



# COQUILLE INDIAN HOUSING AUTHORITY

## FINANCIAL MANAGEMENT POLICY

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### I. GENERAL PURPOSE

The purpose of the Coquille Indian Housing Authority's ("CIHA" or "the Authority") **Financial Management and Internal Controls Policy** is to establish guidelines for control of the administration and implementation of the Authority's funds in accordance with its goals and objectives, properly safeguard its assets, make sound financial decisions, and have the ability to provide accurate financial reports.

CIHA is a non-federal entity administering federal program funds, and is therefore required to account for and present its basic financial statements according to Generally Accepted Accounting Principles (GAAP) standards set by the Governmental Accounting Standards Board (GASB).

This Policy governs CIHA's financial management system and complies with the provisions of Title 2 CFR Part 200 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Grant Guidance"), except where specifically exempted under NAHASDA at 24 CFR 1000.26 (a) and (b).

### II. FINANCIAL RESPONSIBILITIES

This policy and any later changes shall be submitted to the CIHA Board of Commissioners ("Board") for approval. Each Commissioner has a fiduciary duty to care for the assets of the Authority, both tangible and intangible, and must exercise due diligence to oversee that the organization is well-managed. As such, the Board is responsible for ensuring that any policy to be adopted is appropriate for the Authority.

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

The Accounting Manager, 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 required reports for compliance with Internal Revenue Service (IRS), grant, and other financial reporting requirements.

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**III. ACCOUNTING METHODS AND STANDARDS**

Accounting methods employed by the Authority shall, at a minimum, satisfy such requirements as may be prescribed by applicable laws, regulations, or guidelines. Additional accounting methods shall be used to satisfy government accounting standards promulgated by such competent authoritative sources as the Governmental Accounting Standards Board (GASB) and Financial Accounting Standards Board (FASB), where applicable.

**IV. REVENUE RECOGNITION**

Revenues shall be recognized in the accounting period in which they are earned and measurable. The Authority's major revenue categories are:

- **Governmental Grants:** 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, and interest from homebuyers or borrowers are recognized when earned.
- **Gain/Loss on Sale of Assets:** A gain or loss is recognized when an asset is sold or disposed of.

**V. 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.

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#### VI. ACCOUNT RECORDS, IDENTIFICATION, AND SOURCE DOCUMENTS

In the administration of grant awards, the Authority's financial management system must be set up so that it can provide for the following:

The Authority must maintain adequate accounting records that are supported by source documents which are the basis for the accounting transactions that are entered into the Authority's accounting system. Examples include checks, invoices, copies of checks and receipts, timesheets, etc.

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

- A. Federal Awards:** Federal awards received and expended by the Authority must be properly identified and accounted for and must include, as applicable, the Catalog of Federal Domestic Assistance (CFDA) title and number, grant identification number and year, name of the federal agency, and the name of the pass-through entity, if any.
- B. Other Awards:** Other awards received and expended by the Authority must be properly identified and accounted for and must include, as applicable, the title and name of the award, the award number and the year, and the name of the pass-through entity, if any.

The Authority must maintain source documents that adequately support the awards, authorizations, obligations, unobligated balances, assets, expenditures, income, and interest.

#### VII. RECORDS AND INFORMATION MANAGEMENT

The Authority shall apply uniform rules for the Authority's records (including financial) and information which meet legal standards and best practices for effective records and information management to which all employees and contractors who generate information for the Authority shall adhere. The Authority shall ensure:

- Control of all the Authority's information, regardless of format;
- Records are retained in accordance with legal, business, and grant program requirements;
- Records are maintained and stored in a manner that is secure and accessible through the retention period;

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- Appropriate safeguards are in place against illegal access, removal, loss, or destruction of the Authority's records and information;
- Disposal of records and information is performed in accordance with the Authority's records retention plan.

In addition to the Authority's general records and information management system, the Authority shall also comply with NAHASDA program requirements on records retention in accordance with 24 CFR 1000.552, wherein:

- Records must be retained for a minimum of three years from the end of the 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 three-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 three-year period, whichever is later.

#### **VIII. FINANCIAL REPORTS**

The Authority 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 a grant or subgrant. The Authority shall use the financial reports as tools to manage, control, ensure compliance, monitor, and inform the Authority on its financial activities.

**A. Reports to Grant Agencies:** The Authority shall complete and submit all reports to grant agencies in accordance with, and in the format and timelines required by the agency. The Accounting Manager shall ensure timely submission of required financial reporting, such as the HUD Standard Form SF-425 (Federal Financial Report), financial information for Indian Housing Plans (IHP) and Annual Performance Reports (APR), etc.

**B. Management and Board Reports:** The Accounting Manager shall prepare and make available to management and the Board on a monthly basis, financial reports to include:

- Statement of Net Position
- Statement of Revenues and Expenditures
- Budget to Actual reports showing significant variances

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#### **IX. CASH MANAGEMENT POLICY**

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

On a monthly basis, the Accounting Manager shall provide a report that shows the cash position from all sources that are accounted for in the cash accounts and investment accounts, along with bank and investment statements. The Authority's cash and investment funds may be from a variety of sources such as NAHASDA Indian Housing Block Grant (IHBG) funds, program income, non-program income, restricted, and non-restricted funds.

The Accounting Manager shall be responsible for providing monthly reports to the Executive Director, which may include but are not limited to:

- Book cash and investment position reports;
- Cash flow projections for the following month;
- Investments statements from the depository or the broker that show the activities of the accounts, such as amounts deposited and withdrawn, investment revenues, fees, and gains or losses on investment.

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

Any cost allocable to a particular grant award may not be charged to other grant awards to overcome fund deficiencies, to avoid restrictions imposed by governing statutes, regulations, or terms and conditions of the grant awards, or for other reasons.

#### **X. BUDGET ADMINISTRATION**

##### **A. Budget Responsibility and Adoption**

The Authority's annual budget represents a financial plan for management to carry out the objectives of the Authority's affordable housing activities. The Authority's Executive Director and Accounting Manager are responsible for preparing and presenting an annual Indian Housing Plan and budget to the Board for approval.

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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 loans, are included in the annual budget to accurately portray total resources used to fund operations in the fiscal year, and expenditure budgets for grant awards are in compliance with the grant agreement.

#### **B. Budget Preparation Timing**

In accordance with NAHASDA regulations, the IHP is due 75 days prior to the beginning of each fiscal year. Once the IHP has been approved, the Accounting Manager shall input the approved budget in the accounting system for the new fiscal year.

#### **C. Budget Management and Reporting**

The Accounting Manager shall be responsible for monitoring transactions that are charged against the budget and is accountable for ensuring revenues and expenses posted to budgets are accurate, and for informing the Executive Director and Board of the reasons for significant budget variables.

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

### **XI. PURCHASE OF GOODS AND SERVICES**

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

### **XII. ALLOWABLE COSTS**

As the recipient of federal awards, the Authority 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 IHP. No moneys 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.

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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, the Authority must apply the following criteria to ensure costs:

- Are necessary, reasonable, and allocable;
- Conform to any limitations or exclusions;
- Are consistent with policies and procedures;
- Are treated consistently; and,
- Are treated in accordance with generally accepted accounting principles (GAAP).

The Authority must adequately document costs to assure compliance with statutory policy requirements and be able to prepare reports that measure performance (e.g., the SF-425 and APR).

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 24 CFR 1000.26(a).

The Authority shall have written procedures for determining the allowability of costs that comply with the terms and conditions of a federal award as outlined in this section.

### **XIII. CAPITAL ASSETS**

Capital assets mean 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).

The Authority shall comply with its capital asset policy and procedures that provide guidance for employees to manage and safeguard the Authority's capital assets, including

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active management of assets with processes in place for tracking additions through purchases and donations, disposition, and depreciation.

Donated assets shall be recorded at their fair market value (FMV) at the time of donation. The Authority 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 depreciation method used by the Authority 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: asset classification (e.g., Land, Equipment, Building), description of the asset, initial cost or FMV of a donated asset, depreciable life, date purchased, accumulated depreciation, current year depreciation, and net asset value at the end of the year.

#### **A. Capitalization Procedures**

1. Physical assets, such as property and equipment, are an integral part of the operation of the Authority and shall be safeguarded in much the same manner as cash assets.
2. All Authority property and equipment shall be stored in a secure manner.
3. The Accounting Manager shall maintain a property ledger in the book of accounts of the Authority, 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. The Authority 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.

#### **B. Real Property Procedures**

1. The Authority 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

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TDC, DC&E, and/or any amounts expended on modernization or rehabilitation) shall be tracked for useful life purposes.

2. The Authority 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 from such units shall be classified as program income if the rehabilitation and modernization costs attributed to any unit developed under the 1937 Housing Act exceeded 40% of the DC&E amount of such unit, if such costs were paid with IHBG funds.

#### XIV. AUDIT

The Authority shall have a financial audit completed annually by a certified, external, independent accounting firm, unless the Authority is otherwise obligated to undergo audit more frequently. The Executive Director shall have direct responsibility in 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. The selected audit firm must provide a peer review report as part of the selection process.

The Executive Director shall make the completed audit report available to the Board. The auditors shall present the audit to the Board for acceptance and approval.

The audit shall meet Generally Accepted Government Auditing Standards (GAGAS) and comply with the audit requirements under Title 2 CFR Part 200 of the Uniform Grant Guidance. The Authority's audit shall include audit of all funds expended during the audit period.

**A. Single Audit:** If the Authority 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 the Uniform Grant Guidance, where the auditor shall test for the Authority's:

1. Compliance with the requirements of the federal program, and
2. Internal control over the compliance of the program.

**B. Audit Findings and Follow-up:** The Authority 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 Authority shall be required to describe in the audit document, reasons for the

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reoccurrence of a 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 30 days after receipt of the auditor's report, or nine months after the end of the audit period, whichever is earlier.

**D. Public Availability:** The Authority may opt not to authorize the FAC to make the reporting package publicly available on a website. If the Authority 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.

#### **XV. PETTY CASH**

The Authority is authorized to maintain a petty cash fund of \$250.00. The purpose of the fund is to have a small amount of cash available for paying small amounts owed, rather than writing a check. The petty cash shall be in the safekeeping of a custodian to be designated by the Executive Director, who shall keep track of payouts from the fund with receipts. At all times, the amount of cash on hand and the receipts shall total the amount of authorized petty cash. When the cash in the petty cash fund is low, the custodian shall request a check to replenish the cash that has been paid out. The fund shall be subject to surprise audits.

#### **XVI. BANKING AND INVESTING SERVICES**

The administration and investment of the Authority's IHBG funding 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 an Authority to set up a bank account and investment accounts with a bank or a broker/dealer. These are:

**A.** 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).

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

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- 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 Authority and guaranteed under Title VI of NAHASDA, and for investment purposes for approved reserve accounts and/or NAHASDA IHBG grant funds pre-approved for investment. The funds must comply with the investment requirements under NAHASDA and 24 CFR 1000.58 as prescribed by HUD. A copy of the agreement form should be kept on file. The Authority shall use the most current available version of this form.
- 3. Form HUD-52736B: Depository Agreement (Brokers/Dealers):** The purpose of form HUD-52736B is similar to HUD-52736A, except that this form shall be used when the Authority 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.C. § 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. The Authority shall use the most current available version of this form.

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**APPENDIX A: EFFECTIVE INTERNAL CONTROLS AND ACCOUNTABILITY PROCEDURES**

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

- Grant awards are managed to comply with statutes, regulations, and the terms and conditions of the award;
- The Authority evaluates and monitors grant awards to ensure compliance with statutes, regulations, and the terms and conditions of the award;
- The Authority shall take prompt action to correct identified instances of noncompliance including noncompliance identified in audit findings;
- The Authority must take reasonable measures to safeguard sensitive information and assets purchased with grant awards, consistent with any obligations of confidentiality under applicable law.

In addition, the Authority 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 for handling cash receipts from the time of receipt to deposit in the appropriate depository or broker account;
- 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;
- Ensure payments are made only for approved purposes;
- Maintain adequate accounting records for cash receipts and payments.

**1. SEPARATION OF DUTIES**

This Policy is based on the principle of separation of duties. Accordingly, no single person shall have the authority to authorize a transaction, execute a transaction, record a transaction, and have sole custody of any resulting assets.

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**2. SPECIAL PROCEDURES REGARDING TENANT ACCOUNTING**

- a. The Accounting Manager, in conjunction with the Housing Programs Manager, shall maintain all tenant ledgers.
- b. In the event of tenant ledger adjustments, the Housing Programs Manager will complete an adjustment request for submission to the Accounting Manager.
- c. The adjustment request shall be in writing with the proper justification noted on and/or attached with each request.
- d. The Accounting Manager shall make the proper adjustment in the tenant accounting software ledger.
- e. The Accounting Manager shall provide evidence to the Housing Programs Manager to show the completed tenant ledger adjustment.

**3. CASH COLLECTION CONTROL PROCEDURES**

- a. Payments by cash, checks, and money orders (including tenant payments) may be received only by personnel designated by the Executive Director. Only those employees are authorized to receive payments from residents and issue receipts.
- b. Cash, checks, and/or money orders shall be deposited in the bank where the Authority has an approved depository agreement. Unless there have been no receipts, deposits shall be made no less frequently than once per week regardless of the amount accumulated.
- c. When cash is retained in the office overnight, it must be stored in a locked, fireproof cabinet or safe.
- d. Checks received shall immediately be stamped "For Deposit Only".
- e. A receipt shall be issued for all payments collected so there is an official record of the transactions.
  - i. Sequentially numbered receipts shall be assigned through a computerized system. One part shall be given to the resident, one part retained for deposit preparation and verification, and subsequent submission to the Accounting Manager for tenant ledger maintenance, and one to be stored with the accounting records.

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- ii. 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.).
- iii. Computerized receipt generation systems shall be adequately safeguarded by Authority personnel authorized to receive payments and issue receipts.
- f. 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. An employee of the Authority other than the employee who prepared the deposit shall reconcile the receipts and coins, currency, and cash to the deposit slip.
- g. An employee of the Authority other than the employee who prepared the deposit or who reconciled the deposit shall make the bank deposit.
- h. 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. The bank deposit receipt shall be returned to the employee who reconciled the deposit for verification, then forwarded to the Accounting Manager.
- i. The Accounting Manager shall be responsible for posting receipts to the resident accounts receivable records.
- j. 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 in the resident accounts receivable records.

**4. CASH DISBURSEMENT CONTROL PROCEDURES**

- a. The Board shall authorize persons to receive, obligate, and disburse the funds of the Authority, including:
  - i. Procurement of products and services through requisitions, check requests, debit, or credit card services.
  - ii. Execution of contracts and change orders for an authorized amount.
  - iii. Receipt of grants.
  - iv. Signing checks.

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- b.** All checks shall require the signature of at least two individuals properly authorized by the Board. The Executive Director shall oversee the proper notification of the Authority banks whenever authorized signature changes are made.
- c.** All debts representing allowable and authorized costs shall be paid promptly upon receipt of proper invoices/billing statements.
- d.** All disbursements shall be made by check. The Executive Director may approve other forms of disbursement, such as wire or electronic funds transfers.
  - i.** All checks shall be pre-printed and shall bear the name and address of the Authority.
  - ii.** All checks must be pre-numbered and used in sequence. Voided checks must be retained and recorded.
  - iii.** The supply of unused checks shall be adequately safeguarded in a fireproof cabinet or safe.
- e.** Employees may initiate transactions by completing a purchase or check request form, which shall be presented to the Executive Director for approval. All purchase and 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.
- f.** The Accounting Manager shall review purchase and check requests and attached supporting documentation for completeness and accuracy. The Accounting Manager 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 Accounting Manager shall then submit the check requests and invoices with supporting documentation to the Executive Director or their designee for approval.
- g.** The Accounting Manager shall prepare checks.
- h.** Checks written for "cash" shall be authorized only under limited circumstances, such as for the replenishment of petty cash or for purchases requiring cash payment in excess of the petty cash fund limit of \$250.00.

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- i. Checks shall not be signed or countersigned in advance of being completely filled out. Each check shall be accompanied by adequate supporting documentation, including invoices, travel vouchers, etc.
- j. Whenever possible, no individual shall sign a check on which they are the payee.
- k. Check signers shall review each check carefully and shall not sign any check that lacks appropriate supporting documentation or exhibits signs of alteration. If it is necessary to change a check, the check must be voided and a new check issued.
- l. The signed check shall be mailed or delivered to the payee by personnel designated by the Executive Director.
- m. The Accounting Manager shall reconcile bank statements of the Authority. Discrepancies between any books of account, financial statements, and/or bank statements shall be reported to the Executive Director and/or Board, promptly investigated, and resolved.

**5. SPECIAL PROCEDURES REGARDING PAYROLL DISBURSEMENT**

- a. The Authority shall have written authorizations on file for all employees that cover their rates of pay, withholdings, deductions, direct deposit instructions, etc.
- b. The Executive Director or their designee shall establish adequate timekeeping controls (including the use of timesheets) and there shall be supervisory review and approval of all employee time/leave records prior to issuance of a check.
- c. The Accounting Manager shall prepare payroll checks and direct deposits and perform associated payroll functions.

**6. ACCOUNT CHARGE CARD AND CREDIT CARD CONTROL PROCEDURES**

- a. With the advice and consent of the CIHA Board, account charge cards and credit cards may be utilized by employees of the Authority consistent with their job duties and demonstrated professional responsibility.
- b. Account charge cards and credit cards are to be used for authorized business expenditures of the Authority and are not intended to be used as a substitute for personal credit.
- c. The Executive Director must authorize business expenses before charges are incurred in accordance with applicable Authority policies, procedures, and practices. The Executive Director may authorize valid business expenses in writing retroactively.

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- d. Employees shall submit receipts for all expenses charged to account charge cards or credit cards to the Accounting Manager within one week of the transaction.
- e. The Accounting Manager shall examine billing statements to ensure all charges are valid. If there are incorrect charges, the Accounting Manager shall complete and return any forms necessary to dispute such charges to the card issuer. If an employee with knowledge of an incorrect or disputable charge fails to report such charge within a reasonable time, they may be liable to the Authority for any resultant charges and may be subject to disciplinary action up to and including termination of employment.
- f. Employees who incur charges for ineligible or disallowed costs shall make full payment for such charges within 14 calendar days of the date such charges were incurred and, unless such charges were authorized in advance, may be subject to disciplinary action up to and including termination of employment.
- g. Finance charges, late fees, and/or penalties associated with account charge card or credit card use shall be avoided and shall not be paid with IHBG funds under any circumstances.
- h. Charges shall not be incurred in excess of an account's established credit limit. 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.
- i. Lost or stolen cards shall be immediately reported to the Authority and to the issuer and not later than the first business day after discovery of the loss. Employees who fail to report lost or stolen cards may be held liable for any charges and may be subject to disciplinary action up to and including termination of employment.
- j. A police report will be filed for stolen account charge cards or credit cards.
- k. Cancelled or expired credit cards shall be returned to the Authority and properly destroyed before a replacement is issued.
- l. Employees shall surrender all account charge cards and credit cards issued to the Authority in their possession: (1) upon demand by the Authority, (2) when there is no longer a business need for the card, and/or (3) upon termination of employment. Cancelled cards shall be returned immediately and properly destroyed. Surrender or cancellation of an account charge card or credit card does not discharge any responsibilities incurred up to and including the date of such action. Failure to surrender the card will be considered theft and subject to prosecution.

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**7. DEBIT CARD CONTROL PROCEDURES**

- a. With the advice and consent of the CIHA Board, debit cards may be issued to representatives of the Killich Residents Association (KRA) for the checking account that CIHA maintains for the use of KRA. Only KRA representatives authorized by the KRA Board in a meeting held in accordance with the KRA Bylaws and recorded in approved KRA Board meeting minutes may use these debit cards.
- b. Debit cards are to be used for expenditures authorized by the KRA Board and are not intended to be used for personal purchases.
- c. The KRA Board must authorize business expenses before charges are incurred in accordance with applicable KRA policies, procedures, and practices. The KRA Board may authorize valid business expenses retroactively.
- d. KRA debit card users shall submit receipts for all expenses paid by debit card to the Accounting Manager within one week of the transaction.
- e. The Accounting Manager shall examine KRA bank statements to ensure all charges are valid. If there are incorrect charges, the Accounting Manager shall complete and return any forms necessary to dispute such charges to the bank. If a KRA debit card user with knowledge of an incorrect or disputable charge fails to report such charge within a reasonable time, they may be liable to the Association and the Authority for any resultant charges and subject to limitations on future debit card use, as determined by the KRA Board or Executive Director of the Authority, or other action of the KRA Board.
- f. KRA representatives who incur charges for ineligible or disallowed costs shall make full payment for such charges within 14 calendar days of the date such charges were incurred and, unless such charges were authorized in advance by the KRA Board, may be subject to future limitations on debit card use up to and including termination of debit card use.
- g. Finance charges, late fees, and/or penalties associated with debit card use shall be avoided and shall not be paid with IHBG funds under any circumstances.
- h. Lost or stolen cards shall be immediately reported to the Authority and to the issuer immediately and not later than the first business day after discovery of the loss. KRA representatives who fail to report lost or stolen cards may be held liable for any charges and may be subject to limitations on future debit card use, as determined by the KRA Board or Executive Director of the Authority, or other action of the KRA Board.

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- i. A police report will be filed for stolen debit cards.
- j. Cancelled or expired debit cards shall be returned to the Authority and properly destroyed before a replacement is issued.
- k. KRA representatives shall surrender all debit cards issued to the Authority for the use of KRA in their possession: (1) upon demand by the KRA Board or the Executive Director of the Authority, (2) when there is no longer a business need for the card, and/or (3) other qualifying event in accordance with applicable KRA policies, procedures, and practices. Cancelled cards shall be returned immediately and properly destroyed. Surrender or cancellation of a debit card does not discharge any responsibilities incurred up to and including the date of such action. Failure to surrender the card will be considered theft and subject to prosecution.

**8. INVESTMENT CONTROL PROCEDURES**

- a. Subject to the approval of HUD and the Board, IHBG funds may be drawn from eLOCCS to be invested by the Authority. A copy of the resolution authorizing each investment transaction shall be maintained in the official records of the Authority, with a copy provided to the Accounting Manager. Investment objectives will be for the purposes of carrying out affordable housing activities.
- b. Investment obligations shall not deviate from the types identified in **24 CFR 1000.58**:
  - i. Obligations of the United States; or issued by Government sponsored agencies; securities that are guaranteed or insured by the United States; mutual (or other) funds registered with the Securities and Exchange Commission and which invest only in obligations of the United States or securities that are guaranteed or insured by the United States; or
  - ii. Accounts that are insured by an agency or instrumentality of the United States or fully collateralized to ensure protection of the funds, even in the event of bank failure.
- c. Any and all investment documents shall be kept in the custody of the Executive Director or their designee. Investment documents shall be safeguarded in a fireproof cabinet or safe, and shall be stored separately from other accounting records.
- d. Investments shall be made only in the name of the Authority, 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 Authority and the depository. An original HUD-

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52736B shall be maintained by the financial institution and in the records of the Authority. The Authority shall use the most current version of these forms.

- e. Investments shall be recorded in detail in an investment ledger, which shall reflect any and all interest earned, collected, and/or disbursed.
- f. The Accounting Manager shall reconcile the investment ledger on a monthly basis, and shall provide a report regarding investment performance to the Board on at least a quarterly basis. Discrepancies shall be reported to the Executive Director and/or the Board, promptly investigated, and resolved.
- g. The Accounting Manager 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 years from the date the funds are drawn down for investment purposes from eLOCCS or such longer period as may be permitted by HUD.

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**APPENDIX B: PROCEDURES TO IMPLEMENT THE REQUIREMENTS OF 2 CFR 200.305 PAYMENTS**

**1. PURPOSE:** In accordance with NAHASDA 24 CFR1000.56:

- a.** Each year, funds shall be paid directly to recipients 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.
- b.** Payments shall be made as expeditiously as practicable.

As a federal grant, the expenditure of NAHASDA funds must comply with the Uniform Guidance requirement cited in 2 CFR 200.302(6), which requires written procedures to implement the requirements of 2 CFR 200.305 Payments. The written procedures on 2 CFR 200.305 Payments are hereby incorporated into and made part of the Authority's Financial Management Policy in their entirety.

**2. GRANT DRAWDOWN:** Recipients of NAHASDA federal grant funds must draw funds following HUD's specific procedures using the 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 NAHBG funds. Only eligible NAHASDA program expenses are to be paid with IHBG grant funds.

- a.** To access eLOCCS, a grantee must register its users in Secure Systems.
  - A recipient is allowed multiple authorized users to query or draw down funds.
  - Each eLOCCS user must submit a HUD-27054 LOCCS Access Authorization form.
  - The form specifies the Business Partner(s) and HUD Program(s) the user is authorized to access within eLOCCS.
  - The form is to be submitted to the Executive Director for approval by the CIHA eLOCCS Approving Official.
  - A copy will be kept in the Authority's files and the notarized original will be sent to HUD.

**b. HUD-50080 LOCCS PAYMENT VOUCHER**

Form HUD-50080 must be completed and submitted online in eLOCCS to request a grant advance or reimbursement of eligible grant expenses.

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To prepare the Payment Voucher and ensure proper documentation:

- i.** List expenditures to be paid;
- ii.** Use the list as supporting documentation for the eLOCCS draw; and
- iii.** Attach a copy of the list to the HUD-50080 form that has the total amount requested and submit to the Executive Director for approval by the CIHA eLOCCS Approving Official.

**3. ADVANCE IHBG BLOCK GRANT PAYMENT FOR INVESTMENT PURPOSES**

NAHASDA program regulations (24 CFR 1000.58) allow grantees to receive advance payments of their IHBG block grant for the purpose of investing grant funds.

- a.** To be eligible to receive IHBG funds in advance for investment purposes, the grantee must demonstrate to HUD that it has adequate administrative capacity, demonstrated by the following:
  - i.** Annual audits were completed timely and submitted to the Federal Audit Clearinghouse in accordance with 2 CFR 200.512;
  - ii.** 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
  - iii.** It is a grantee that has demonstrated the administrative capacity and controls to responsibly manage the investment.
- b.** The grantee's financial management system must comply with 2 CFR 200.302(b), demonstrated by the following:
  - i.** A written financial management policy;
  - ii.** A written investment policy that outlines investments in HUD-approved investment vehicles, with maturities of five years or less;
  - iii.** No outstanding findings as a result of a HUD audit, Inspector General audit, or HUD monitoring review;
  - iv.** No other issues documented by HUD ONAP.

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- c.** Invested IHBG funds must be held in one or more accounts separate from other grantee funds. Each investment fund account must be subject to a depository agreement approved by HUD. The grantee shall use the following HUD approved depository agreements:
  - i.** Form HUD-52736A (the Authority shall use the most current version of this form): For investments held in bank accounts;
  - ii.** Form HUD-52736B (the Authority shall use the most current version of this form): For investments managed by brokers/dealers.
- d.** The grantee must invest in interest-bearing accounts and in eligible investment instruments pursuant to 24 CFR 1000.58, which consist of:
  - i.** Obligations of the United States;
  - ii.** Obligations issued by government sponsored agencies;
  - iii.** Securities that are guaranteed or insured by the United States;
  - iv.** Mutual (or other) funds registered with the Securities and Exchange Commission that invest only in obligations of the United States or securities that are guaranteed or insured by the United States.

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

- e.** 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 United States 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.
- f.** The grantee is exempted from maintaining advance payments in interest-bearing accounts if:
  - i.** The grantee receives less than \$120,000 in federal awards per year;
  - ii.** The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year;

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- iii. The depository requires an unreasonably high minimum average or balance for the grantee to maintain.

#### **4. ADVANCE PAYMENT REQUEST FOR INCURRED EXPENSES**

Grantees who do not receive payment of their 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 grantee. Requests may be made as often as needed with eLOCCS.

The timing and amount of the advance payments must be as close as administratively feasible to the actual disbursements by the grantee for eligible program expenses that have been incurred but not yet paid. To ensure timely distribution of funds, the grantee 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 grantee will be able to distribute payment to vendors right away.

#### **5. REIMBURSEMENT PAYMENTS**

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

- a. **eLOCCS Request for Expense Reimbursement:** The grantee may make reimbursement requests through eLOCCS as often as it needs to reimburse itself for eligible expenses incurred and paid for with available working capital.
- b. **IHBG Investment Withdrawal for Expense Reimbursement:** If the grantee has been approved to draw down its IHBG funds for investment, it will periodically need to draw from the investment account to pay for NAHASDA related expenses it has incurred.
- c. **Reimbursement Procedures:** The grantee's general ledger should be set up to account for specific program expenses. On a periodic basis (e.g., weekly or monthly) the grantee should prepare a NAHASDA Revenue and Expense report to determine the amount of IHBG grant funds that have been recorded to offset eligible NAHASDA expenses. Because the grantee 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 expense to be reimbursed, either through eLOCCS or from an IHBG investment account.

- 6. **PROGRAM INCOME USE:** The grantee 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 at the grantee's discretion and is not subject to other federal

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regulations. The grantee must account for program income and must report program income on HUD Form SF-425.

7. **NON-PROGRAM INCOME USE:** The grantee is not required to report non-program income. Non-program income may be used for any housing or related activity at the grantee's discretion and is not subject to federal regulations.

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**APPENDIX C: PROCEDURES TO IMPLEMENT THE REQUIREMENTS OF 2 CFR  
200.302(B)(7) ALLOWABLE COSTS**

**1. PURPOSE**

In accordance with NAHASDA regulation 24 CFR 1000.26, a grantee must comply with the requirements of Title 2 CFR Part 200 Uniform Guidance in regard to the administrative requirements and principles for determining allowable costs applicable to the administration of an IHBG award.

A grantee's financial management system, in accordance with 2 CFR 200.302(b)(7), must include written procedures for determining the allowability of costs in accordance with Subpart E – Cost Principles. These procedures define allowable costs for the use of federal grant funds for grantees and subrecipients. Costs include allowable direct and allocable indirect costs.

**2. DETERMINING ALLOWABLE COSTS**

Allowable costs:

- Are necessary and reasonable;
- Are allocable;
- Conform to any limitations or exclusions in the IHBG award;
- Are consistent with policies and procedures;
- Follow accounting practices and standards;
- Are treated consistently throughout the IHBG program.

The Authority is responsible for monitoring the accuracy of costs charged to the IHBG award.

**3. DIRECT COSTS**

Direct costs are those costs that can be identified specifically with a particular 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 award program and what it typically considers to be a direct cost versus an indirect cost. The grantee should determine what costs it considers to be direct or indirect and apply treatment of those costs consistently.

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#### **4. INDIRECT (F&A) COSTS**

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

Typical examples of indirect costs for many grantees may include depreciation on buildings and equipment, costs of operating and maintaining an office building, and general administration expenses, such as executive and administrative salaries and expenses, personnel management, and accounting.

#### **5. PRIOR WRITTEN APPROVAL**

With respect to the items of cost listed in 2 CFR 200.407 that require prior approval, specific to NAHASDA 24 CFR 1000.26(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 Part 200, except for those items described in 24 CFR 1000.26(b).

If an Authority is awarded other federal grants that do not make specific allowance without 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, 2 CFR 200.407 of the Uniform Guidance lists items of cost that the Authority may seek prior approval of in advance of incurring special or unusual costs.

#### **6. ALLOWABILITY OF SPECIFIC ITEMS OF COST**

Specific items of cost 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 Cost from 2 CFR 200.420 to 2 CFR 200.475. In addition, the Authority should review HUD's guidance on items of cost it explicitly disallows under the NAHASDA program, even when the items of cost may be allowed with prior approval under the Uniform Guidance.

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**APPENDIX D: PROCEDURES TO IMPLEMENT THE DISPOSITION REQUIREMENTS OF 2 CFR 200.313 EQUIPMENT AND 2 CFR 200.314 SUPPLIES**

**1. PURPOSE**

These procedures provide direction governing the disposition of personal property in compliance with the requirements of Title 2 CFR Part 200 Uniform Guidance. Equipment and supplies no longer needed or suited to the purposes of the Authority shall be disposed in the manner most beneficial to the purposes of the Authority. Proceeds from disposition of equipment and supplies purchased with IHBG funds are IHBG program income.

**2. METHOD OF DISPOSITION**

Unless otherwise permitted, the Authority shall dispose of property for not less than its fair market value by sale, exchange, or transfer, for cash, credit, or other property, with or without warranty, and upon such other terms and conditions as the Executive Director deems proper. The Authority may execute such documents for the transfer of title or other interest in property and take such other action as it deems necessary or proper to dispose of such property under the provisions of this section. Provided, however, no disposition shall be made of a property which because of its unique nature is not subject to fair market pricing unless an appraisal of the value of such property has been made by an independent appraiser and included in the record of the transaction.

**a. Sale:**

**\$100,000 or more.** Board approval shall be required prior to the disposal of property with an estimated value of \$100,000 or more. The Executive Director shall solicit formal bids by public advertisement. The advertisement for bids shall be made at such time prior to the disposal or contract, through such methods, and on such terms and conditions as shall permit full and free competition consistent with the value and nature of the property proposed for disposition. All bids shall be publicly disclosed at the time and place specified in the advertisement. Award shall be made with reasonable promptness to the responsible bidder whose bid, conforming to the invitation for bids, will be most advantageous to the Authority, price and other factors considered, provided that all bids may be rejected at the Authority's discretion. The sale shall be documented by a bill of sale, sales contract, or other legal instrument.

**\$15,000 to \$100,000.** Board approval shall be required prior to the disposal of items valued at \$15,000 or more, up to \$100,000. The Executive Director shall arrange sale by set price,

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negotiation, formal solicitation of bids, informal solicitation of bids, or other method on such terms and conditions as shall permit a fair return to the Authority consistent with the value and nature of the property proposed for disposition. The sale shall be documented by a bill of sale, sales contract, or other legal instrument.

**Less than \$15,000.** If the estimated value of the property to be disposed is less than \$15,000, the Executive Director shall determine the method of disposition. If by sale, such sale shall be negotiated through such methods and on such terms and conditions as the Executive Director deems necessary to ensure a fair return to the Authority. The sale shall be documented by a bill of sale, sales contract, or other legal instrument.

- b. Exchange:** Equipment and supplies purchased with IHBG funds may be exchanged or traded-in to offset the cost of replacement property. For items valued at \$15,000 or more, the proposed transaction shall be approved by the Board prior to disposal. The transaction shall be fully documented by a transfer of title or other interest in a form consistent with the nature of the property to be disposed.
- c. Transfer:** If determined to be more advantageous to the Authority than other forms of disposal, equipment and supplies purchased with IHBG funds may be considered for transfer first to another HUD-funded program, second to another federally-funded program, and third to another entity that provides services dedicated to the health, safety, or welfare of the Authority's service population. Transfers may be at fair market value, other negotiated price, or, with written justification, at no cost. The proposed transfer of items valued at \$15,000 or more shall be approved by the Board prior to disposal. Transfers shall be fully documented by a transfer of title or other interest in a form consistent with the nature of the property to be disposed.
- d. Auction:** If determined to be more advantageous to the Authority than other forms of disposal, equipment and supplies purchased with IHBG funds may be offered at public auction. The proposed auction of items valued at \$15,000 or more shall be approved by the Board prior to disposal. Items of less than \$5,000 in value may be offered at private auction. Disposals made by auction shall be fully documented by a bill of sale, sales contract, transfer of title or other interest, or other legal instrument in a form consistent with the nature of the property to be disposed.
- e. Donation:** Items valued at \$5,000 or less may be donated at the discretion of the Executive Director to another entity that provides services dedicated to the health, safety, or welfare of the Authority's service population. Donations shall be fully documented by a transfer of title or other interest in a form consistent with the nature of the property to be disposed.

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- f. Salvage, scrap, recycle, discard, or destruction:** Items valued at \$5,000 or less not suitable for other form of disposal may be salvaged, scrapped, recycled, discarded, or destroyed at the discretion of the Executive Director. The disposition shall be documented in a form consistent with the nature of the property to be disposed.