

SAMPLE FINANCIAL MANAGEMENT POLICY AND PROCEDURES

(TRIBES/TDHE'S ADMINISTERING THE INDIAN HOUSING BLOCK GRANT)

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1. GENERAL PURPOSE

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

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

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

2. FINANCIAL RESPONSIBILITIES

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

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

The Finance 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 responsibility of preparing required reports for compliance with the Internal Revenue Service (IRS), State and Federal grant reporting requirements.

3. ACCOUNTING METHODS & STANDARDS

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

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

4. REVENUE RECOGNITION

Revenue shall be recognized in the accounting period in which they are earned and measurable. The TRIBE/TDHE's major revenue categories are:

- **Governmental Grants:** Federal, State, and Local: These revenue types are recognized in accordance with the legal and contractual requirements of the specific programs. Grant revenues are recognized based on expenditures recorded.
- **Unrestricted Donations and Contributions:** Revenues are recognized when received.
- **Rental Income:** Revenues are recognized when earned, based on monthly billings to residents.
- **Other Income:** Revenues are recognized as earned.
- **Interest and Dividend Income:** Revenues from interest and dividend income from cash and investments, and interest from mortgage loans issued to 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.

5. 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.

6. ACCOUNT RECORDS, IDENTIFICATION, AND SOURCE DOCUMENTS

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

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

entered into the TRIBE/TDHE's accounting system. Examples include checks, invoices, copies of checks and receipts, timesheets, etc.

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

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

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

7. RECORDS AND INFORMATION MANAGEMENT

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

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

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

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

8. FINANCIAL REPORTS

The TRIBE/TDHE must be able to produce accurate, current, and complete disclosure of the financial results of each of the financially assisted activities made in accordance with the financial reporting requirements of the grant or subgrant. The TRIBE/TDHE shall use the financial reports as tools to manage, control, ensure compliance, monitor, and inform the TRIBE/TDHE on its financial activities.

- Reports to Grant Agencies:** The TRIBE/TDHE shall complete and submit all reports to Federal, State, and local grant agencies in accordance with, and in the format and timelines required by the agency. The Finance Director shall oversee all administrative and financial reports, including the HUD Standard Form 425 (Quarterly Transaction Report), the IHP and the APR, before the due dates designated by HUD, as such forms and deadlines may change from time to time.
- Management and Council/Board reports:** The TRIBE/TDHE shall prepare and make available to management and the Council/Board on a monthly basis, financial reports to include:
 - Statement of Net Position.
 - Statement of Revenues, Expenses, and Changes in Net Position.
 - Statement of Cash Flow.
 - Budget to actual reports detailing significant variances of sources and uses of funds as a management tool.

9. CASH MANAGEMENT POLICY

The TRIBE/TDHE recognizes the importance of cash management to insure there are sufficient funds to pay for the expenses of operating the TRIBE/TDHE's housing programs. The Finance Director shall be responsible for monitoring the daily cash flow and balances of all cash funds, including investments.

On a monthly basis, the Finance Director 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

TRIBE/TDHE's cash and investment funds may be from a variety of sources such as NAHASDA IHBG funds, non-restricted funds, unused donations, and program income.

The Finance Director shall be responsible for providing monthly reports to the Executive Director, to include:

- 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 Finance Director finds the TRIBE/TDHE in a potential cash deficiency situation, the Council/Board and the Executive Director must be notified immediately.

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

10. BUDGET ADMINISTRATION

a. *Budget Responsibility and Adoption:*

The TRIBE/TDHE's annual budget represents a financial plan for management to carry out the objectives of the TRIBE/TDHE's affordable housing activities. The TRIBE/TDHE's Executive Director, Finance Manager and managers are responsible for preparing the annual budget, and are responsible for presenting the annual budget to the Council/Board for final approval.

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

b. ***Budget Preparation Timing:***

The budget process should begin early in the fiscal year to allow the Executive Director, the Finance Director, and the department managers to engage in the process and present the budget to the Council/Board for approval.

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

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

c. ***Budget Management and Report:***

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

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

11. PURCHASE OF GOODS AND SERVICES

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

12. ALLOWABLE COSTS

As the recipient of federal awards, the TRIBE/TDHE bases its allowable cost principles on Subpart E of the Uniform Grant Guidance and shall expend IHBG funds only for activities that are expressly approved in the Indian Housing Plan (IHP). No 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.

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 TRIBE/TDHE must apply the following criteria to costs:

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

The TRIBE/TDHE must adequately document costs to include, compliance with statutory and national policy requirements and be able to prepare reports that measures performance (for example, SF-425 and the Annual Performance Report (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 1000.26(a).

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

13. CAPITAL ASSETS

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

- Land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, lease-purchase, exchange, or through capital leases; and
- Additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance).

The TRIBE/TDHE shall comply with its capital asset policy and procedures that provides guidance for employees to manage and safeguard the TRIBE/TDHE's capital assets, including 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 TRIBE/TDHE may depreciate the donated asset, but is prohibited from charging the value of the donated item, or costs associated with the donated asset to the federal award.
- **Depreciation of assets** is allowable using the straight-line method. Any other depreciable method used by the TRIBE\TDHE must be pre-approved by HUD.

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

a) CAPITALIZATION PROCEDURES

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

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

- VII. The TRIBE/TDHE 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

- I. The TRIBE/TDHE shall maintain a property ledger for all units developed and improvements made to real estate in order to ensure that amounts expended comply with applicable Total Development Costs (“TDC”) and/or Dwelling Construction and Equipment (“DC&E”) requirements. The amount of IHBG assistance (including TDC, DC&E and/or any amounts expended on repair and modernization) shall be tracked for useful life purposes.
- II. The TRIBE/TDHE shall track and determine whether the income derived from units developed under the 1937 Housing Act should be classified as program income upon conveyance of each unit. Income shall be classified as program income if the rehabilitation and modernization costs attributed to any unit developed under the 1937 Housing Act exceeded forty percent (40%) of the DC&E amount of such unit.

14. AUDIT

The TRIBE/TDHE shall have a financial audit completed annually by a certified, external, independent accounting firm, unless the TRIBE/TDHE is required by constitution or statute, to undergo audits biennially. The Finance Director shall have direct responsibility 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, and the selected audit firm must provide a peer review report as part of the selection process.

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

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

- a. **Single Audit:** If the TRIBE/TDHE expends \$750,000 or more of federal funds during the fiscal year, it is subject to a single audit and must comply with the scope of audit within the Uniform Grant Guidance where auditor shall test for the TRIBE/TDHE's:
 - I. Compliance with the requirements of the federal program, and
 - II. Internal Control over the compliance of the program.
- b. **Audit Findings and follow-up:** The TRIBE/TDHE shall submit the audit to HUD with the Annual Performance Report ("APR"). The TRIBE/TDHE shall develop a plan to correct all deficiencies (if any) noted in the audit and shall implement sufficient and appropriate corrective actions in order to preclude repeat findings in subsequent audits. The TRIBE/TDHE shall be required to describe in the audit document, reasons for the reoccurrence of the finding, planned corrective action, and any partial corrective action taken.
- c. **Report Submission:** The audit shall be submitted to the Federal Audit Clearinghouse (FAC) within thirty (30) days after receipt of the auditor's report, or nine (9) months after the end of the audit period, whichever is earlier.
- d. The TRIBE/TDHE may opt not to authorize the FAC to make the reporting package publicly available on a website. If the TRIBE/TDHE chooses this option, it shall be responsible for submitting the reporting package directly to any pass-through entities through which it has received a Federal award and to pass-through entities for which the summary schedule of prior audit findings reported the status of any findings related to Federal awards that the pass-through entity provided.

15. PETTY CASH

The TRIBE/TDHE is authorized to maintain a petty cash fund of \$_____. 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 the designated custodian who shall keep track of payouts from the fund with receipts. At all times, the amount of cash on hand and the receipts must 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.

16. BANKING AND INVESTING SERVICES

The administration and investment of the TRIBE/TDHE's Indian Housing Block Grant (IHBG) requires the establishment of bank and investment accounts which can only be accessed through the Electronic Line of Credit Control System

(eLOCCS). HUD prescribes specific procedures for a TRIBE/TDHE to set up a bank account and investment accounts with a bank or a broker/dealer. These are:

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

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

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

APPENDIX 1: EFFECTIVE INTERNAL CONTROLS AND ACCOUNTABILITY

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

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

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

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

A. 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 custody of any resulting assets.

B. Special Procedures Regarding Tenant Accounting

1. An employee designated by the Department Director shall maintain all tenant ledgers.

2. In the event of tenant ledger adjustments, the Occupancy Specialist of the Department or his/her designee will complete an adjustment request for submission to the employee designated by the Department Director as having responsibility for tenant ledger maintenance.
3. The adjustment request shall be in writing with the proper justification noted on and/or attached with each request.
4. The employee designated by the Department Director as having responsibility for tenant ledger maintenance shall make the proper adjustment in the tenant accounting software ledger.
5. The employee designated by the Department Director as having responsibility for tenant ledger maintenance shall provide a copy of the completed adjustment report to the Occupancy Specialist to show completed tenant ledger adjustment.

C. Cash Collection Control Procedures

1. Payments by cash, checks and money orders (including tenant payments) may be received only by designated personnel of the Tribal Finance Department. Only tribal employees designated by the Finance Director of the TRIBE/TDHE are authorized to receive payments from residents and issue receipts.
2. Cash, checks and/or money orders shall be deposited in the bank where the TRIBE/TDHE has an approved depository agreement. Deposits shall be made no less frequently than once per week regardless of the amount accumulated.
3. When cash is retained in the office overnight, it must be stored in a locked, fireproof cabinet or safe.
4. Checks received shall immediately be stamped "For Deposit Only".
5. A receipt shall be issued for all payments collected so there is an official record of the transactions and possible disputes are prevented.
 - a. Receipts shall be assigned through the tenant accounting software system. One part shall be given to the resident and one part, having the same number, shall be provided to the employee designated by the Department Director as having responsibility for tenant ledger maintenance.
 - b. Receipts shall contain, at a minimum, the following information: (1) name of the resident being credited with the payment, (2) date, (3) amount of payment and (4) method of payment (cash, check, etc.).
 - c. The supply of unassigned receipts shall be adequately safeguarded and kept in the custody of designated personnel of the Finance Department of the TRIBE/TDHE.

6. 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 Finance Department of the TRIBE/TDHE (other than the employee who issued and/or previously handled the cash receipts) shall reconcile the receipts.
7. All payments shall be deposited intact with the appropriate deposit slip to provide an additional record. Under no circumstances shall any disbursements be made from payments received.
8. Payments received shall be recorded in the individual resident accounts receivable records on the day of receipt or as soon thereafter as practical, even when the money is not deposited on the same day. Cash receipt numbers shall be recorded on both the deposit slip and the resident account receivable records.
9. The employee designated by the Department Director as having responsibility for tenant ledger maintenance shall be responsible for posting the resident accounts receivable records. The Finance Director of the TRIBE/TDHE or his/her designee shall make the bank deposits.

D. Cash Disbursement Control Procedures

1. The Council/Board shall approve by resolution a spending and signing authority for the Council/Board, Executor Director, Finance Director and department managers to identify and enable authorized personnel to:
 - a. Procure products and services through requisitions, check requests, or credit card services.
 - b. Sign contracts and change orders for an authorized amount.
 - c. Receive grants.
 - d. Sign checks.
2. All checks require two authorized signatures. The Finance Director shall oversee the proper notification of the TRIBE/TDHE banks whenever authorized signature changes are made.
3. All debts representing allowable and authorized costs shall be paid promptly upon receipt of proper invoices/billing statements.
4. All disbursements shall be made by check. The Executive Director may approve other forms of disbursement, such as wire or electronic funds transfers.
 - a. All checks shall be pre-printed and shall bear the name and address of the TRIBE/TDHE.

- b. All checks must be pre-numbered and used in sequence. Voided checks must be retained and recorded.
 - c. The supply of unused checks shall be adequately safeguarded in a fireproof cabinet or safe.
5. The employee designated by the Finance Manager shall initiate each transaction by completing a "check request" form, which shall be presented to the Finance Manager for approval. All check request forms shall contain enough narrative description to specifically identify the purposes of the payment and the account to which the cost is to be charged.
6. The Finance Manager shall review the check requests and attached supporting documentation for completeness and accuracy. The Finance 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 Finance Manager shall then submit the checks and supporting invoices for processing.
7. The Finance Director of the TRIBE/TDHE or his/her designee shall prepare checks.
8. Checks shall never be written for "cash."
9. Checks shall not be signed or countersigned in advance of being completely filled out. Each check shall be accompanied by adequate supporting documentation, including invoices, travel vouchers, etc.
10. All checks shall require the signature of at least two (2) individuals properly authorized by the TRIBE/TDHE.
11. Whenever possible, no individual shall sign a check on which he/she is the payee.
12. Check signers shall review each check carefully and shall not sign any check that lacks appropriate supporting documentation or exhibits signs of alteration. If it is necessary to change a check, the check must be voided and a new check issued.
13. The signed check shall be mailed or delivered to the payee by the Accounts Payable Clerk of the TRIBE/TDHE or his/her designee.
14. The Finance Director of the TRIBE/TDHE or his/her designee shall reconcile bank statements of the Department. Discrepancies between any books of

account, financial statements, and/or bank statements shall be reported to the Executive Director and/or Council/Board, promptly investigated and resolved.

E. Special Procedures Regarding Payroll Disbursement.

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

F. Credit Card Control Procedures

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

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

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

G. Investment Control Procedures

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

5. The Finance Director of the TRIBE/TDHE or his/her designee shall reconcile the investment ledger on a monthly basis, and shall provide a report regarding investment performance to the Council/Board on a quarterly basis. Discrepancies shall be reported to the Executive Director and/or the Council/Board, promptly investigated and resolved.
6. The Finance Director of the TRIBE/TDHE or his/her designee shall maintain a maturity schedule evidencing that the proposed investments will mature on the approximate dates the funds will be needed and that investment maturity dates do not exceed five (5) years from the date the funds are drawn down for investment purposes from the LOCCS or such longer period as may be permitted by HUD.