will also follow the same process as outlined in these procedures.
5. The following written procedures outline the Tribe/TDHE's process for implementing the requirements of §200.305.

## **A. Procedures: Reimbursement:**

It is the Tribe/TDHE's normal practice to drawdown funds from ELOCCS after it has made the payment to reimburse itself for allowable federal grant expenses incurred in the period. The reimbursement method ensures the allowable grant expenditures have been incurred and paid for before funds are drawn from eLOCCS/ to reimburse itself.

## **Procedures regarding the obligation, expense and payment of goods and services with Federal funds**

- 1) Before any purchases or contracts are signed, TRIBE/TDHE must follow its Procurement Policy and procedures for the type of purchase and the amount of purchase it will undertake, which includes Indian Preference.
- 2) Tribe/TDHE initiates the purchase of goods and services with:
  - a) Purchase Requisition.
    - i) A staff requests purchase of goods and services with a purchase requisition that describes the item/service being purchased, the account and program to be charged.
    - ii) Staff must ensure that the item being purchased is an approved purchase and has been budgeted.
    - iii) The requester staff signs the purchase requisition and forwards the requisition to the authorized signer for approval.
    - iv) Purchase requisition approval by the authorized approver includes:
      - (1) determination that the purchase or service is an allowable cost of the federal grant. Allowability of cost is determined from the Tribe/TDHE's written procedures on the allowability of cost in compliance with 2 CFR 200.302(b7).
      - (2) Determines that the item being purchased is an approved budgeted item to the IHBG grant.
  - b) Purchase Order. A numbered purchase order is prepared and issued to the contractor. Support documents for the purchase order, should, at a minimum include:
    - i) The purchase requisitions.
    - ii) Documentation or reference to completion of procurement process.
    - iii) Approval of purchase order by authorized personnel.

- c) Purchase of Goods and Services. The department that initiated the purchase requisition shall be responsible for purchasing the item using the approved purchase order.
  - d) Receipt of goods or services performed.
    - i) When the item is received, the initiating department must be responsible for verifying that the goods have been received, or the services have been performed.
    - ii) The goods received must be verified with the original purchase order that included the items and amounts ordered against the items and amounts received.
    - iii) If a service was procured, the authorized staff shall verify that the work to be performed under the service contract was performed in accordance with the agreement and within the timeframe agreed upon.
  - e) Processing of Invoice.
    - i) The invoice is received and opened by the front desk staff and is submitted to the accounting department.
    - ii) The accounting department sends the invoice to the responsible staff who initiated the purchase to approve the invoice for payment and sends it to the accounting department.
    - iii) The accounting department verifies the invoice against the purchase order and processes the invoice for payment using the information on the purchase order to charge to the appropriate accounts and programs.
- 3) **Payment Process - REIMBURSEMENT**
- a) TRIBE/TDHE prepares invoices to be paid once a week.
  - b) Once the invoice has been paid, the TRIBE/TDHE draws down funds from eLOCCS to reimburse itself for eligible expenses charged to the federal grant.
  - c) The process for reimbursement from eLOCCS is as follows:
    - i) TRIBE/TDHE prints out the financial report for each federal grant that shows the activities to date.
    - ii) Since TRIBE/TDHE reimburses itself from eLOCCS for federal grant expenses, the financial report will show IHBG grant expenses exceeding recorded grant revenues.
    - iii) TRIBE/TDHE will draw from eLOCCS for the amount of expenses that exceed grant revenues as shown on the Revenue and Expense Report related to the grant.
    - iv) TRIBE/TDHE staff will prepare a payment voucher that will include all supporting documents for the exact amount it will draw from eLOCCS, consisting of invoices, payroll expense documents and contracts paid by Tribe/TDHE, but not as yet reimbursed with federal grants.
    - v) The payment voucher with all supporting documents is submitted to an authorized staff - who is not involved in the processing of invoices - to draw the funds from eLOCCS.
    - vi) The accounting staff will verify receipt of the payment in the Tribe/TDHE's bank account.

During the monthly bank reconciliation process, the Finance Director will record the amount received from eLOCCS as a federal grant revenue.

## **B. Procedures - Advance Payment**

The Tribe/TDHE may, under certain circumstances, draw funds from eLOCCS in advance of making the payment to a contractor for goods and services. An example of when the Tribe/TDHE draws funds from eLOCCS in advance of having made a payment for goods and services is when the expenditures exceed available working capital in the bank to use the reimbursement method, or the amount of the payment is of a high dollar amount.

To remain in compliance with the requirements of §200.305(b) for advance payments, a TRIBE/TDHE must ensure:

- The amount drawn from eLOCCS as an advance payment is limited to the minimum amount needed for actual, immediate cash required to pay for invoices that are due and payable.
- To ensure the amount of advanced funds match the cash needs for payment, staff will total the amount of the prepared invoices that need to be paid, and to draw the exact amount from eLOCCS.
- The timing and amount of advance payments received from eLOCCS must be disbursed within **three**

(3) business working days upon receipt of the funds in TRIBE/TDHE's bank account. In order to ensure that the disbursements of the funds are made timely and within the 3 business working days, staff will have already prepared the invoices for payment to ensure that when the eLOCCS draw has been completed, the payment can be made timely within the required timeline.

- Tribe/TDHE is prohibited from drawing advance funds from eLOCCS without any pending approved invoices for payment of approved federal grant expenditures.

### **C. Process for Repayment of Federal Funds**

If a TRIBE/TDHE draws down funds in advance but does not disburse the funds within 3 business working days, it must return the unauthorized funds to eLOCCS and should follow guidance on repayment of federal grants found at 2 CFR 200.305(b)(10 & 11), or with IHBG grant funds, it should refer to **PG 2019-01: Process for Repayment of Federal Funds**



## **SAMPLE WRITTEN PROCEDURES REGARDING ALLOWABILITY OF COSTS**

### **A. Purpose:**

It is the policy of the Tribe/TDHE that only costs that are reasonable, allowable and allocable to a federal award shall be charged to that award directly or indirectly.

All unallowable costs shall be appropriately segregated from allowable costs in the general ledger in order to assure that unallowable costs are not charged to federal awards.

**1. The administration of federal grants must comply with:**

**a. Section 200.302(b), "Financial Management."**

In 2 CFR §200.302(a)(7), a Tribe /TDHE's financial management system must provide for written procedures for determining the allowability of costs in accordance with Subpart E – Cost Principles of the Uniform Guidance and the terms and conditions of each federal award.

**b. 2 CFR Part 200.403: To be allowable under Federal awards, except where otherwise authorized by statute, costs must be:**

- a) Necessary and reasonable and allocable.
- b) Conform to cost principles or Federal award as to types or amount of cost items.
- c) Consistent with policies and procedures that apply uniformly to federal and non-federally funded activities.
- d) Consistent treatment as direct or indirect cost.
- e) In accordance with Generally Accepted Accounting Principles (GAAP),( except for governments that must conform to Governmental GAAP).
- f) Not included as a cost to meet cost sharing or matching requirements of any other federally financed program.
- g) Adequately documented.
- h) Unobligated closeout cost may be incurred during the due date of the final report but must be incurred during the approved budget period.

### **B. Subpart E -- Cost Principles**

- 1. The application of these cost principles is based on the fundamental premises that the Tribe/TDHE has in place sound management practices; will follow the terms and conditions of the specific Federal award and will determine, based on its own unique combination of staff, facilities, and experience how to assure proper and efficient administration of the federal funds.**
- 2. §200.420 addresses " selected items of cost" that provide clarification regarding allowability, in general, for using federal funds. Tribe/TDHE staff should be familiar with and use the Cost Allowable Table to verify the allowability of costs that will be paid with federal funds.**

Note: The table of allowable costs attached to the end of the written procedures provides guidance on typical costs for federal grants and specifically provides guidance on what is allowable or not under the NAHASDA program and the Uniform Guidance.



### **C. Written procedures for determining allowable costs**

1. Tribe/TDHE is a recipient of multiple federal grants, and each grant has specific requirements for preparing the budget and what are eligible activities and costs to the federal grants. Tribe/TDHE must review and comply with program requirements of each grant.
2. Costs that can be identified specifically with a particular funding source (contract or grant) are directly charged.
3. Shared Costs incurred for more than one program are charged to indirect costs.
4. Tribe/TDHE prepares an annual budget for each federal grant in accordance with program requirements, which incorporates all allowable sources and uses of the funds for the program year, including all Federal grants.
5. The Finance Director's responsibilities include:
  - a. Review of the budget to ensure all expenses budgeted to Federal grants are eligible and allowable costs of the federal grants.
  - b. Accounting for allocation of costs to each grant must be allowable and necessary.
6. The annual budget and budget amendments are approved by the Tribal Council/Board of Commissioners.
7. Once a month, the Finance Director and the managers review the budgets they are responsible for, to ensure that costs charged to their programs and grants are eligible and allowable.
8. Tribe/TDHE has staff whose hours are allocated to various grants based on the work they perform for the activities funded with various grant funding sources. Accordingly, Tribe/TDHE prepares a staffing budget for the entire budget year to allocate staff time to multiple grants and programs.
  - a. The use of budget estimates for staff whose hours are allocated to various grants (such as admin staff) is permissible, but the Tribe/TDHE must, on a regular basis, ensure that the estimated hours of the staff charged in this manner closely approximates the actual work performed.
    - i. At least quarterly, managers must verify that staff, whose hours are budgeted based on estimates, have not changed, or if they have, they are required to submit an updated allocation of staff time for a budget amendment.
    - ii. Managers submit the amended allocation of staff time to the Finance Director, who in turn, submits the changes in a budget amendment for the Tribal Council/Board of Commissioners to approve.
  - b. Non-exempt staff must fill out a timesheet and document hours for each program or grant worked in the payroll period and timesheet must be signed by the staff and approved and signed by the supervisor to ensure the charges to the Federal grants are based on records that accurately reflect the work performed.
  - c. Exempt staff whose hours are chargeable to various grants may also document the hours worked and chargeable to the various grant. As an exempt employee, salary for the pay period does not vary due to hours documented and chargeable to each grant.
  - d. The Accounting Department must provide a budget to actual grant expense report to the managers in charge of the program to verify that the charges to their programs are

aligned with their approved program activities and grants.

9. All staff should have access to this procedure and to the list of allowable costs. In addition, the Finance Director is the person to be contacted for questions regarding the allowability of each cost charged to federal and state grants and the Uniform Guidance when staff have questions.

#### **D. APPLICATION OF CREDITS**

All items of miscellaneous income or credits, including the subsequent write-offs of checks not cashed, rebates, refunds, and similar items, shall be reflected for grant accounting purposes as reductions in allowable expenditures if the credit relates to charges that were originally charged to a federal award or to activity associated with a federal award. The reduction in expenditures shall be reflected in the year in which the credit is received (i.e. if the purchase that results in the credit took place in a prior period, the prior period shall not be amended for the credit.)

#### **E. ALLOWABILITY OF COSTS**

Tribe/TDHE shall comply with §1000.26(b) with respect to the applicability of cost principles as outlined in 2 CFR200, Subpart E with the following exceptions:

1. All items of cost listed in [2 CFR part 200, subpart E](#), which require prior Federal agency approval are allowable without the prior approval of HUD to the extent that they comply with the general policies and principles stated in [2 CFR part 200, subpart E](#) except for the following:
  - (i) Depreciation method for fixed assets shall not be changed without the approval of the Federal cognizant agency.
  - (ii) Penalties, damages, fines and other settlements are unallowable costs to the IHBG program.
  - (iii) Costs of housing (e.g., depreciation, maintenance, utilities, furnishings, rent), housing allowances and personal living expenses (goods or services for personal use), regardless of whether reported as taxable income to the employees ([2 CFR 200.445](#)) requires HUD prior approval.
2. In addition, no person providing consultant services in an employer-employee type of relationship shall receive more than a reasonable rate of compensation for personal services paid with IHBG funds. In no event, however, shall such compensation exceed the equivalent of the daily rate paid for Level IV of the Executive Schedule.
3. A table of allowable costs for the NAHASDA Program is attached as guidance for Allowability of costs as outlined in 2 CFR Part 200 Subpart E Cost Principles.

#### **ATTACHMENT – NAHASDA PROGRAM: 2 CFR Part 200 Subpart E Cost Principles – ALLOWABILITY OF COSTS**