

SAMPLE

WRITTEN PROCEDURES REGARDING CASH MANAGEMENT AND PAYMENT WITH FEDERAL FUNDS

Purpose:

1. In accordance with the NAHASDA regulations at 24 CFR §1000.26(a)(3), the administrative requirements under NAHASDA, must comply with:
 - a. Section 200.302(a), "Financial Management."
 - i. In 2 CFR §200.302(a)(6), a recipient's financial management system must provide for "Written procedures to implement the requirements of §200.305, "Federal Payment."
 - b. Section 200.305, " Federal Payments."
 - i. 2 CFR §200.305(b) states that "For non-Federal entities other than states, payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic funds transfer, or issuance of redemption of checks, warrants, or payments by other means."

Reimbursement:

It is RECIPIENT's normal practice to drawdown funds from ELOCCS once a month to reimburse itself for allowable IHBG expenses incurred in the period.

RECIPIENT has elected to draw funds from eLOCCS on the reimbursement method to ensure expenses have both been incurred and paid for before funds are drawn from eLOCCS.

Advance Payment:

RECIPIENT's normal practice is to draw funds from eLOCCS to reimburse itself for payments it has already made to contractors/vendors. However, there may be situations under which RECIPIENT may draw funds in advance of RECIPIENT making payments to a contractor/vendor. In this case, RECIPIENT is drawing funds from eLOCCS in advance to pay for its obligations to contractors/vendors. To remain in compliance with §200.305(b) as noted in 1(b)(i) above, RECIPIENT must ensure:

1. The amount drawn from eLOCCS as an advance payment is limited to the minimum amount needed for actual, immediate cash required to pay for invoices that are due and payable.
2. The timing and amount of advance payments received from eLOCCS must be disbursed within three (3) business working days upon receipt of the funds RECIPIENT's bank account.
3. RECIPIENT is prohibited from drawing advance funds from eLOCCS without any pending approved invoices for payment of approved IHBG expenditures.
4. If RECIPIENT draws down funds in advance and does not plan to disburse the funds within 3 business working days, it must return the funds to HUD.

Process for Repayment of Federal Funds

1. If RECIPIENT has to repay IHBG funds to HUD for any reason, including returning unauthorized advance federal payment from eLOCCS, it must follow the procedures outlined in **ONAP Guidance 2019-01**:

Process for Repayment of Federal Funds.

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

- 1) Before any purchases or contracts are signed, RECIPIENT must follow its Procurement Policy and procedures for the type of purchase and the amount of purchase it will undertake, which includes Indian Preference.
- 2) RECIPIENT initiates the purchase of goods and services with:
 - a) Purchase Requisition.
 - i) A staff requests purchase of goods and services with a purchase requisition that describes the item/service being purchased, the account and program to be charged.
 - ii) Staff must ensure that the item being purchased is an approved purchase and has been budgeted.
 - iii) The requester staff signs the purchase requisition and forwards the requisition to the authorized signer for approval.
 - iv) Purchase requisition approval by the authorized approver includes:
 - (1) determination that the purchase or service is an allowable cost of the IHBG grant. Allowability of cost is determined from RECIPIENT's written procedures on the allowability of cost in compliance with 2 CFR 200.302(b7).
 - (2) Determines that the item being purchased is an approved budgeted item to the IHBG grant.
 - b) Purchase Order. A numbered purchase order is prepared and issued to the contractor. Support documents for the purchase order, should, at a minimum include:
 - i) The purchase requisitions.
 - ii) Documentation or reference to completion of procurement process.
 - iii) Approval of purchase order by authorized personnel.
 - c) Purchase of Goods and Services. The department that initiated the purchase requisition shall be responsible for purchasing the item using the approved purchase order.
 - d) Receipt of goods or services performed.
 - i) When the item is received, the initiating department must be responsible for verifying that the goods have been received, or the services have been performed.
 - ii) The goods received must be verified with the original purchase order that included the items and amounts ordered against the items and amounts received.
 - iii) If a service was procured, the authorized staff shall verify that the work to be performed under the service contract was performed in accordance with the agreement and within the timeframe agreed upon.
 - e) Processing of Invoice.
 - i) The invoice is received and opened by the front desk staff and is submitted to the accounting department.
 - ii) The accounting department sends the invoice to the responsible staff who initiated the purchase to approve the invoice for payment, and sends it to the accounting department.
 - iii) The accounting department verifies the invoice against the purchase order and processes the invoice for payment using the information on the purchase order to charge to the appropriate accounts and programs.
- 3) Payment Process
 - a) RECIPIENT prepares invoices to be paid once a week.
 - b) Once a month, RECIPIENT draws down funds from eLOCCS to reimburse itself for eligible expenses charged to the IHBG grant.
 - c) The online eLOCCS system is HUD's grant and subsidy disbursement system where RECIPIENT receives its block grant and where it draws funds from to reimburse itself for allowable IHBG expenses.
 - d) The process for reimbursement from eLOCCS is as follows:

- i) RECIPIENT prints out the financial report for the IHBG grant that shows the activities to date: Total IHBG grant revenue and total grant expenses to date.
- ii) Since RECIPIENT reimburses itself from eLOCCS for IHBG grant expenses, the financial revenue will show IHBG grant expenses exceeding IHBG grant revenues.
- iii) RECIPIENT will draw from eLOCCS for the amount of expenses that exceed grant revenues received.
- iv) RECIPIENT staff will prepare a payment voucher that will include all supporting documents for the exact amount it will draw from eLOCCS, consisting of invoices, payroll expense documents and contracts paid by RECIPIENT, but not as yet reimbursed with IHBG grant revenues.
- v) The payment voucher with all supporting documents is submitted to an authorized RECIPIENT staff - who is not involved in the processing of invoices - to draw the funds from eLOCCS.
- vi) The accounting staff will verify receipt of the payment in RECIPIENT's bank account.
- vii) During the monthly bank reconciliation process, the Finance Director will record the amount received from eLOCCS as an IHBG grant revenue.