

KARUK TRIBE HOUSING AUTHORITY

P.O. Box 1159 • 635 Jacobs Way
Happy Camp, CA 96039
Ph: (530) 493-1414 • Fax: (530) 493-1415



1836 Apsuun Street
Yreka, CA 96097
Ph: (530) 842-1644 • Fax: (530) 842-1646

KARUK TRIBE HOUSING AUTHORITY

Chapter 17 Financial Management Policies and Procedures

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**** This Amended Manual Supersedes All Other Versions ****

CHAPTER 17
KARUK TRIBE HOUSING AUTHORITY
FINANCIAL MANAGEMENT POLICIES AND PROCEDURES

Policy Statement

The Housing Committee for the KARUK TRIBE HOUSING AUTHORITY recognizes that it is necessary to adopt and implement financial management policies and procedures in order to operate as a property management business. The Housing Committee also recognizes that an essential element for the financial health of the KARUK TRIBE HOUSING AUTHORITY is the development and use of procedures for the safe handling of funds and particularly, controls on cash. Without such procedures, the KARUK TRIBE HOUSING AUTHORITY risks losing assets by theft and also increases the risks associated with errors in accounting records.

These financial management procedures are standard business procedures that will govern the handling of cash collections, cash disbursements, petty cash funds, budget controls, credit cards and capitalization of the KARUK TRIBE HOUSING AUTHORITY assets. The procedures governing the financial management of the KARUK TRIBE HOUSING AUTHORITY shall comply with the provisions at 24CFR 85.20 and OMB Circular A-133 which are attached as appendixes to this policy.

Internal Control Procedures

Accounting methods employed by the KARUK TRIBE HOUSING AUTHORITY shall, at a minimum, satisfy such requirements as may be prescribed by Federal or State laws, regulation, or guidelines. Additional accounting methods shall be employed to satisfy applicable government accounting standards enacted by such competent authoritative sources as the National Committee on Governmental Accounting.

a. Cash Control Procedures

1. Cash, checks, or money orders will be deposited in the bank where the KARUK TRIBE HOUSING AUTHORITY has an approved depository agreement.
2. Deposits shall be made weekly, by the finance department designee.
3. When cash is retained in the office overnight, it shall be stored in a locked, fireproof cabinet or safe.
4. Checks received shall be immediately stamped "For Deposit Only".
5. A cash receipt shall be issued for all cash payments collected so there is an official record of the transaction.

6. All payments shall be deposited intact with the appropriate deposit slip. Under no circumstances shall any disbursements be made from cash payments received.
7. The Finance office shall be responsible for forwarding any information regarding tenant payments received to the designated Tenant Relations Officer for posting to resident accounts receivable records.

b. Cash Disbursement Control Procedures

All disbursements must be made by check. With appropriate documentation, the Executive Director may approve other forms of disbursement, such as petty cash, wire transfers or electronic funds transfers.

1. All checks must be pre-numbered and used in sequence. Voided checks must be retained and recorded.
2. All checks shall require two signatures approved by the Executive Director. Whenever possible, no individual shall ever sign a check on which he/she is the payee.
3. The supply of unused checks must be adequately safeguarded in a fireproof cabinet or safe.
4. The Finance Director or his/her designee shall prepare checks.
5. All check vouchers shall contain enough narrative description to specifically identify the purposes of the payment and the account to which the cost is to be expensed.
6. Checks shall never be written for cash
7. Checks shall not be signed or countersigned in advance of being completely filled out. Each check shall be accompanied by supporting documentation, including invoices, travel vouchers, etc. The Executive Director or his/her designee shall approve the supporting documentation.
8. Check signers shall review each check carefully and not sign any check, which has evidence that any part of the check has been altered. If it is necessary to change a check, the check must be voided and a new check issued.
9. The Finance Director or his/her designated employee shall reconcile Karuk Tribe Housing Authority bank statements.
10. All checks shall be pre-printed, at least two-part and pre-numbered and shall contain the Karuk Tribe Housing Authority name.

11. A petty cash fund may be maintained for minor expenses (\$200) that require immediate payment. The petty cash fund shall be kept in a secure cabinet or drawer under the control of the Executive Director's designated employee. The designated employee shall replenish the petty cash as deemed necessary by submitting a request to the fiscal department. The request shall include receipts for all expenditures and a reconciliation of the receipts and the funds remaining in petty cash. The check to replenish shall be issued in the name of the designated employee and petty cash.

Payroll Disbursement Procedures

In addition to the disbursement procedures described in Section b., the following Additional procedures shall apply to payroll disbursements.

1. The Karuk Tribe Housing Authority shall have written authorizations on file for all employees that cover their rates of pay, withholdings and deductions.
2. The Executive Director 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 Fiscal department shall prepare payroll checks. Payroll and personnel duties, such as timekeeping, salary authorization, and personnel administration shall be the responsibility of the Executive Director or his/her designee.
4. The Karuk Tribe Housing Authority shall never pay any employee for more than 100 percent of his/her time through the encumbrance of more than one position or title.

Capitalization Procedures

a. Categories

1. The capitalization of Karuk Tribe Housing Authority owned property is necessary for establishing and maintaining the Karuk Tribe Housing Authority property ledger in its book of accounts.
2. All property and equipment owned by the Karuk Tribe Housing Authority shall be divided into two categories: Expendable items or Non-expendable items
3. Expendable items are purchased or donated items having a useful life of less than 12 months and costing less than \$5,000, and can be expended.
4. Non-expendable items purchased or donated are items having a useful life of more than 12 months and costing more than \$5,000.

b. Requirements

1. The Executive Director or his/her designee for budgeting and financial control purposes shall capitalize non-expendable items.
2. The Executive Director or his/her designee shall maintain a list of all capitalized items for inventory control purposes

1. Credit Card Control

- a. Credit cards shall be locked in the finance department, and used for authorized business expenditures only.
- b. Under emergency situations only, and with appropriate documentation, the Executive Director may approve other forms of payment of credit card statements, such as pay by phone or online payments.
- c. All credit card expenditures shall be approved by Executive Director prior to any purchase.

Budgets and Budget Control

a. Budget management

1. The Karuk Tribe Housing Authority shall define a budget as a realistic estimate of the operating revenue and expenditures to be incurred in the prudent operation of the Karuk Tribe Housing Authority during a specific period of time.
2. The specific period of time to be used for budgeting purposes for the Karuk Tribe Housing Authority programs funded by an Indian Housing Block Grant through the Native American Housing and Self-Determination Act (NAHASDA) shall be the same as the Plan Year defined in the Karuk Tribe Housing Authorities Indian Housing Plan (IHP). The Karuk Tribe Housing Authority's Plan Year shall be the same as the Karuk Tribes Housing Authority's fiscal year which is October 1 through September 30.
3. An annual operating budget is to be prepared and adopted for each fiscal year to authorize and control the financial operations of the Karuk Tribe Housing Authority
4. Each annual operating budget shall include adequate justification of the requested budget to the Karuk Tribe Housing Authority's goals, objectives and activities described in the Karuk Tribe Housing Authority's Indian Housing Plan required by NAHASDA.

5. The Executive Director shall be responsible for the efficient and effective use of budget appropriations and the control of costs.
6. The Karuk Tribe Housing Authority's Finance Director will prepare the annual operating budget prior to the beginning of each fiscal year with the help and input of department managers. Budgets will be reviewed and approved by the Karuk Tribe Housing Authority Committee.
7. The basis for budget assumptions for the management team shall be the 5 year goals and objectives described in the Karuk Tribe Housing Authority's IHP.
8. Each annual operating budget shall be included in the Karuk Tribe Housing Authority's IHP.
9. Revisions in the operating budget necessitated by changes in circumstances or estimates during the Plan Year shall be processed in the same manner as the original budget.

b) Budget monitoring

The Executive Director shall establish procedures to monitor the progress of the budget throughout the year. The monitoring activities shall enable the Executive Director and the Housing Committee to:

1. Monitor how its financial plan is working;
2. Determine how its spending is proceeding in relation to the budget;
3. Identify unexpended budget to actual differences;
4. Determine the validity of its budget estimating techniques;
5. Determine whether any budget amendments are required before the budget is exceeded.

c. Budget reports

1. Budget reports shall show budgeted income and expenses, actual income and expenses along with the percentage of each budget line item received or spent.
2. Budget reports comparing the budgeted revenue and the actual expenditures shall be prepared under the direction of the Executive Director and presented quarterly at the regular meeting of the Board of Commissioners.

Audits

An audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States will be conducted once a year.

These standards require that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The Audit will be performed in accordance with the Single Audit Act and will address compliance and internal control issues.

LOCCS POLICIES AND PROCEDURES

PURPOSE

The purpose of this policy is to set forth procedures to ensure that the regulations at 24 CFR subsection 85.20(b)(2) are carried out appropriately; in part, to maintain records that adequately identify the source and application of funds provided for financially-assisted activities.

LOCCS REQUEST PROCEDURES

1. LOCCS request forms must be substantiated by sufficient backup documentation to support that the draw requests and disbursement of funds were done timely.
2. The time elapsing between receipt and disbursement of HUD funds shall be within three days.
3. Should the KTHA receive excess funds, excess funds should be returned to HUD.

The KTHA Executive Director and Operations Officer are the only authorized employees to submit the LOCCS request.

KTHA Grant Submission Requirements

Grant applications in excess of \$5,000 shall require approval by the Board of Commissioners. Grants in an amount \$5,000 or under shall be approved by the Executive Director.

Proposals for contract/ grant funded programs and projects will be prepared with the knowledge and participation of, at minimum, two members of the Administration staff. The Executive Director and Chief Financial Officer are required approvals.

Administrative staff members are:

- Executive Director
- Assistant Director/Operations Manager
- Chief Financial Officer
- Executive Assistant/ Human Resources Manager

KTHA Staff is required to have the proposal reviewed by any other Staff member who will be involved in the administration of the grant/ contract including outside departments (i.e. KCDC, Department of Natural Resources, etc.). A copy of the completed proposal and Funding Agency Request for Proposal is to be submitted to other departments who are involved in the project and must acknowledge their acceptance of responsibility for

activities in the proposal. This will enable staff members who are responsible for administrating and reporting on these projects to review, revise, approve or disapprove proposed projects based upon considerations of budget information, project costs and benefits, technical and administrative capacity to perform, attainable goals and deliverables, space/equipment and staffing requirements, realistic goals and matching requirements. This pre-approval process will be verified by the completion of the “Request for Authorization to Submit”.

Fiscal:

Each grant will be accounted for separately. All terms and conditions of contracts and grants between the Karuk Tribe Housing Authority and Funding Agencies or Contractors will be complied with. Expenditures will be charged to a particular grant only in accordance with the terms and conditions of that grant. Contract compliance is the responsibility of the Program Manager. Contract compliance will be monitored by the Executive Director and Chief Financial Officer.

All new grant/ contract applications (including those that are continuation of funding for existing programs) will require approval. All applications in excess of \$5,000 will require KTHA Board Resolution for submission. Three (3) original resolutions are required to be submitted for signature. One original goes to funder (if required, if not will stay will program), one to the Executive Assistant with the complete application and the third will remain with the Program Manager.

Copies of all approved proposals for contract/grant-funded programs and projects will be filed with the Executive Assistant for the official record prior to submission to funding agency. In all cases the applicant entity will be the “Karuk Tribe Housing Authority, Post Office Box 1159, Happy Camp CA 96039”. The authorizing official will be the Board Chairperson or Executive Director.

When notice is received that the contract/ grant has been selected for award, all pre award documents (contracts/ agreements/ certifications) will be processed by the Program Manager and forwarded to the Executive Assistant for the project file.

Prior to incurring any costs against an award – all budgetary information will be submitted to the Chief Financial Officer for entry into the accounting system. No expenditures will be coded to any line item that has not been appropriated. There will be no exceptions.

Failure to follow these Contract/ Grant Management Procedures will result in the denial of approval to submit grant/ contract application to funding agency and may result in a personnel disciplinary action. Any contract or grant application submitted without approval, if funded, will be returned.