

Welcome to Basic Finance and Recordkeeping

March 2-3, 2021 | Day 1

Sponsored by Office of Native American Programs (ONAP)

Provided by the National American Indian Housing Council (NAIHC)

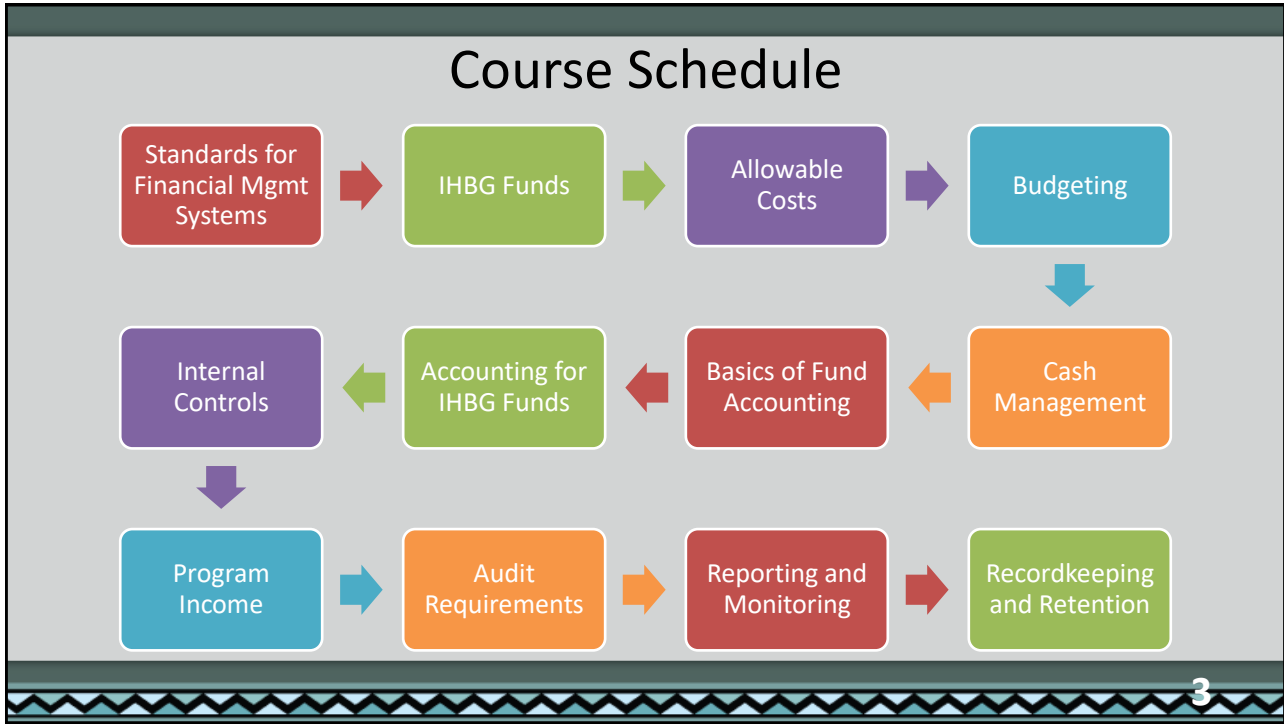
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Instructor

- Charles Anderson
- Owner/Manager, Northwest Housing Consultants, LLC



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SECTION I

Purpose, Objectives, and Orientation

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Could This Happen to You?

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

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

Taken from an actual IG Report

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Course Objectives:

- Provide an overview of accounting, financial reports and the requirements of NAHASDA.
- Study basic financial transactions and accounting applications relevant to the NAHASDA program.
- Improve the compliance, accuracy, and performance and functions of the participants in the management of the IHBG award.
- Provide tools and best practices to enable participants to better utilize their existing financial management system.



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SECTION II:

Financial Management Systems

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Overview Of Financial Management System

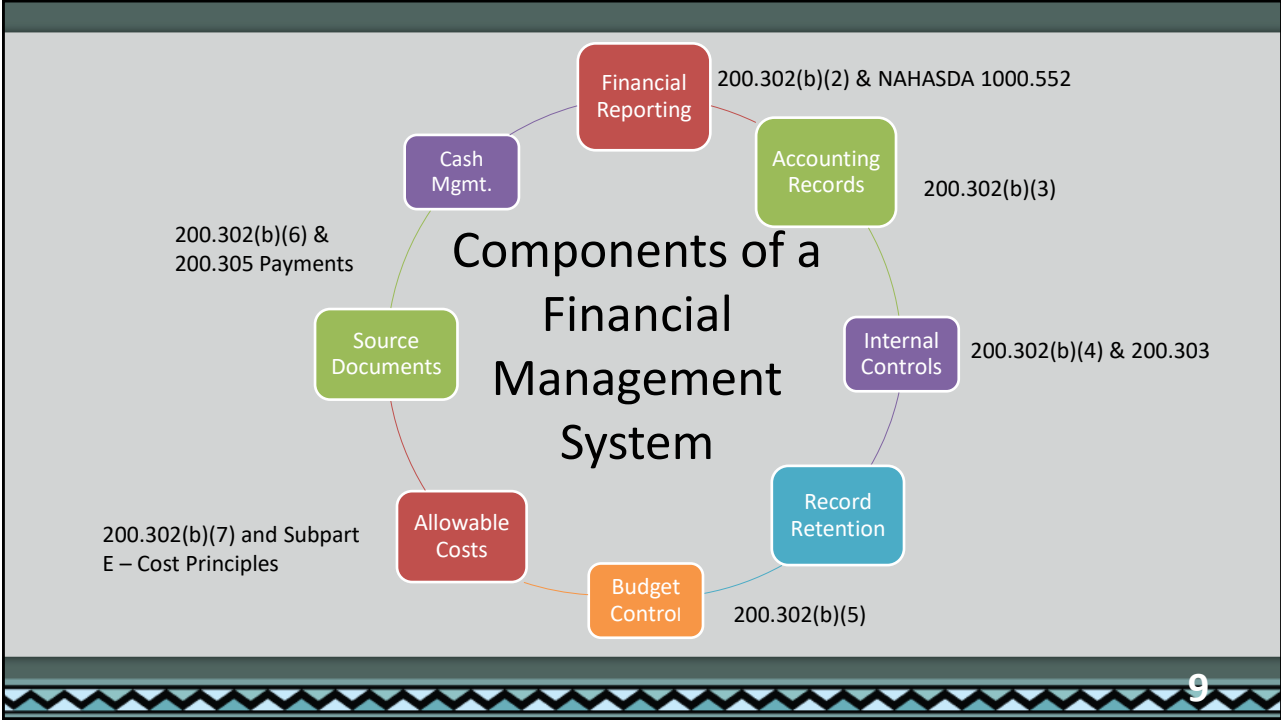


- One size does not fit all – tailor to staffing and organizational structure
- Refer to 2 CFR 200 Post Federal Award 200.300-309 for financial management system standards
- Refer to NAHASDA 1000.26 Administrative Requirements for NAHASDA specific requirements

[2 CFR 200](#)

[24 CFR 1000](#)

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§ 200.301: Performance Measurement

- Shift in emphasis from compliance to performance
 - Measuring performance
 - Improve program outcome
 - Encourage best practices
- Financial Requirements
 - Relate financial data to performance accomplishments
 - Provide cost information to demonstrate cost effectiveness



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SECTION III:

NAHASDA IHBG Funds

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Uniform Guidance Requirement

200.302(b)(1): **Identification**, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received, including:

- the Assistance Listing title and number,
- Federal award identification number and year,
- name of the Federal agency, and
- name of the pass-through entity, if any.

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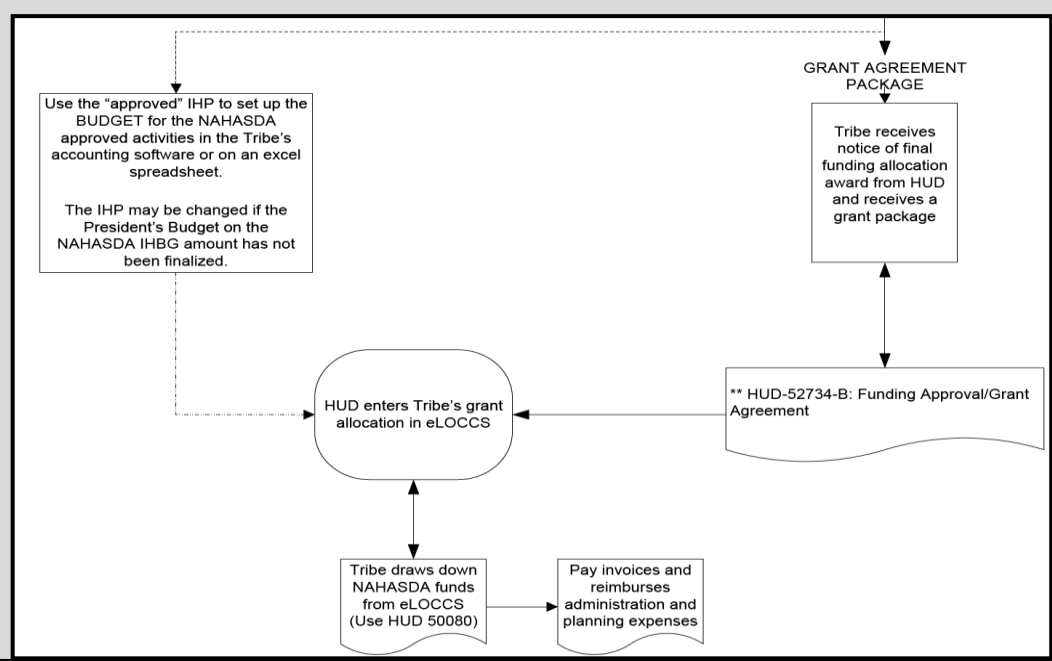
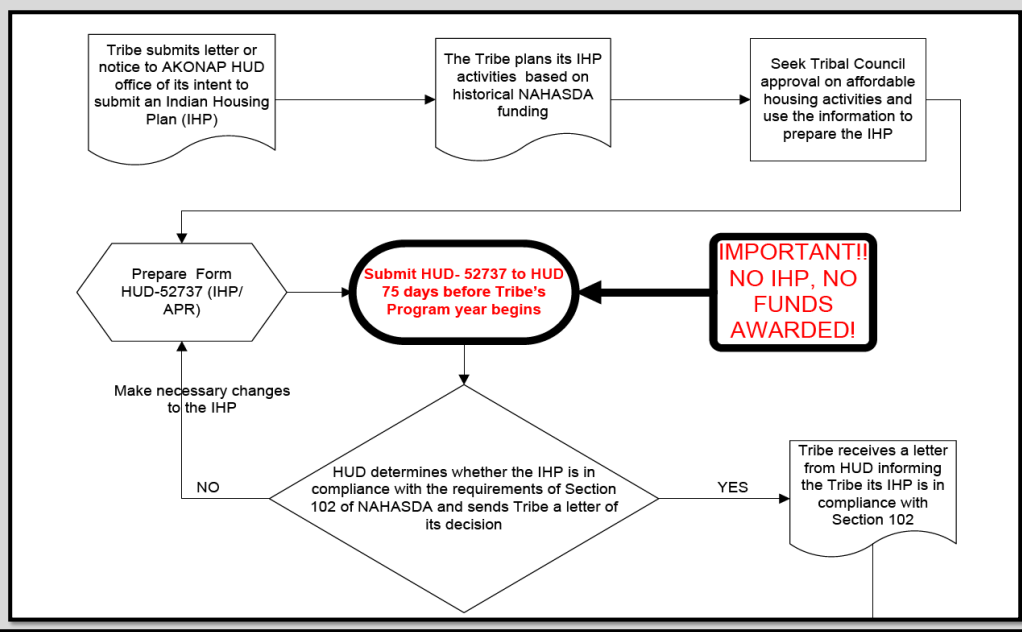
NAHASDA Identification: Example


Grantor	HUD
Program Title and Name	NAHASDA
CFDA Number	14.867
Grant Number	55-IH-02-0123-0
Grant Year	FY 2020

Document and store information in your accounting system

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How Funds Are Made Available Under NAHASDA





U.S. Department of Housing and Urban Development
 Northwest Office of Native American Programs
 Federal Office Building
 828 First Avenue, Suite 200, DAFI
 Seattle, WA 98104-1000

August 15, 2018

The Honorable William Smith
 Tribal Chairman _____ Tribe
 PO Box 1173
 Middleton, WA

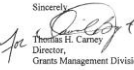
Dear Chairman Smith:

SUBJECT: Federal Fiscal Year 2019
 Indian Housing Block Grant
 Program Grant Number xxxxxxxx


The Office of Native American Programs is pleased to inform you that the Indian Housing Plan (IHP) you submitted for Federal Fiscal Year (FFY) 2019 funding under the Indian Housing Block Grant Program has been found to be in compliance with the requirements of Section 102 of the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) and the associated requirements at 24 CFR Part 1000.

The regulation at 24 CFR 1000.214 explains that grant funds will be provided to a recipient when two conditions are met: First, the IHP must be determined to be in compliance with Section 102 of NAHASDA and second, funds must be available. As stated above, the first condition has been met (your IHP is in compliance). Unfortunately, at the present time, grant funds for FFY 2019 are not available. Funds for FFY 2019 will not be available until Congress appropriates the funds and makes them available to the Office of Native American Programs. We will notify you as soon as the funds become available.

We look forward to working with you to achieve the goals and objectives set forth in your IHP. If you have questions or need assistance during this process, please contact _____, Grants Specialist, at (206) xxx-xxxx.

Sincerely,

 Therese H. Carney
 Director,
 Grants Management Division

www.hud.gov/codetalk



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

Dear _____

Subject: Federal Fiscal Year 201 Indian Housing Block Grant
 Native American Housing Assistance and Self-Determination Act of 1996
 Grant No. _____

The Alaska Office of Native American Programs (AONAP) is pleased to inform you that the Indian Housing Plan you submitted on June 3, 201 , for the Indian Housing Block Grant (IHBG) program has been found to be in compliance with the requirement of Section 102 of NAHASDA.

The final funding allocation is \$ _____. You will be able to access the funds for the IHBG program through the Line of Credit Control System (LOCCS) after you have completed and returned the following enclosed documents to this office:

- The Funding Approval/Agreement, form HUD-52734-B. Please sign all three originals and return two originals to AONAP.
- Assurance of Compliance with 24 CFR 50(b) - If you, as the recipient, decline to assume environmental review responsibilities under 24 CFR Part 58, sign and return the enclosed form.
- Certification Regarding Lobbying and the Certification for Indian Preference. Please complete and sign both certifications and return to AONAP.

Please note the reference in the Grant Agreement for an environmental review as specified and required in paragraphs 24 CFR §1000, sections 18 through 24 of the Final Rule. Funding assistance may not be obligated or used for any activities requiring a Release of Funds by HUD until such Release is issued in writing.

Attachment Page 5

As the recipient under NAHASDA, you will assume the responsibilities and obligations required to effectively carry out the new block grant program. The administrative requirements for implementation of the IHBG are listed in the Final Rule at 24 CFR §1000.26. Additionally, Notice PHI 2006-40 provides guidance on the Line of Credit Control System (LOCCS), the requirement of funds, security procedures and reporting requirements.

We look forward to working with you to achieve the goals and objectives set forth in your Indian Housing Plan. If we may be of further assistance to you in the successful implementation of this grant under NAHASDA, please contact _____ at (907) _____ or email at _____

Administrator

Enclosures

Attachment Page 6

GUIDEFORM
ASSURANCE OF COMPLIANCE WITH 24 CFR §50.3(h)

The undersigned agrees to assist the Department of Housing and Urban Development (HUD) to comply with the requirements of 24 CFR §50 - Protection and Enhancement of Environmental Quality, with respect to the projects or activities included in Program:

Grant Number _____ As part of this assistance, the Indian Tribe, or Tribally Designated Housing Entity on its behalf, shall:

- (1) Supply HUD with all available, relevant information necessary for HUD to perform for each property any environmental review required by 24 CFR §50;
- (2) Carry out mitigating measures required by HUD or select an alternative property; and
- (3) Not acquire, rehabilitate, convert, lease, repair or construct property, nor commit local funds for these program activities with respect to any eligible property, until HUD approval of the property is received.

 Name & Title (type or print)

 Signature & Date

Attachment Page 7

Funding Approval/Agreement

U.S. Department of Housing and Urban Development
 Office of Native American Programs

Native American Housing Assistance and Self-Determination Act of 1988 (Public Law 100-526)
 Title I - Indian Housing Block Grant
 Title IV - Federal Guarantees For Financing Tribal Housing Activities

1. Name of Recipient: **DUNC #1**

2. Recipient's Complete Address: **TRIBAL HOUSING AUTHORITY**

3. Recipient's HUD ID Identification No.:

4. Program/Grant Number:

5. Amount of Award: \$ _____

6. Period of Award: **9/1/18** to **8/31/20**

7. Recipient's Loan Guarantee (check applicable box): Not applicable

8. Date HUD System (Warranty) Issued: **08/30/18**

9. Date Recipient Received: **08/30/18**

10. Orig. Funding appl. Amendment: **Amendment**

11. Amount of prior Housing Block Grant or Fund Award for this recipient: \$ _____

12. Funds Now Being Approved: \$ _____

13. Date of prior Program Year: **10/1/2017**

14. Amendment Number: _____

15. Recipient's Signature: _____

16. Date (month/year): _____

17. Name & Address of Title:

18. Authorized Representative Name: _____
 Title: _____
 Signature: _____
 Date (month/year): _____

HUD Accounting Use Only (show all dates as mm/dd/yyyy)

Doc	Proj	Program	Yr	Sub	Activity	Category	Amount	Effective Date

Date Entered in FDS: _____ Date Entered in OOS: _____ Batch Number: _____ Transaction Code: _____ Entered by: _____ Verified by: _____

Attachment Page 13

form HUD-6279-B (10/98)

SECTION IV:

Allowable Costs

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Allowable Cost Requirements

1. The Tribe/TDHE must comply with Financial Management provision 200.302(b)(7): Written procedures for determining the allowability of costs in accordance with **Subpart E-Cost Principles** (200.400-475) and conditions of the Federal award (NAHASDA Program)
2. §200.412 Classification of Cost: No universal rule for classifying costs as direct or indirect Facilities and Administration (F&A).
3. Requirement to treat like costs consistently in like circumstances (costs incurred for like purposes required to be applied consistently as either direct or indirect).

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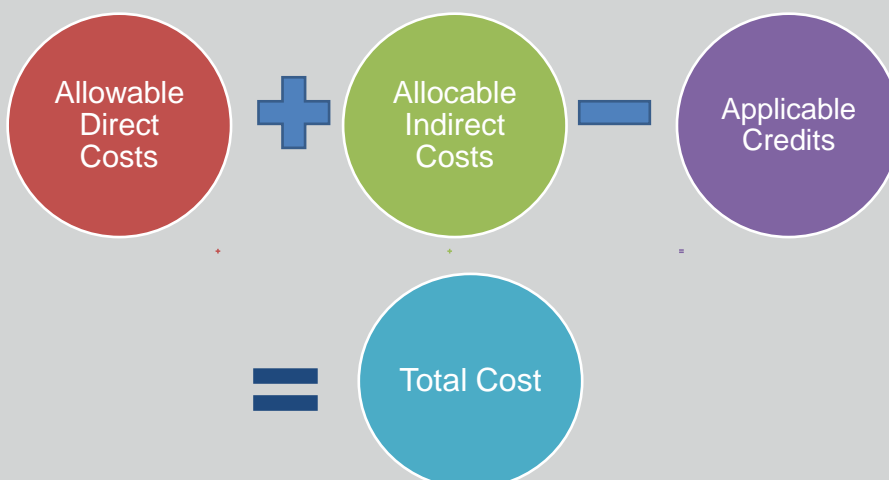
Written Procedures For Allowability Of Costs (§200.302(b)(7))

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



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§ 200.402: Composition of Costs



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Direct Cost and Indirect Cost

CLASSIFICATION OF COSTS

DIRECT COSTS 200.413	INDIRECT COSTS 200.414
EXPENSES THAT DIRECTLY RELATED WITH PRODUCTION	GENERAL EXPENSES, BUSINESS EXPENSES, RUNNING COSTS
ALSO CALLED AS VARIABLE COSTS	ALSO CALLED AS FIXED COSTS
DIRECT MATERIAL DIRECT LABOR DIRECT WAGES	RENT OFFICE EXPENSES INDIRECT WAGES

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Allocating Costs: Example

Department	Sales	% of Total	Admin Exp to Allocate	Allocated Amount
1	480	60.0%	188000	112800
2	320	40.0%	188000	75200
Total	800			188000

§ 200.405: Allocable Costs

Allocable – A cost is allocable if the goods or services involved are chargeable or assignable to that Federal award or other cost objective in accordance with relative benefits received. This standard is met if the cost:

- Is incurred specifically for the federal award;
- Benefits both the Federal award and other work of the non-Federal entity and can be distributed proportionally using reasonable methods; and
- Is necessary to the overall operations of the non-Federal entity and is assignable.

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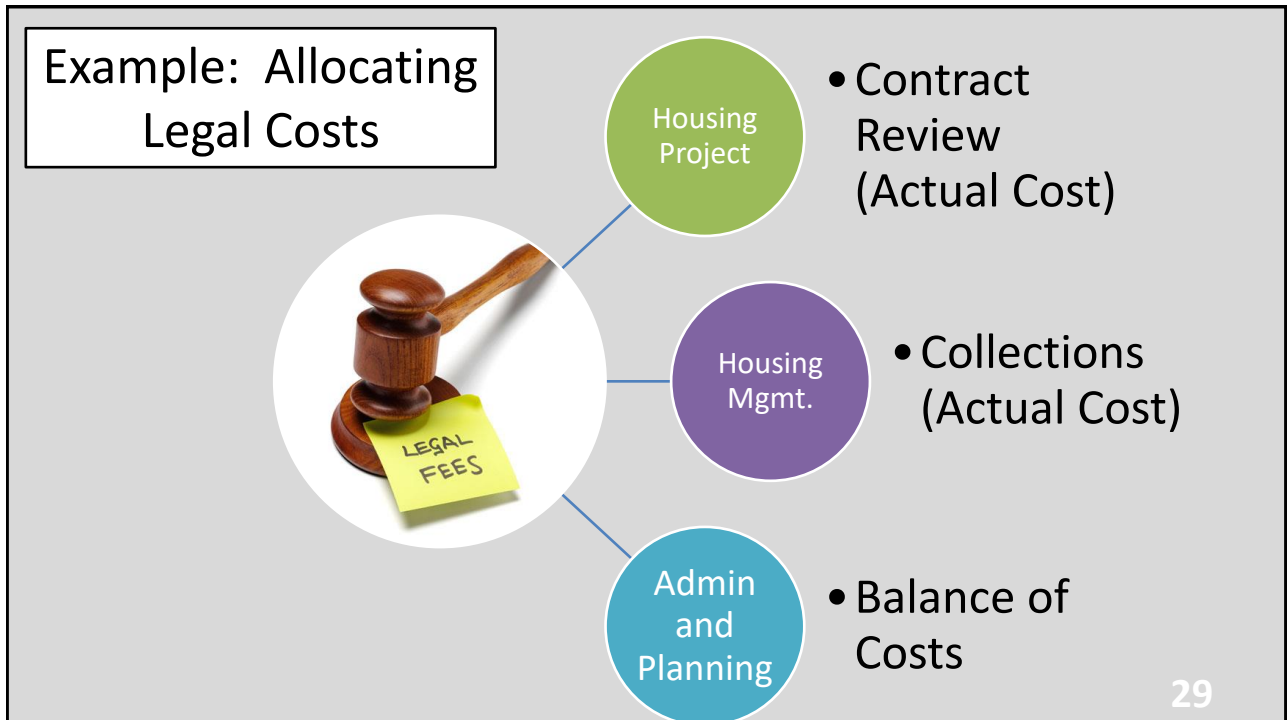
§ 200.405: Allocable Costs cont'd

Direct Cost Allocation Principle:

- If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost should be allocated to the projects based on the proportional benefit.
- IF NOT, costs may be allocated or transferred to benefitted projects on any reasonable documented basis

For example: Legal Costs

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§ 200.405 Allocable Costs cont'd








- Can shift costs that are allowable under two or more Federal awards in accordance with existing Federal statutes, regs, or terms and conditions of the Federal award.
- **HOWEVER:** Any cost allocable to a particular Federal award may not be charged to other Federal awards to:
 - overcome fund deficiencies
 - avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons

§2 CFR 200.405: Allocable Costs

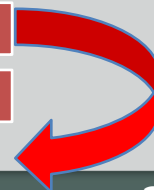
Develop an Allocation Table for costs that are allocable to multiple cost objectives or grant awards based on proportional benefit.
(Example – office rental costs)



Allowable Costs to NAHASDA

-  Necessary, reasonable, allocable
-  Conform to grant award criteria
-  Consistent with policies and procedures
-  Accorded consistent treatment – allowable or allocable.
-  Generally GAAP
-  Cannot use as cost sharing or matching requirement
-  BE ADEQUATELY DOCUMENTED

NAHASDA does not prohibit use of IHBG funds as matching funds



NAHASDA Treatment of Certain Costs

NAHASDA program specific requirements apply to the following costs:

COSTS THAT REQUIRE HUD PRIOR APPROVAL:

- Depreciation method other than Straight Line
- Cost of Housing as employee compensation or benefit

UNALLOWABLE COSTS:

- Penalties, damages, fines and other settlements

Refer to 1000.26(b)(1)

Specific
Items
of Cost

EXAMPLE OF ALLOWABILITY OF SPECIFIC ITEMS OF COST FOR NAHASDA PROGRAM AS ATTACHMENT TO THE ALLOWABILITY PROCEDURES

	TYPE OF COST	ALLOWABLE OR UNALLOWABLE	PRIOR WRITTEN APPROVAL REQUIRED (PWAR)	ADDITIONAL COMMENTS
200.421	ADVERTISING	ALLOWABLE		ADVERTISEMENT: ALLOWABLE. ONLY for recruitment of staff or trainees, procurement of goods and services, disposal of scrap of surplus materials, and other specific purposes necessary to meet the requirements of the grant-supported project or activity.
200.421	PUBLIC RELATIONS	ALLOWABLE		PUBLIC RELATIONS: ALLOWABLE. ONLY for costs specifically required by the award, or for costs of communicating with the public and the press about specific activities or accomplishments under the grant-supported project or other appropriate matters of public concern. Such costs may be treated as either direct costs or F&A costs, if they benefit more than one sponsored agreement or if they benefit the grant and other work of the institution.
200.422	ADVISORY COUNCILS	ALLOWABLE		ALLOWABLE: ONLY if costs incurred by advisory councils or committees are authorized by statute, the Federal awarding agency or as an indirect cost where allocable to Federal awards.
200.423	ALCOHOLIC BEVERAGES	UNALLOWABLE		
200.426	AUDIT SERVICES	ALLOWABLE		NEW ADDITION; CFR 200 specifically outlines what is UNALLOWABLE.
200.426	BAD DEBTS	UNALLOWABLE		UNALLOWED - Bad debt and related collection and legal costs.
200.427	BONDING COSTS	ALLOWABLE		Clarifies that bonding costs are allowable as an indirect cost.
200.428	COLLECTION OF IMPROPER PAYMENTS	ALLOWABLE		In practice, this is not new, but CFR 200 specifically clarifies that this cost is allowable.
200.430	COMPENSATION-PERSONAL SERVICES: Salaries and wages	ALLOWABLE		Salaries and wages for personnel are allowable costs to the extent that the amount is reasonable in relation to the work performed.
200.431	COMPENSATION-FRINGE BENEFITS	ALLOWABLE - with UNALLOWABLE COMPONENT		Allowable as part of the overall compensation to employees in proportion to the amount of time or effort in relation to the work performed. UNALLOWABLE: That portion of automobile costs furnished by the entity that relates to personal use by employees (including transportation to and from work) as fringe benefits or Indirect (F&A) costs regardless of whether the cost is reported as taxable income to employees.
200.432	CONFERENCES: Meetings, retreat, seminar, symposium	ALLOWABLE		NEW: Now includes cost of IDENTIFYING (but not providing) locally dependent care resources are allowable.
200.433	CONTINGENCY PROVISIONS	UNALLOWABLE with exceptions		ALLOWABLE. ONLY if they are necessary and reasonable for proper and efficient accomplishment of project or program objectives, and be verifiable in the financial records.
200.434	CONTRIBUTION AND DONATIONS	ALLOWABLE		NOT ALLOWED: Donated property to the non-Federal entity is not an allowable cost. ALLOWABLE. ONLY depreciation of donated assets as long as the donated property is not counted towards cost sharing or matching requirements, and donated services which directly benefit a

	TYPE OF COST	ALLOWABLE OR UNALLOWABLE	PRIOR WRITTEN APPROVAL REQUIRED (PWAR)	ADDITIONAL COMMENTS
200.434	CONTRIBUTION AND DONATIONS	UNALLOWABLE		UNALLOWABLE: Costs of contribution and donations, including cash, property, and services from the non-Federal entity to other entities, are Unallowable.
200.435	DEFENSE AND PROSECUTION OF CRIMINAL AND CIVIL PROCEEDINGS, CLAIMS, APPEALS, AND PATENT INFRINGEMENTS	ALLOWABLE		ALLOWABLE. ONLY if they are necessary and reasonable and authorized cost of the program, and the non-Federal entity does not incur legal costs to defend itself for illegal, violations and noncompliance and against whistleblowers.
200.436	DEPRECIATION	ALLOWABLE	Requires HUD prior approval if Depreciation method is changed from SL.	Depreciation method for fixed assets shall not be changed without approval of HUD or, if charged through a cost allocator plan. See 1000.26(b)(1)(i).
200.437	EMPLOYEE HEALTH AND WELFARE COSTS	ALLOWABLE		Changed from Employee morale, health, and welfare costs. Cost incurred must follow DOCUMENTED POLICY
200.438	ENTERTAINMENT COSTS. This includes the cost of amusements, social activities, and related incidental costs.	UNALLOWABLE with exceptions		[ALLOWABLE. ONLY where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized either in the approved budget for the Federal award or with prior written approval of the Federal awarding agency.]
200.439	EQUIPMENT AND OTHER CAPITAL EXPENDITURES	ALLOWABLE		Charges allowable for General Purpose Use, Special Purpose Use, and Capital Improvements, with the prior written approval of HUD. For example, purchasing of office building.
200.441	FINES, PENALTIES, DAMAGES AND OTHER SETTLEMENTS	UNALLOWABLE		
200.442	FUNDRAISING and INVESTMENT MANAGEMENT COSTS	ALLOWABLE UNDER CERTAIN CONDITIONS		ALLOWABLE. ONLY if fundraising costs are for the purposes of meeting program objectives. For example; Tribe/TDHE cost of invested IHBG grant funds.
200.443	GAINS AND LOSSES ON DISPOSITION OF DEPRECIABLE ASSETS	ALLOWABLE		The amount of the gain or loss recognized is the difference between the amount realized on the property and the undepreciated basis of the property.
200.444	GENERAL COST OF GOVERNMENT	ALLOWABLE		ALLOWABLE. ONLY for Indian tribes and Councils Of Governments (COGs) (see section 200.64 Local Governments), the portion of salaries and expenses directly attributable to managing and operating Federal programs by the chief executive and his or her staff is allowable. (NEW) Up to 50% of these costs can be included in the indirect cost calculation without documentation.
200.445	GOODS AND SERVICES FOR PERSONAL USE	UNALLOWABLE		

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	TYPE OF COST	ALLOWABLE OR UNALLOWABLE	PRIOR WRITTEN APPROVAL REQUIRED (PWAR)	ADDITIONAL COMMENTS
200.445	GOODS AND SERVICES FOR PERSONAL USE - COST OF HOUSING	ALLOWABLE	Requires HUD prior approval	ALLOWABLE. ONLY for costs of housing (e.g., depreciation, maintenance, utilities, furnishings, rent), housing allowances and personal living expenses are only allowable as direct costs regardless of whether reported as taxable income to the employees. In addition, to be allowable direct costs must be approved in advance by a Federal awarding agency.
200.446	IDLE FACILITIES AND IDLE CAPACITY	ALLOWABLE		ALLOWABLE. ONLY if idle facilities are necessary to meet workload, necessary when purchased, but idle now due to program changes, or idle capacity is normal cost of doing business.
200.447	INSURANCE AND INDEMNITY	ALLOWABLE		Insurance is usually treated as an F&A cost. Some insurance, such as insurance against defects, are unallowable.
200.448	INTELLECTUAL PROPERTY	ALLOWABLE		This item of cost combines Patent costs and Royalties and other costs for use of patents from the existing Cost Principles.
200.449	INTEREST	ALLOWABLE		Allows financing costs associated with Intangible Assets such as patents and computer software after January 1, 2016.
200.450	LOBBYING	UNALLOWABLE		
200.451	LOSSES ON OTHER AWARDS OR CONTRACTS	UNALLOWABLE		NEW, not previously addressed in A-87. Any excess of costs over income under any other award or contract of any nature is unallowable.
200.452	MAINTENANCE AND REPAIR COSTS	ALLOWABLE		EMPHASIS: These costs are only allowable to the extent not paid through rental or other agreements.
200.453	MATERIALS AND SUPPLIES COSTS	ALLOWABLE		EXPANDED to include costs of computing devices; definition @ 200.94; May be charged direct.
200.454	MEMBERSHIPS, DUES, SUBSCRIPTIONS	ALLOWABLE		ADDITION FOR EMPHASIS: (e) Cost of membership in organizations whose primary purpose is lobbying are unallowable. See also section 200.450 Lobbying.
200.456	PARTICIPANT SUPPORT COSTS	ALLOWABLE		Direct costs for stipends, subsistence allowances, travel, registration fees, for conferences and training projects. (NOT EMPLOYEES)
200.457	PLANT AND SECURITIES COSTS	ALLOWABLE		Necessary and reasonable expenses incurred for protection and security of facilities and personnel.
200.458	PRE-AWARD COSTS	ALLOWABLE		Costs incurred prior to the effective date of the Federal award, in anticipation of the award, and such costs are necessary for efficient and timely performance of the scope of work.
200.459	PROFESSIONAL SERVICE COSTS.	ALLOWABLE		Costs of professional services and consultants.
200.460	PROPOSAL COSTS	ALLOWABLE		Costs of preparing bids, proposals, or applications for federal awards.
200.461	PUBLICATION AND PRINTING COSTS	ALLOWABLE		Costs of electronic and print media, including distribution, promotion, and general handling.

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Attachment Page 18

	TYPE OF COST	ALLOWABLE OR UNALLOWABLE	PRIOR WRITTEN APPROVAL REQUIRED (PWAR)	ADDITIONAL COMMENTS
200.462	REARRANGEMENT AND RECONVERSION COSTS	ALLOWABLE		EMPHASIS ON WHEN THE COST IS INDIRECT AND DIRECT: (a) Costs incurred for ordinary and normal rearrangement and alteration of facilities are allowable as indirect costs. (b) Special arrangements and alterations costs incurred specifically for a Federal award are allowable as a direct cost with the prior approval of the Federal awarding agency or pass-through entity.
200.463	RECRUITMENT COSTS	ALLOWABLE		NEW, no specific section in A-87. This is not a new cost. Clarifies that costs must meet test of reasonableness, otherwise, not allowable
200.464	RELOCATION COSTS OF EMPLOYEES	ALLOWABLE		NEW, no specific section in A-87. This is not a new cost. Limits cost of employee's vacant home up to 6 months.
200.465	RENTAL COSTS OF REAL PROPERTY AND EQUIPMENT	ALLOWABLE		Allowable, SUBJECT TO LIMITATIONS. NOTE: The rental of any property owned by any individuals or entities affiliated with the non-Federal entity, to include commercial or residential real estate, for purposes such as home office workspace is UNALLOWABLE.
200.467	SELLING AND MARKETING COSTS	ALLOWABLE		ALLOWABLE ONLY with prior approval by the Federal awarding agency when necessary for the performance of the Federal award. For example, selling and marketing of affordable homes for sale and rentals owned and operated by the Tribe/TDHE.
200.470	TAXES (including Value Added Tax)	ALLOWABLE		Such costs include taxes that an organization is required to pay as they relate to employment, services, travel, rental, and PILOT. Prior written approval is required in use of foreign government tax refund for approved activities.
200.471	TERMINATION COSTS	Generally UNALLOWABLE with exception		These are costs incurred for termination of the Federal award.
200.472	TRAINING AND EDUCATION COSTS	ALLOWABLE		The cost of training and education provided to employee development is allowable.
200.473	TRANSPORTATION COSTS	ALLOWABLE		NEW, no specific section in A-87. Not a new cost. ALLOWABLE. Costs incurred for freight, express, cartage, postage, and other transportation services relating either to goods purchased, in process, or delivered, are allowable.
200.474	TRAVEL COSTS	ALLOWABLE		Now allowable: temporary dependent care costs that result directly from travel to conferences and meet specified standards. Travel costs for dependents are unallowable, except for travel of duration of six months or more with prior approval of the Federal awarding agency. See also section 200.432 Conferences.
200.475	TRUSTEES	ALLOWABLE		NEW; not previously included in A-87. Travel and subsistence costs of trustees (or directors) at IHEs and nonprofit organizations are allowable. See also 200.474 Travel Costs.

§ 200.475 Travel Costs

(C)(1) Temporary dependent care costs above and beyond regular dependent care - allowable provided that:

- (i) Direct result of the individual's travel for the Federal award;
- (ii) Costs are reasonable and consistent with documented travel policy;
- (iii) Temporary only for the travel period.

POLL QUESTION 1:

A TDHE used IHBG grant to rehab a low-income housing property it owns. Determine if the costs are **direct costs** and which are **indirect costs**.



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POLL QUESTION 2:

THA has been fined \$1,000 for a zoning violation for a project funded with IHBG grant. Which of the statements are True or False?



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POLL QUESTION 3:

THA incurred advertising and public relations costs in 2016 and charged its IHBG grant. The external auditor found these costs and deemed them either allowable or unallowable. What did the auditor rule on each of the following costs?



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POLL QUESTION 4:

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

How much of the cost is allowable?



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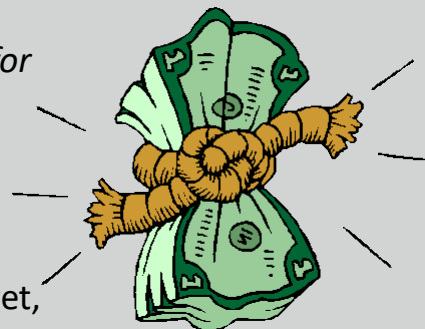
SECTION V:

Budgeting

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Why is budgeting important?

- Required by Uniform Guidance §200.302(b)(5): *“The Financial Management System must provide for comparison of expenditures with budget amounts for each Federal award.”*
- Budgets help set targets
- Identify Tribal priorities
- Control and Accountability
- When the Tribe/THDE undertakes the time to budget, they are making a deliberate decision to plan their financial goals for the short and long term.



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Budget Controls: Questions to Ask

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



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Budget Controls: Basic Elements

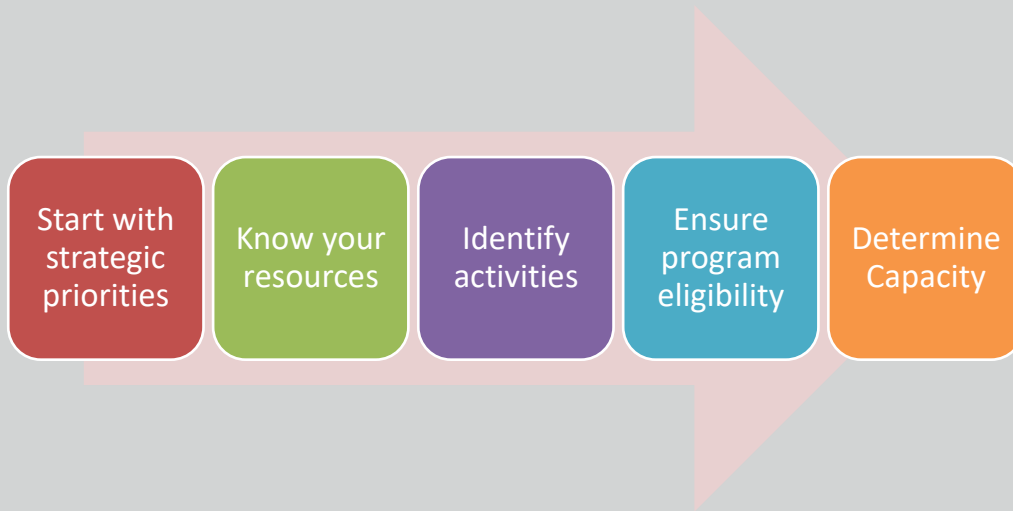
Compare actual
with budget

Report
deviations

Budget or
program
revisions

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Budget Process



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Build the Budget

- Identify DIRECT COSTS
- Identify ALLOCABLE INDIRECT COSTS
- Create an allocation table(s) for Allocable Costs
- Budget limits for Planning and Administrative Costs
 - If NAHASDA award is \leq \$500,000: 30% of the greater of annual grant expenses or the annual grant amount;
 - If NAHASDA award is $>$ \$500,000: 20% of the greater of annual grant expenses or the annual grant amount.

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SAMPLE PAYROLL AND OTHER OVERHEAD EXPENSES ALLOCATION TABLE										
COLUMN	1	2	3	4	5	6	7	8	9	10
	Employee A	Employee C	Employee D	Employee E	Total	% of Total	Fringe Benefits FICA/Medicare/ESC	401K	Tele-phone	Office Supplies
FTE	1.00	0.50	1.00	1.00	3.50					
PROGRAM:										
Rehab Program	25,000	-	-	-	25,000	14.7%	2,068	2,000	324	1,324
SFH Construction					-					
Tribal Office Bldg Dev	15,000				15,000	8.8%				
Emergency Assist		10,000		-	10,000	5.9%	827	800	129	529
Youth Activity	-	5,000		-	5,000	2.9%	414	400	65	265
HB Assist Program					-	0.0%	-	-	-	-
Other Programs		2,000	29,485	30,000	61,485	36.2%	5,085	4,919	796	3,255
Planning & Admin	-	-	18,515	35,000	53,515	31.5%	4,426	4,281	693	2,833
Budget Totals	40,000	17,000	48,000	65,000	170,000	100%	14,059	13,600	2,200	9,000

The above schedule illustrates:

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

Sources of Funding - IHP

Sources of Funding

Funding Source	Amount on hand at beginning of program year (A)	Amount to be received during 12-month program year (B)	Total sources of funds (C=A+B)	Funds to be expended during 12-month program year (D)	Unexpended funds remaining at end of program year (E=C-D)
IHBG Funds:	\$785,000.00	\$78,766.00	\$863,766.00	\$744,229.00	\$119,537.00
IHBG Program Income:	\$0.00	\$1,800.00	\$1,800.00	\$0.00	\$1,800.00
Title VI:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Title VI Program Income:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
1937 Act Operating Reserves:	\$0.00		\$0.00	\$0.00	\$0.00
Carry Over 1937 Act Funds:	\$0.00		\$0.00	\$0.00	\$0.00
LEVERAGED FUNDS					
ICDBG Funds:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Federal Funds:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
LIHTC:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Non-Federal Funds:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total:	\$785,000.00	\$80,566.00	\$865,566.00	\$744,229.00	\$121,337.00

Uses of Funding - IHP

Uses of Funding

Program Name	Unique Identifier	Prior and current year IHBG (only) funds to be expended in 12-month program year (L)	Total all other funds to be expended in 12-month program year (M)	Total funds to be expended in 12-month program year (N=L+M)
Administration of Existing Mutual Help Program (FCAS)	2020-01	\$7,000.00	\$0.00	\$7,000.00
Rental Assistance Program	2020-02	\$3,600.00	\$0.00	\$3,600.00
Rental Housing Acquisition and Rehab Program	2020-03	\$150,000.00	\$0.00	\$150,000.00
Construction of Homeowner Housing	2020-04	\$500,000.00	\$0.00	\$500,000.00
Modernization of FCAS Units	2020-05	\$60,000.00	\$0.00	\$60,000.00
Planning and Administration		\$23,629.00	\$0.00	\$23,629.00
Loan Repayment (describe in 4 & 5 below)		\$0.00	\$0.00	\$0.00
Total		\$744,229.00	\$0.00	\$744,229.00

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Approve and Implement the Budget

- Approval: The governing body (Tribal Council) formally adopts the budget by resolution.
- Implementation: Enter the budgets into the accounting software system.
- Compare the Actual Expenses to the Budget: Analyze variances
 - Alerts to errors
 - Cut back or modify spending
 - Change your future budgetary strategy
 - Helps you better plan your future budget

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Upnorth Village Tribal Housing BUDGET TO ACTUAL January 1 through December 31, 2014								
Accrual Basis	Other Programs	Total 600 NAHASDA	Total 650 ICDBG	Total 700 Rasmuson	Total Actual	Budget	Budget Variance	% Used
Income								
4100. Other Foundations	110,000.00				110,000.00	150,000.00	40,000.00	73%
4230. Rasmuson Foundation	-			25,000.00	25,000.00	25,000.00	-	100%
4520. Federal grants - NAHASDA	-	300,000.00			300,000.00	400,000.00	100,000.00	75%
4520. Federal grants - ICDBG	-		50,000.00		50,000.00	50,000.00	-	100%
5180. Rental Income	25,000.00				25,000.00	26,000.00	1,000.00	96%
5300. Fuel Income	85,000.00				85,000.00	75,000.00	(10,000.00)	113%
5310. Interest-savings	14,076.55				14,076.55	18,000.00	3,923.45	78%
Total Income	234,076.55	300,000.00	50,000.00	25,000.00	609,076.55	744,000.00	134,923.45	82%
Expense								
7220. Salaries & wages - other	86,485.00	83,515.00			170,000.00	180,000.00	10,000.00	94%
7240. Employee benefits	12,500.00	22,500.00			35,000.00	36,000.00	1,000.00	97%
7250. Payroll taxes	9,740.00	8,190.00			17,930.00	20,000.00	2,070.00	90%
7520. Accounting fees	-	7,500.00			7,500.00	7,500.00	-	100%
7540. Professional fees - other	2,000.00	18,000.00			20,000.00	25,000.00	5,000.00	80%
7550. Homebuyer Assistance	-	25,000.00			25,000.00	30,000.00	5,000.00	83%
8110. Supplies	1,704.85	13,295.15			15,000.00	9,000.00	(6,000.00)	167%
8130. Telephone & telecommunications	500.00	2,000.00			2,500.00	2,200.00	(300.00)	114%
8140. Postage, shipping, delivery	250.00	750.00			1,000.00	900.00	(100.00)	111%
8170. Printing & copying	500.00	6,500.00			7,000.00	5,000.00	(2,000.00)	140%
8210. Rent, parking, other occupancy	170.15	579.85			750.00	1,000.00	250.00	75%
8260. Equip rental & maintenance	-	28,315.00			28,315.00	30,000.00	1,685.00	94%
8310. Travel	500.00	4,500.00			5,000.00	6,000.00	1,000.00	83%
8320. Conference, convention, meeting	-	3,000.00			3,000.00	3,500.00	500.00	86%
8450. Deprec & amort - allowable	1,850.00	2,000.00			3,850.00	4,000.00	150.00	96%
8520. Insurance - non-employee	1,050.00	2,250.00			3,300.00	3,500.00	200.00	94%
8570. Advertising expenses	900.00	2,000.00			2,900.00	3,000.00	100.00	97%
8591. Bank charges & credit card disc	-	105.00			105.00	200.00	95.00	53%
8600. Interest Expense	7,500.00				7,500.00	8,000.00	500.00	94%
9000. Office Building (temporary account)	-	70,000.00	50,000.00	25,000.00	145,000.00	145,000.00	-	100%
Total Expense	125,650.00	300,000.00	50,000.00	25,000.00	500,650.00	519,800.00	19,150.00	96%
Net Income	108,426.55	-	-	-	108,426.55	224,200.00	115,773.45	48%

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Uptown Village Tribal Housing NAHASDA PROGRAM BUDGET TO ACTUAL January 1 through December 31, 2014					
Accrual Basis	NAHASDA @ 12/31/2014	NAHASDA BUDGET	BUDGET VARIANCE	% USED	
Income					
4100. Other Foundations					
4230. Rasmuson Foundation	25,000.00	25,000.00	-		100%
4520. Federal grants - NAHASDA	300,000.00	300,000.00	-		100%
4520. Federal grants - ICDBG	50,000.00	50,000.00	-		100%
5180. Rental Income					
5300. Fuel Income					
5310. Interest-savings					
Total Income	375,000.00	375,000.00	-		100%
Expense					
7220. Salaries & wages - other	83,515.00	80,000.00	(3,515.00)		104%
7240. Employee benefits - not pension	22,500.00	20,500.00	(2,000.00)		110%
7250. Payroll taxes	8,190.00	8,000.00	(190.00)		102%
7520. Accounting fees	7,500.00	7,500.00	-		100%
7540. Professional fees - other	18,000.00	22,000.00	4,000.00		82%
7550. Homebuyer Assistance	25,000.00	30,000.00	5,000.00		83%
8110. Supplies	13,295.15	8,500.00	(4,795.15)		156%
8130. Telephone & telecommunications	2,000.00	1,800.00	(200.00)		111%
8140. Postage, shipping, delivery	750.00	800.00	50.00		94%
8170. Printing & copying	6,500.00	5,000.00	(1,500.00)		130%
8210. Rent, parking, other occupancy	579.85	800.00	220.15		72%
8260. Equip rental & maintenance	28,315.00	30,000.00	1,685.00		94%
8310. Travel	4,500.00	5,000.00	500.00		90%
8320. Conference, convention, meeting	3,000.00	3,500.00	500.00		86%
8450. Deprec & amort - allowable	2,000.00	2,500.00	500.00		80%
8520. Insurance - non-employee	2,250.00	2,200.00	(50.00)		102%
8570. Advertising expenses	2,000.00	1,800.00	(200.00)		111%
8591. Bank charges & credit card disc	105.00	100.00	(5.00)		105%
8600. Interest Expense					
9000. Office Building (temporary account)	145,000.00	145,000.00	-		100%
Total Expense	375,000.00	375,000.00	-		100%
Net Income	-	-	-		

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

SOURCE	IHP					APR					
	(A) Estimated amount on hand at beginning of program year	(B) Estimated amount to be received during 12-month program year	(C) Estimated total sources of funds (A + B)	(D) Estimated funds to be expended during 12-month program year	(E) Estimated unexpended funds remaining at end of program year (C minus D)	(F) Actual amount on hand at beginning of program year	(G) Actual amount received during 12-month program year	(H) Actual total source of funding (F + G)	(I) Actual funds expended during 12-month program year	(J) Actual unexpended funds remaining at end of 12-month program year (H minus I)	(K) Actual unexpended funds obligated but not expended at end of 12-month program year
1. HBG Funds	100,000	400,000	500,000	300,000	200,000						
2. HBG Program Income	0	0	0	0	0						
3. Title III	0	0	0	0	0						
4. Title III Program Income	0	0	0	0	0						
5. 1937 Act Operating Revenues											
6. Carry Over 1937 Act Funds											
LEVERAGED FUNDS											
7. KDBG Funds	50,000	0	50,000	50,000	0						
8. Other Federal Funds											
9. LBIFC											
10. Non-Federal Funds			25,000	25,000	0						
TOTAL	150,000	400,000	575,000	375,000	200,000						

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

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

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

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

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

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

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

SECTION VI:

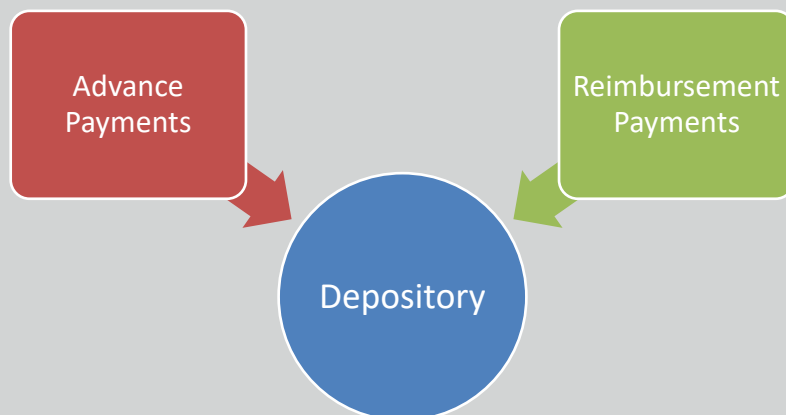
Accessing IHBG Funds

Accessing Funds

- 2 CFR 200.302(b)(6): The Tribe/TDHE **must have written procedures** to implement the requirement of §200.305 Payment (this means “payment” to the non-federal entity)
- Important to know:
 - HUD’s “3-Day Rule” on payments
 - Managing and accounting for the IHBG funds
 - Written procedures for payment to access and draw funds via eLOCCS

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Accessing Funds



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Advance Payments

Advanced Payments must be paid provided:

- written procedures are maintained that minimize the time elapsing between the transfer of funds and disbursement;
- financial management systems are maintained that meet the standards for fund control and accountability; and
- they are limited to the minimum amounts needed for immediate cash requirements.

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§ 200.305(b): Advance Payments

Advance payments must be in interest-bearing accounts unless:

- Total federal awards for year are less than \$250,000, or
- Anticipated interest earnings are less than \$500 per year, or
- Minimum balance requirements of bank make it not feasible, or
- Banking system precludes interest banking accounts

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Reimbursement Payments

Reimbursement is the preferred method when:

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

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§ 200.305(b): Payments Disbursements

- Minimizing time between transfer of funds and their use – must be “timely”
- HUD has defined “timely” to mean 3 business days (not regulatory)
- If not possible, justification should be documented



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Accounting for Reimbursement from IHBG Funds

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



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§ 200.305(b)(7): Depository Accounts:

- Administering Agencies cannot require Tribe/TDHE to have separate depository accounts for different Federal grants
- Regulations do not establish any eligibility requirements for depositories for funds provided.
- However, the Tribe/TDHE must be able to account for the receipts and expenditures of IHBG funds through its accounting system.



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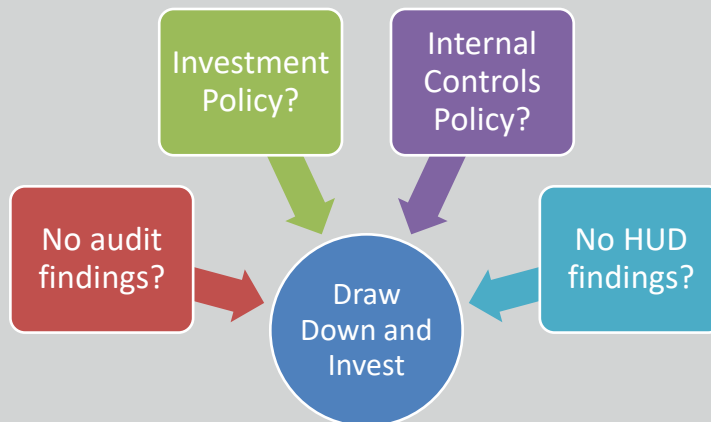
Accounting for a Drawdown of IHBG Funds From eLOCCS

Account No	Class	Account Description	DEBIT	CREDIT
7540	600	Smart Auditors - Audit Services	15,000	
2010		Accounts Payable		15,000
This entry is post in Accounts Payable to record the liability for pyament owed to Sma				
1010		Cash in Bank - Operating	15,000	
4520	600	Federal Grant Revenue-NAHASDA		15,000
To record receipt of funds from HUD through dLOCCS draw down				
2010		Accounts Payable	15,000	
1010		Cash in Bank - Operating		15,000
To record payment to Smart Auditors. Funds from eLOCCS must be disbursed within 3 business days.				

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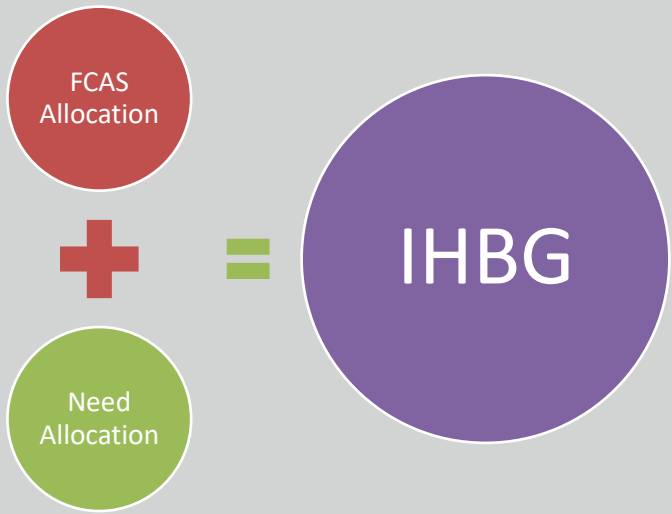
24 CFR 1000.58: Drawdown Early and Invest!

(see also PIH 2015-08)



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Maximum investment (5 years)



POLL QUESTION 5:

Have you been approved to draw down and invest your IHBG funds?

- Yes
- No
- Not Sure



Sample Revenue and Expense Report			
Class: 600 NAHASDA			
Sub-class: 200 Rehab Program			
Account	Description	6/30/2014 Month Activity	Balance as of 6/30/2014
4520	Federal Grants - NAHASDA	-	31,490.00
			31,490.00
7220	Salaries & wages - other	2,240.00	25,000.00
7240	Employee benefits- not pension	80.00	1,500.00
7250	Payroll taxes	175.00	2,000.00
8110	Supplies	300.00	2,500.00
8130	Telephone & Telecommunications	50.00	200.00
8260	Equipment	200.00	3,000.00
8310	Travel	15.00	50.00
8520	Insurance-non employee	50.00	350.00
	Total Expenses	3,110.00	34,600.00
	Net Revenues/Expenses)	(3,110.00)	(3,110.00)

Accounting Entry - Reimbursement from eLOCCS.			
		DEBIT	CREDIT
1010	Cash	3,110.00	
4520	Federal Grants - NAHASDA		3,110.00
To Account for reimbursement from eLOCCS.			
Accounting Entry - Funds are in an approved investment account.			
		DEBIT	CREDIT
1010	Cash	3,110.00	
1080	Investment		3,110.00
To move NAHASDA grant funds from the investment account to the general cash account.			
2350	Deferred Revenue - NAHASDA	3,110.00	
4520	Federal Grant Revenue - NAHASDA		3,110.00
To recognize NAHASDA funds expended in June.			

SECTION VII:

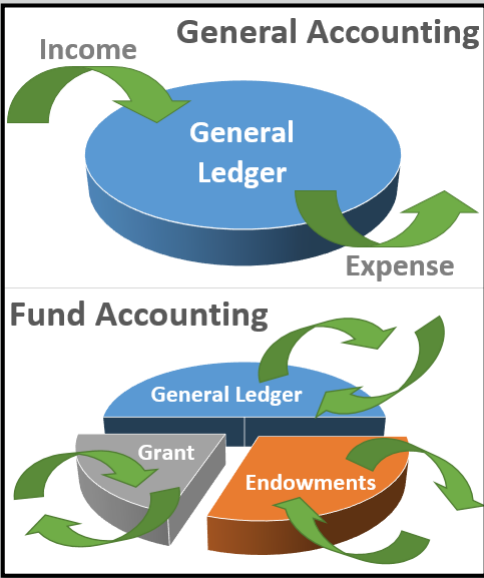
Basics of Governmental Accounting

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What is Fund Accounting?

- **Fund accounting** is an accounting system for recording resources whose use has been limited by the donor, grant authority, governing agency, or other individuals or organizations or by law. It emphasizes accountability rather than profitability and is used by Nonprofit organizations and by governments.
- **A fund** consists of a self-balancing set of accounts and each are reported as either unrestricted, temporarily restricted or permanently restricted based on the provider-imposed restrictions.

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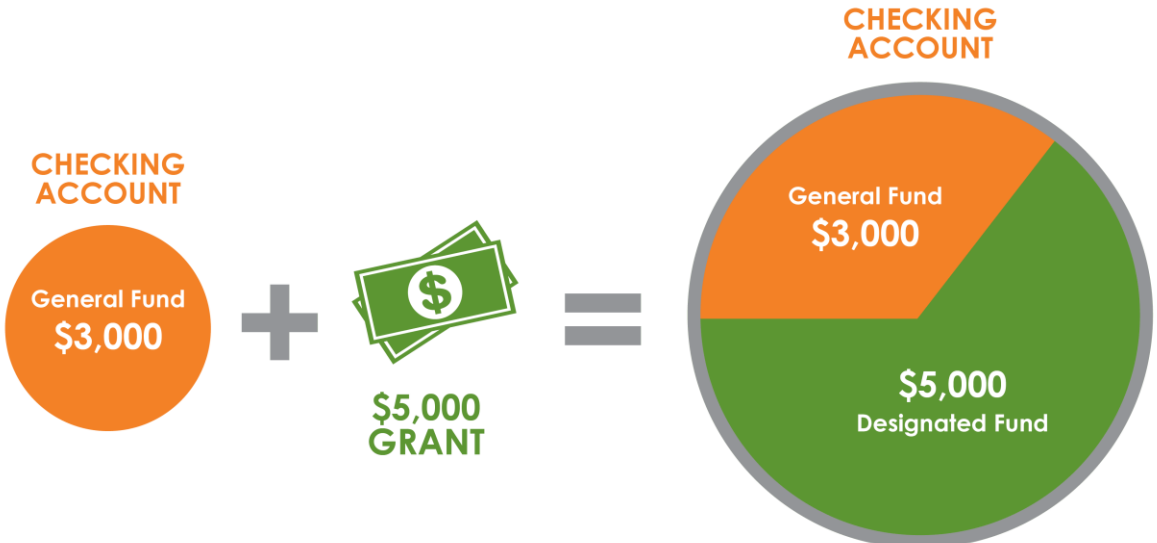
Basics of Fund Accounting

What is a Fund?

- Each fund is a self-balancing set of accounts.
- It is a fiscal and accounting entity – it is NOT a separate legal entity
- Used for specific activities or to obtain specific objectives

Why do Governments use Fund Accounting?

- Legal and Fiscal Accountability

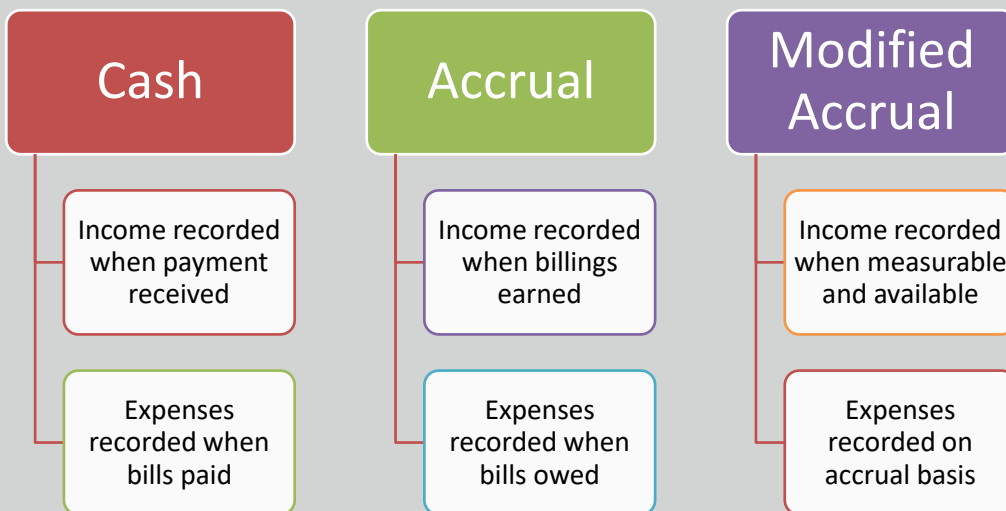


Types of Funds

- **General fund:** Primary fund of the Tribe/TDHE. Only one GF used to account for all financial resources EXCEPT those required to be accounted for in another fund.
- **Special Revenue Fund:** Revenues legally restricted to specific purposes
- **Capital projects fund:** account for acquisition and construction of capital assets and facilities.
- **Debt service fund:** account for resources for long-term debt principal and interest.
- **Proprietary Funds.** Used to account for business-like type activities (supported in part by fees or charges).
 - Enterprise funds: similar to private businesses
 - Internal service funds: inter-departmental expenses

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Cash vs. Accrual Accounting



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Which Fund Type To Use



Either:

- As a Governmental Fund type
 - Modified accrual
- Or as an Enterprise Fund in the Proprietary Fund Category
 - Full accrual all the time
 - User charges pay for services (rents)
 - Debt service used for acquisition and development

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§ 200.302(b): Financial Management

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

- The recipient must not be required to establish an accrual accounting system.
- Therefore, a recipient may develop accrual data for its reports based on an analysis of the documentation on hand.

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