

FINANCIAL MANAGEMENT POLICY AND PROCEDURES

EFFECTIVE DATE:

OCTOBER 14, 2024

Table of Contents

1. [GENERAL PURPOSE 3](#_bookmark0)
2. [FINANCIAL RESPONSIBILITIES 3](#_bookmark1)
3. [ACCOUNTING METHODS & STANDARDS 3](#_bookmark2)
4. [REVENUE RECOGNITION 4](#_bookmark3)
5. [EXPENSE RECOGNITION 4](#_bookmark4)
6. [ACCOUNT RECORDS, IDENTIFICATION, AND SOURCE DOCUMENTS 4](#_bookmark5)
7. [RECORDS AND INFORMATION MANAGEMENT 5](#_bookmark6)
8. [FINANCIAL REPORTS 6](#_bookmark7)
9. [CASH MANAGEMENT POLICY 6](#_bookmark8)
10. [BUDGET ADMINISTRATION 7](#_bookmark9)
11. [PURCHASE OF GOODS AND SERVICES 8](#_bookmark10)
12. [ALLOWABLE COSTS 8](#_bookmark11)
13. [CAPITAL ASSETS](#_bookmark12) 8
14. [AUDIT 1](#_bookmark13)0
15. [[BANKING AND INVESTING SERVICES 1](#_bookmark15)1](#_bookmark14)

[APPENDIX 1: EFFECTIVE INTERNAL CONTROLS AND ACCOUNTABILITY 1](#_bookmark16)3

[APPENDIX 2: PROCEDURES TO IMPLEMENT THE REQUIREMENTS OF 200.305](#_bookmark17) [PAYMENT](#_bookmark17) 18

[APPENDIX 3: ALLOWABLE COSTS POLICY AND PROCEDURES TO IMPLEMENT](#_bookmark18) [THE REQUIREMENTS OF 200.302(B)(7) 2](#_bookmark18)2

# GENERAL PURPOSE

The purpose of the Cross Plains Housing Authority’s (“CPHA”) **Financial Management and Internal Controls Policy** is to establish guidelines for control of the administration and implementation of CPHA‘s funds in accordance with the CPHA’s goals and objectives; to properly safeguard the assets of CPHA to make sound financial decisions, and have the ability to provide accurate financial reports.

CPHA is a non-federal entity administering federal programs and is therefore required to account for and present it’s 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 CPHA 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”).

# FINANCIAL RESPONSIBILITIES

This policy and any later changes shall be submitted to the Board of Commissioners (“Board”) for approval. The Board is responsible for ensuring that any policy to be adopted is appropriate for the CPHA.

The Board appoints and delegates financial and budget authority to the Executive Director. The Executive Director oversees the day-to-day financial management activities of CPHA’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 Board timely.

The Executive 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 & STANDARDS

Accounting methods employed by CPHA 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 such competent authoritative

sources as the Governmental Accounting Standards Board (GASB) and Financial Accounting Standards Board (FASB), where applicable.

# REVENUE RECOGNITION

Revenue shall be recognized in the accounting period in which they are earned and measurable. The CPHA’s major revenue categories are:

* + ***Governmental Grants***: Federal, State, and Local: These revenue types are recognized in accordance with the legal and contractual requirements of the specific programs. Grant revenues are recognized based on expenditures recorded.
	+ ***Unrestricted Donations and Contributions:*** Revenues are recognized when received.
	+ ***Rental Income***: Revenues are recognized when earned, based on monthly billings to residents.
	+ ***Other Income***: Revenues are recognized as earned.
	+ ***Interest and Dividend Income***: Revenues from interest and dividend income from cash and investments are recognized when earned.
	+ ***Gain/Loss on sale of assets***: A gain or loss is recognized when an asset is sold or disposed of.

# EXPENSE RECOGNITION

Expenses are generally recognized in the accounting period in which they are incurred, when measurable. Exceptions to this general rule include:

* + ***Prepaid Expenses***: Expenses are recognized as they are used or consumed.
	+ ***Capital Assets***: Assets are recorded at historical costs and expensed through depreciation over the useful life of the assets.

# ACCOUNT RECORDS, IDENTIFICATION, AND SOURCE DOCUMENTS

In the administration of federal, state and local government awards, the CPHA’s financial management system must be set up so that it can provide for the following:

The CPHA must maintain adequate accounting records that are supported by source documents which are the basis for the accounting transactions that are

entered into the CPHA’s accounting system. Examples include checks, invoices, copies of checks and receipts, timesheets, etc.

CPHA must maintain records which adequately identify the source and application of funds provided. For example:

1. **Federal Awards:** All Federal awards received and expended by CPHA must be properly identified and accounted for and must include, as applicable, the Catalog of Federal Domestic Assistance (CDFA) title and number, grant identification number and year, name of the federal agency, and the name of the pass-through entity, if any.
2. **State and Local Awards**: All State and Local awards received and expended by CPHA must be properly identified and accounted for and must include, as applicable, the title and name of the grant award, the award number and the year, and the name of the pass-through entity, if any.

CPHA must maintain source documents that adequately support the grant award, authorizations, obligations, unobligated balances, assets, expenditures, income and interest.

# RECORDS AND INFORMATION MANAGEMENT

CPHA shall apply uniform rules for CPHA’s records (including financial) and information which meet legal standards and best practices for effective records and information management for existing records and yet to be created records, and shall apply to all employees and contractors who generate information for CPHA. CPHA shall ensure:

* + Control of all the CPHA’s information, regardless of media form;
	+ Records are retained in accordance with legal, business and federal, state, and local government program requirements;
	+ Records are maintained and stored in a manner that is secure and accessible through the retention period;
	+ Appropriate safeguards are in place against illegal access, removal, loss, or destruction of the CPHA’s records and information;
	+ Disposal of records and information is performed in accordance with an approved records retention schedule.

In addition to CPHA’s general records and information retention policy, CPHA shall also comply with the NAHASDA program requirements on records management in accordance with 1000.552, wherein:

* + Records must be retained for 3 years from the end of the tribal program year during which the expenditures occurred.
	+ If any litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the 3-year period, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular 3-year period, whichever is later.

# FINANCIAL REPORTS

CPHA must be able to produce accurate, current, and complete disclosure of the financial results of each of the financially assisted activities made in accordance with the financial reporting requirements of the grant or subgrant.

CPHA shall use the financial reports as tools to manage, control, ensure compliance, monitor, and inform CPHA on its financial activities.

1. ***Reports to Grant Agencies***: CPHA shall complete and submit all reports to Federal, State, and local grant agencies in accordance with, and in the format and timelines required by the agency. The Executive Director shall oversee all administrative and financial reports, including the HUD Standard Form 425 (Quarterly Transaction Report), the IHP and the APR, before the due dates designated by HUD, as such forms and deadlines may change from time to time.
2. ***Board reports:*** CPHA shall prepare and make available to the Board on a monthly basis, financial reports to include (AS APPLICABLE):
	* Statement of Net Position.
	* Statement of Revenues, Expenses, and Changes in Net Position.
	* Statement of Cash Flow.

# CASH MANAGEMENT POLICY

CPHA recognizes the importance of cash management to ensure there are sufficient funds to pay for the expenses of operating CPHA housing programs. The Executive Director shall be responsible for monitoring the daily cash flow and balances of all cash funds, including investments.

If at any time, the Executive Director finds CPHA in a potential cash deficiency situation, the Board must be notified immediately.

Any cost allocable to a particular Federal award may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons. For example, CPHA shall not divert funds between programs and/or activities, even when such programs/activities are each assisted by HUD (for example, the HUD-funded Indian Housing Block Grant (“IHBG”) and Indian Community Development Block Grant (“ICDBG”) programs).

# BUDGET ADMINISTRATION

#### Budget Responsibility and Adoption:

CPHA’s annual budget represents a financial plan for management to carry out the objectives of CPHA’s affordable housing activities. CPHA’s Executive Director is responsible for preparing the annual budget, and is responsible for presenting the annual budget to the Board for final approval.

Total projected revenues or sources and uses of funds are identified and included in the annual budget, allowing for inclusion of all funding sources and all funding outlays during the budget period. In addition to grant revenue, other sources of funds, such as debts (for example, Title VI loans) are included in the annual budget to accurately portray total resources used to fund operating and capital plans in the fiscal year, and expenditure budgets for grant awards are in compliance with the grant agreement. The Board approves the annual Indian Housing Plan and those approved activities are included in the CPHA’s annual housing program budget.

#### Budget Preparation Timing:

The budget process should begin early in the fiscal year to allow the Executive Director to engage in the process and present the budget to the Board for approval.

In accordance with the NAHASDA regulations, the Indian Housing Plan (IHP) is due 75 days prior to CPHA’s fiscal year end, therefore, CPHA should have the IHP prepared and approved ahead of time in order for the IHP to be incorporated in the overall housing budget for the next fiscal year.

Once the budget has been approved, the Executive Director shall input the approved budget in the accounting system for the new fiscal year.

#### Budget Management and Report:

The Executive Director shall be responsible for managing transactions that are charged against their department budgets, and are accountable for ensuring their department revenues and expenses posted against their department budget are accurate, and are responsible for providing justifications on budget variables.

The budget for specific grant awards provides a spending plan against which fiscal and program performance can be measured. Therefore, CPHA’s accounting system must be set up in a manner that allows CPHA to produce financial reports that compare expenditures with budget amounts in compliance with the Federal award agreement.

# PURCHASE OF GOODS AND SERVICES

CPHA’s purchases shall be governed by its Board approved procurement policy, which establishes guidelines to ensure reasonable buying practices and competition, quality and integrity.

# ALLOWABLE COSTS

As the recipient of federal awards, CPHA bases its allowable cost principles on Subpart E of the Uniform Grant Guidance and shall expend IHBG funds only for activities that are expressly approved in the Indian Housing Plan (IHP). No monies shall be expended for activities that are unallowable or that are included as a cost of any other federally-funded program in either the current or a prior year.

The total cost of a federal award is the sum of the allowable direct and allocable indirect costs, less any applicable credits.

In determining the allowable costs for federal awards, CPHA must apply the following criteria to costs:

* + Be necessary, reasonable, and allocable;
	+ Conform to any limitations or exclusions ;
	+ Be consistent with policies and procedures;
	+ Apply treatment of cost consistently;
	+ Generally be treated in accordance with generally accepted accounting principles (GAAP);

CPHA must adequately document costs to include, compliance with statutory and national policy requirements and be able to prepare reports that measures performance.

The NAHASDA program specifically excludes certain costs, and therefore, no costs associated with these activities shall be charged to the program. These exceptions are listed at 1000.26(a).

# CAPITAL ASSETS

Capital assets means tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP. Capital assets include:

* + Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease- purchase, exchange, or through capital leases; and
	+ Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance).
* **Donated assets** shall be recorded at their fair market value (FMV) at the time of donation. CPHA may depreciate the donated asset, but is prohibited from charging the value of the donated item, or costs associated with the donated asset to the federal award.
* **Depreciation of assets** is allowable using the straight-line method. Any other depreciable method used by CPHA must be pre-approved by HUD.

Adjustments for depreciation should be made as necessary, and tracked with a capital asset depreciation schedule. At a minimum, the schedule should include: Capital asset classification (for example, Land, Equipment, Building), description of the assets, initial costs or FMV of the donated asset, depreciable life, date purchased, accumulated depreciation, current year depreciation, and net asset value at the end of the year.

## CAPITALIZATION PROCEDURES

* 1. Physical assets, such as property and equipment, are an integral part of the operation of CPHA and shall be safeguarded in much the same manner as cash assets.
	2. All Department property and equipment shall be stored in a secure place.
	3. CPHA shall maintain a property ledger which shall include a list of all capitalized items for inventory control purposes.
	4. Detailed records of individual capital assets shall be kept and periodically (at least annually) balanced with the general ledger accounts.
	5. All property and equipment owned by CPHA (other than real estate) shall be divided into two categories: Expendable items or Non- expendable items, defined as follows:
		1. Expendable items are purchased or donated items having a useful life of less than twelve (12) months and costing less than $5,000.00, and can be expended.
		2. Non-expendable items are purchased or donated items having a useful life of more than twelve (12) months and costing more than $5,000.00.
	6. The Executive Director or his/her designee for budgeting and financial control purposes shall capitalize non-expendable items.

Detailed records of individual capital assets shall be kept and periodically (at least annually) balanced with the general ledger accounts. Adjustments for depreciation should be made as necessary.

* 1. CPHA shall make a physical inventory of all equipment and property (other than real estate) at least annually, which shall be reconciled to the general ledger accounts.

## REAL PROPERTY PROCEDURES

* 1. CPHA shall maintain a property ledger for all units developed and improvements made to real estate in order 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.
	2. CPHA 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

CPHA shall have a financial audit as needed or required by an external, independent accounting firm. The Executive Director shall have direct responsibility in overseeing the implementation of the audit. The selection of an auditor shall be competitively procured.

The Executive Director shall make available the completed audit report to the Board. The auditors or the Executive Director shall present the audit to the Board for the 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. CPHA’s audit shall include audit of CPHA’s federal, state, and local government funded programs expended during the audit period.

1. **Single Audit:** If CPHA expends $750,000 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 the Uniform Grant Guidance where auditor shall test for CPHA’s:
	1. Compliance with the requirements of the federal program, and
	2. Internal Control over the compliance of the program.
2. **Audit Findings and follow-up:** CPHA shall submit the audit to HUD with the Annual Performance Report (“APR”). CPHA 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. CPHA shall be required to describe in the audit document, reasons for the reoccurrence of the finding, planned corrective action, and any partial corrective action taken.
3. **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.
4. CPHA may opt not to authorize the FAC to make the reporting package publicly available on a website. If CPHA 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.

# BANKING AND INVESTING SERVICES

The administration and investment of CPHA’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:

1. **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.
2. **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.
3. **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 NAHADA 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.

# APPENDIX 1: EFFECTIVE INTERNAL CONTROLS AND ACCOUNTABILITY

Notwithstanding the policies described earlier in this document, CPHA has established a number of internal control procedures to ensure:

* The grant awards are managed to comply with statutes, regulations, and the terms and conditions of the award;
* CPHA evaluates and monitors the grant awards to ensure compliance with statutes, regulations, and the terms and conditions of the award;
* CPHA shall take prompt action to correct identified instances of noncompliance including noncompliance identified in audit findings;
* CPHA must take reasonable measures to safeguard sensitive information and assets purchased with grant awards, consistent with privacy obligations of confidentiality of applicable federal. State, local, and tribal laws.

In addition, CPHA has established written procedures to implement internal controls over cash handling and requirements for payment methods that:

* Ensure there are sufficient funds to cover payments made for program and operations activities;
* Ensure adequate internal controls are in place in the handling of cash receipts from the time of receipt to deposit in the appropriate depository or broker account;
* Establish written procedures to ensure the amount and the timing of grant award advances drawn for the purpose of paying program expenses have not been drawn unreasonably in advance of when the funds are needed for program expenses.
* Establish adequate internal controls and written procedures to ensure payments are made only for approved purposes;
* Maintain adequate accounting records for cash receipts and payments.

### Special Procedures Regarding Tenant Accounting

* 1. The Executive Director shall maintain all tenant ledgers.
	2. In the event of tenant ledger adjustments, the Executive Director will complete an adjustment.

### Cash Collection Control Procedures

* 1. Payments by cash, checks and money orders (including tenant payments) may be received only by the Executive Director. Only the Executive Director is authorized to receive payments from residents and issue receipts.
	2. Cash, checks and/or money orders shall be deposited in the bank where CPHA has an approved depository agreement.
	3. When cash is retained in the office overnight, it must be stored in a locked, fireproof cabinet or safe.
	4. Checks received shall immediately be stamped “For Deposit Only”.
	5. A receipt shall be issued for all payments collected so there is an official record of the transactions and possible disputes are prevented.
		1. 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 kept by CPHA.
		2. 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 (cash, check, etc.).
	6. 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, currency and checks.
	7. 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.

### Cash Disbursement Control Procedures

* 1. The Board shall approve by resolution a signing authority for the Board and Executor Director to:
		1. Sign contracts and change orders for an authorized amount.
		2. Receive grants.
		3. Sign checks.
	2. All checks require two authorized signatures. The Executive Director shall oversee the proper notification of CPHA 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.
		1. All checks shall be pre-printed and shall bear the name and address of CPHA.
		2. All checks must be pre-numbered and used in sequence. Voided checks must be retained and recorded.
		3. The supply of unused checks shall be adequately safeguarded in a fireproof cabinet or safe.
	5. The Executive 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.
	6. The Executive Director of CPHA shall prepare checks.
	7. Checks shall never be written for “cash.”
	8. Each check shall be accompanied by adequate supporting documentation, including invoices, travel vouchers, etc.
	9. All checks shall require the signature of at least two (2) individuals properly authorized by CPHA.
	10. The signed check shall be mailed or delivered to the payee by the Executive Director.
	11. The Executive Director of CPHA shall reconcile bank statements of the Department. Discrepancies between any books of account, financial statements, and/or bank statements shall be promptly investigated and resolved.

### Special Procedures Regarding Payroll Disbursement.

* 1. CPHA shall have written authorizations on file for all employees that cover their rates of pay, withholdings and deductions.
	2. The Executive Director shall establish adequate timekeeping controls (including the use of time sheets) and there shall be review and approval of all employee time/leave records prior to issuance of a check.
	3. The Executive Director of CPHA shall prepare payroll checks.

### Credit Card Control Procedures

* 1. With the advice and consent of the Executive Director of CPHA, credit cards may be made available to designated employees of CPHA consistent with their job duties and demonstrated professional responsibility.
	2. Credit cards are for authorized business expenditures of CPHA 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 CPHA policies, procedures and practices.
	4. Employees shall submit receipts for all expenses charged to company credit card(s) to the Executive Director of CPHA within one week of the transaction.
	5. The Executive Director of CPHA shall examine billings for all company credit cards to ensure that all charges are valid. If there are incorrect charges, the Executive Director immediately 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 CPHA 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 to CPHA for such charges within thirty (30) calendar days of 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 CPHA 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 CPHA, (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 CPHA 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.

### Investment Control Procedures

* 1. Subject to the approval of HUD and Board, IHBG funds may be drawn from eLOCCS to be invested by CPHA. A copy of the resolution authorizing each investment transaction shall be maintained in the official records of CPHA..
	2. Any and all investment documents shall be kept in the custody of the Executive Director of CPHA. 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 CPHA, and shall be maintained in a custodian or trust account. The General Depository Agreement (Form HUD-52736B) shall be executed by a representative of CPHA and the depository. An original HUD-52736B shall be maintained by the financial institution and CPHA.
	4. Investments shall be recorded in detail in an investment ledger, which shall reflect any and all interest earned, collected and/or disbursed.
	5. The Executive Director of CPHA shall maintain a maturity schedule evidencing that the proposed investments will mature on the approximate dates the funds will be needed and that investment maturity dates do not exceed five (5) years from the date the funds are drawn down for investment purposes from the LOCCS or such longer period as may be permitted by HUD.

# APPENDIX 2: PROCEDURES TO IMPLEMENT THE REQUIREMENTS OF 200.305 PAYMENT

1. **PURPOSE:** In accordance with NAHASDA 1000.56:
	1. Each year, funds shall be paid directly to CPHA in a manner that recognizes the right of Indian self-determination and tribal self-governance and the trust responsibility of the Federal government to Indian tribes consistent with NAHASDA.
	2. Payments shall be made as expeditiously as practicable.

As a federal grant, the NAHASDA funds must comply with the Uniform Guidance requirement cited in 200.302(6), which requires written procedures to implement the requirements of 200.305 Payments. The written procedures on 200.305 Payments are part of CPHA’s Financial Management Policy.

**GRANT DRAWDOWN:** Recipients of NAHASDA federal grant funds must draw funds following HUD’s specific procedures, with the use of eLOCCS system, which is HUD’s primary grant and subsidy disbursement system that handles disbursement and cash management for the majority of HUD grant programs, including IHBG, ICDBG, and NHHBG funds. Only eligible NAHASDA program expenses are paid with IHBG grant funds.

To access eLOCCS, CPHA must register in Secure Systems to access the eLOCCS online.

1. **Submit a *HUD-27054 LOCCS Access Authorization* form**, which will specify the Business Partner(s) and HUD Programs you are authorized to access within eLOCCS. **Each eLOCCS user must submit a HUD-27054**.
	* The form specifies the Business Partner(s) and HUD Programs the user is authorized to access within eLOCCS.
	* A Tribe may allow multiple authorized users to query or draw down funds.
	* The form is to be approved by the recipient’s or grantee’s Executive Director or the President of CPHA.
	* Keep a copy and send a NOTARIZED copy to HUD.

## HUD – 50080-IHBG: LOCCS/VRS PAYMENT VOUCHER.

In eLOCCS, fill out and transmit form **HUD-50080** online to request a grant advance or reimbursement of eligible NAHASDA expenses.

**The LOCCS Program Area = IHBG**

**Program Name = INDIAN HOUSING BLOCK GRANT**

To prepare the Payment Voucher and ensure proper documentation:

1. make a list of vendor invoices and amounts to be paid;
2. use the list and copies of the invoices as supporting documentation for the eLOCCS draw; and
3. staple copies of the invoices to the HUD 50080 form that has the total amount requested, and file.

## ADVANCE IHBG BLOCK GRANT PAYMENT FOR INVESTMENT PURPOSES:

The NAHASDA program regulations (1000.58) allow Tribes/TDHEs to receive advance payments of their entire IHBG block grant for the purpose of **investing** grant funds.

1. To be eligible to receive the entire IHBG block grant funds in advance for investment purposes, the Tribe/TDHE must demonstrate to HUD that it has adequate administrative capacity, demonstrated with the following:
	1. Annual audits, if necessary, were completed timely and submitted to the Federal Audit Clearinghouse in accordance with 2 CFR 200.512;
	2. There are no unresolved significant and/or material monitoring or audit findings or exceptions in the most recent annual audit completed under the Single Audit Act or in an independent financial audit prepared in accordance with generally accepted auditing principles; and
	3. It is a self-governance Indian tribe or is a Tribe/TDHE that has demonstrated the administrative capacity and controls to responsibly manage the investment.
2. CPHA’s financial management system must comply with 200.302(b), demonstrated with the following:
	1. A written financial management policy;
	2. A written investment policy that outlines investments in HUD approved investment vehicles, with maturities of 5 years or less;
	3. No outstanding findings as a result of a HUD audit, Inspector General audits, or HUD Monitoring review;
	4. No other issues documented by the Area ONAP.
3. Invested IHBG funds must be held in one or more accounts separate from other funds for CPHA. Each investment fund account must be subject to a depository agreement approved by HUD. CPHA shall use the following HUD approved depository agreements:
	1. Form HUD-52736A (11/2013): For investments held in bank accounts;
	2. Form HUD-52736B (11/213): For investments managed by brokers/dealers.
4. CPHA must invest in interest bearing accounts and in eligible investment instruments pursuant to 24 CFR 1000.58, which consist of:
	1. Obligations of the United States;
	2. Obligations issued by Government sponsored agencies;
	3. Securities that are guaranteed or insured by the United States;
	4. Mutual (or other) funds registered with the Securities and Exchange Commission with invest only in obligations of the Unites States or securities that are guaranteed or insured by the United States.

CPHA must also maintain a schedule of investments and should track revenues and earned interest, fees, and maturity dates.

1. Invested advance payments must be insured by the United States or fully collateralized to ensure protection of the funds, even in the event of bank failure. Collateralization shall consist of identifiable U.S. Government securities as prescribed by HUD and specific authority contained in the agreement permitting HUD to exercise its rights pursuant to 24 CFR § 1000.60.
2. CPHA is exempted from maintaining advance payments in interest bearing accounts if:
	1. CPHA receives less than $120,000 in federal awards per year;
	2. The best reasonably available interest-bearing account would not be expected to earn interest in excess of $500 per year;
	3. The depository requires an unreasonably high minimum average or balance for CPHA to maintain.

## ADVANCE PAYMENT REQUEST FOR INCURRED EXPENSES:

Tribes/TDHEs who are not eligible, or who do not choose to receive payment on their entire IHBG grant funds in advance for investment purposes, may request

advance payment via eLOCCS for eligible expenses incurred, but not yet paid for by the Tribe/TDHE. The requests may be made as often as is needed with eLOCCS.

The timing and amount of the advance payments must be as close as is administratively feasible to the actual disbursements by the Tribe/TDHE for eligible program expenses that have been incurred, but not yet paid. To ensure timely distribution of funds, the Tribe/TDHE should request IHBG funds from eLOCCS after invoices have been verified and have been successfully processed and ready for payment. Once the funds are received, the Tribe/TDHE will be able to distribute payment to the vendors right away.

## REIMBURSEMENT PAYMENTS

CPHA may seek reimbursement for incurred, eligible expenses in two ways:

* 1. **eLOCCS REQUEST FOR EXPENSE REIMBURSEMENT:** CPHA

may make reimbursement requests through the eLOCCS as often as it needs the funds to reimburse itself for eligible expenses incurred and paid for with available working capital.

### IHBG INVESTMENT WITHDRAWAL FOR EXPENSE REIMBURSEMENT: If CPHA has been approved to draw down its entire IHBG funds for investment, it will periodically need to draw from the investment account to pay for the NAHASDA related expenses it has incurred.

* 1. **REIMBURSEMENT PROCEDURES:** CPHA general ledger should be set up to account for specific program expenses. On a periodic basis (for example, weekly or monthly) the Executive Director runs a schedule of NAHASDA Revenue and Expense report to determine the amount of IHBG grant funds that have been recorded to offset eligible NAHASDA expenses. Because CPHA seeks reimbursement after incurring and recording the program expenses, the difference between the recorded IHBG grant revenues and the recorded total eligible IHBG expenses is the amount of program expenses that CPHA needs to be reimbursed, either through eLOCCS or by drawing down from the IHBG investment account.
1. **PROGRAM INCOME USE:** CPHA is not required to expend retained program income before drawing down or expending IHBG funds. IHBG program income may be used for any housing or related activity and is not subject to other

federal regulations. CPHA must account for program income and must report program income on HUD Form 425.

**APPENDIX 3: ALLOWABLE COSTS POLICY AND PROCEDURES TO IMPLMENT THE REQUIREMENTS OF 200.302(B)(7)**

## PURPOSE:

In accordance with NAHASDA regulation at 1000.26, CPHA must comply with the requirements of Title 2 CFR 200 Uniform Guidance in regards to the administrative requirements and principles for determining allowable costs applicable to the administration of the IHBG award.

CPHA’s financial management system, in accordance with 200.302(b)(7), must include written procedures for determining the allowability of costs in accordance with Subpart E – Cost Principles. This policy and procedures define the allowable costs on the use of the IHBG grant for CPHA and the sub- recipients. Costs include allowable direct and allocable indirect costs.

## DETERMINING ALLOWABLE COSTS:

Allowable costs are those that:

* + are necessary and reasonable;
	+ are allocable;
	+ conform to any limitations or exclusions in the IHBG award;
	+ consistent with policies and procedures;
	+ follow accounting practices and standards;
	+ treated consistently throughout the IHBG program;

The Executive Director is responsible for monitoring the IHBG award and that all costs charged to their program budgets are accurate.

## DIRECT COSTS:

Direct costs are those costs that can be identified specifically with a particular Federal award, such as IHBG, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Whether a cost is considered Direct or Indirect is determined by the Federal program and what it typically considers to be a direct cost versus indirect costs. CPHA should determine what costs it considers to be a direct cost or indirect cost and apply treatment of those costs consistently.

## INDIRECT (F&A)COSTS:

Indirect Facilities and Administration (F&A) costs are incurred for common or joint objectives and not readily assignable or cannot be identified specifically with a particular project without effort disproportionate to the results achieved.

Typical examples of indirect (F&A) costs for many nonprofit organizations may include depreciation on buildings and equipment, the costs of operating and maintaining the office building, and general administration and general expenses, such as the salaries and expenses of executive officers, personnel administration, and accounting.

## PRIOR WRITTEN APPROVAL (PRIOR APPROVAL)

With respect to the items of costs listed in 2 CFR 200.407 that require prior approval, specific to NAHASDA1000.(b)(1), these costs are allowable without the prior approval of HUD to the extent that they comply with the general policies and principles of 2 CFR 200.

If CPHA is awarded other federal grants that do not specifically allow written prior approval, the reasonableness and allocability of certain items of costs may be difficult to determine, therefore, in order to avoid subsequent disallowance or dispute based on unreasonableness and unallocability, 200.407 of the Uniform Guidance lists items of costs that CPHA may seek prior approval in advance of the incurrence of the special or unusual costs.

## ALLOWABILITY OF SPECIFIC ITEMS OF COST:

Specific items of costs commonly incurred in the administration of the IHBG award, what are considered allowable, unallowable, or costs that are generally unallowable, but with exceptions, are listed in Subpart E – Cost Principles: General Provisions for Selected Items of Costs from 200-420-200.475. In addition, CPHA should review HUD’s guidance on items of costs it explicitly disallows under the NAHASDA program, even when the items of costs may be allowed with prior approval.