

# Annual Performance Report Participant Notebook Table of Contents

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# OVERVIEW

*This course provides a road map to the Annual Performance Report (APR). Specifically, this course:*

- *Covers what the APR is and how it has recently changed;*
- *Provides guidance on how to collect data throughout the year to facilitate the completion of the APR; and*
- *Discusses how to use the APR to help assess your housing program performance.*

## PURPOSE OF THE COURSE

NAHASDA section 404 requires every recipient (tribe or Tribally designated housing entity (TDHE)) to submit an APR to HUD. This training will:

- Review what information must be collected in order to complete the APR successfully;
- Describe how to complete the APR forms and what each data element represents;
- Suggest operational tips to help you be prepared at year end to complete the APR with ease; and
- Highlight how you can use your APR to monitor your own program performance.

## WHAT THE COURSE COVERS

This course will cover the following topics:

- Background and evolution of the APR, including:
  - Description of APR content;
  - Recent changes to the APR form; and
  - Statutory and regulatory bases for data collection and submission requirements.
- Data collection systems; and

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## NOTES

- How information can be used to evaluate the effectiveness and efficiency of program delivery, both by HUD and in the tribe's overall housing planning process.

## **ORGANIZATION OF THE COURSE AND PARTICIPANT NOTEBOOK**

The course and participant notebook follow the APR form section by section. Each module of the training and chapter of this notebook will examine a section of the APR, and:

- Discuss the regulatory and/or statutory basis of the section;
- Review the minimum requirements necessary to complete the section of the APR;
- Describe data collection strategies, including:
  - Type of data to collect;
  - Where to find the data you need; and
  - How to maintain a data collection system.
- Recommend "how to" write that section of the APR;
- Suggest ways to go "above and beyond" the minimum requirements; and
- Summarize the salient points of the chapter.

## **CHAPTER-BY-CHAPTER SUMMARY**

- Chapter 1, *APR Basics*, provides background information about what the APR is, how it evolved, why it is important, and how to prepare it. It also describes recent modifications to the APR form.
- Chapter 2, *APR Part I – Reporting on the One-Year Indian Housing Plan*, describes how to report on each of your objectives and performance objectives in the Indian Housing Plan (IHP) and how to complete the required tables (Table I, Sources of Funds and Table II, Uses of Funds). This chapter will also explore ways to evaluate whether or not your performance is consistent with the 5-year goals in your IHP and how to address this in the APR.

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## **NOTES**

- ❑ Chapter 3, *APR Part II Section A – Monitoring*, reviews the monitoring requirements imposed by NAHASDA and provides guidance on how to report on your monitoring activities in the APR. This chapter also includes guidance on how to complete Table III, Inspection of Assisted Housing.
- ❑ Chapter 4, *APR Part II Section B – Audits*, examines the audit submission requirements to help ensure that required audits are submitted appropriately. This chapter also outlines the ramifications of failing to submit an audit.
- ❑ Chapter 5, *APR II Section C – Public Accountability*, provides guidance on meeting the public accountability requirements of NAHASDA and completing the companion section of the APR.
- ❑ Chapter 6, *APR Part II Section D – Jobs Created by NAHASDA*, describes how to complete this optional section of the APR form, and why it is beneficial to do so.
- ❑ Chapter 7, *APR Submission and Review*, addresses the logistical details surrounding the APR—submission deadlines, the cover sheet, and the formats available to submit the APR to HUD. This chapter then describes how HUD reviews the APR and the corrective actions available to HUD when a completed APR is not submitted or a recipient is found in noncompliance with the regulatory requirements.
- ❑ Chapter 8, *Using the APR to Measure Your Performance*, discusses how you can use the APR to facilitate self-monitoring, once your APR has been completed. This chapter complements Chapter 3, which focuses on completing the monitoring component of the APR form.

**Self-Monitoring Guide**

Throughout this book, particularly in Chapters 3 and 8, references are made to the *Indian Housing Block Grant Recipient Self-Monitoring Compliance Assessment Guidebook*. This guidebook, prepared by Price Waterhouse Cooper, provides detailed guidance on self-monitoring. The Self-Monitoring Guide is available for each participant of the APR training course. It can also be obtained through your Area ONAP office.

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**NOTES**



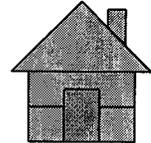


# CHAPTER 1: APR BASICS

*This chapter provides an overview of the Annual Performance Report (APR) and addresses basic issues such as:*

- *The evolution of the APR;*
- *Why the APR is important; and*
- *The steps in preparing a complete APR.*

Just as the Indian Housing Plan (IHP) consolidates planning, the APR consolidates reporting. In the past, programs such as the Comprehensive Grant Program (CGP), the Annual Contributions Contract, and Indian HOME Program each had separate reporting requirements. Now NAHASDA consolidates all of this funding into one block grant and reporting is much simpler. The APR allows grant recipients to report on the progress of their IHP each year in a set of easy-to-use forms that incorporate questions, tables, and narrative descriptions.



## WHAT IS AN APR?

- Under Section 404 of the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA), Indian Housing Block Grant (IHBG) recipients must submit an APR for each fiscal year measuring their progress in carrying out the activities described in their IHPs.
- Essentially, the APR documents the status of the recipient's program performance and progress. 24 CFR 1000.520 provides for HUD oversight, monitoring, and accountability.
- Specifically, the APR requires reporting on the following elements, as required by the implementing regulations at 24 CFR 1000.512:
  - Information about the recipient's periodic monitoring efforts, including inspection of units;

### Who Completes the APR?

The recipient is responsible for completing the APR. The tribe is the recipient when administering its own program. The Tribally-designated housing entity (TDHE) is the recipient when designated by the tribe to administer the IHBG on behalf of the tribe. In this book, the term "recipient" is used to refer to either the tribe or the TDHE, depending on who is implementing the IHBG.

The recipient is responsible for completing each part of the APR, except when otherwise specified.

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## NOTES

## Chapter 1: APR Basics

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- A comparison of actual accomplishments and the performance objectives outlined in the IHP, and reasons the recipient did not meet its goals, if applicable;
  - Analysis and explanation of cost overruns;
  - Information regarding the recipient's performance as it relates to overall grants management and performance objectives;
  - Consistency with the IHP;
  - Documentation that the APR was made available to the public;
  - Submission of a timely audit report; and
  - Compliance with the requirements of NAHASDA and 24 CFR Part 1000, and all other applicable requirements.
- ☐ The above information gets captured in the various parts of the APR form. Parts and sections of the APR include:
- Cover sheet
  - Part I – Reporting on the One Year Indian Housing Plan (Tables I and II)
  - Part II – Reporting on Program Year Accomplishments
    - ⇒ Section A – Monitoring (Table III)
    - ⇒ Section B – Audits
    - ⇒ Section C – Public Accountability
    - ⇒ Section D – Jobs Created by NAHASDA (Table IV) (optional)

**Note:** The information required in Part I must be prepared for each open grant. The information in Part II Sections A through D is not specific to a single IHBG, but should be combined to reflect all IHBG activities during the program year.

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## NOTES

## **WHY IS THE APR IMPORTANT?**

- Statutory Requirement.** Section 404(a) of NAHASDA requires recipients to submit an APR documenting its progress in carrying out activities described in the IHP.
- Public Comment.** Section 404(d) of NAHASDA requires the recipient to make the APR available to tribal members, non-Indians served under NAHASDA, and other citizens in the Indian area. In addition to being a statutory requirement, this is a good time to consult with your community on current and planned activities.
- Compliance with Contract Requirements.** The APR documents your progress on the activities you decided on in your IHP. It is a tool to help you keep track of your progress in implementing the IHP.
- Self-Assessment.** Completing the APR can be a useful exercise in self-monitoring and can improve program performance.
- Technical Assistance.** The APR is HUD's main tool for determining if the recipient is in compliance with the requirements and planned activities in the IHP. It allows HUD to see whether a recipient may need technical assistance. HUD can then provide that assistance.
- Public Information.** HUD uses the information collected in the APR to respond to questions regarding how IHBG funds are being used.

## **SUMMARY OF STEPS TO PREPARE AN APR**

- Recipients should do as much advance preparation as possible before completing the APR. This will help the process go more smoothly and more quickly. There are several issues to consider in advance preparation. The following is a list that the recipient can use to "check" that they are prepared to complete the APR.
  - **Burden hours.** It is important to assess how much time it will take to complete the APR.
  - **Staffing.** Completing the APR will require dedicated staff time.
  - **Data collection and analysis.** Collecting and analyzing data on an on-going basis will make compiling information for the APR much easier.

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## **NOTES**

- **Report writing.** Completing the APR is not just filling out forms. There are several sections which require a narrative response.
- **Record-keeping.** Keeping good records throughout the year will make it easier to complete the APR.

## **SUBMISSION AND REVIEW**

- The report must be submitted within 60 days of the end of the recipient's program year.
  - If an APR is not submitted within 60 days of the end of the program year, the recipient may be restricted from drawing down funds. At a minimum, the Area ONAP will ask the recipient to submit documentation to support the amount drawn down before permitting it to draw down funds from the Line of Credit Control System (LOCCS).
  - This documentation serves to substantiate that the IHBG funds being requested will be used to implement the goals and objectives of the recipient's IHP and that the activities being conducted are in compliance with statutory and regulatory requirements.
  - If the recipient fails to submit these items and has not submitted an APR in a timely manner, HUD may consider the grant in non-compliance and grant amounts may be subject to adjustment, reduction, or total withdraw of grant funds.
- At least annually, HUD will review each recipient's performance to determine whether the recipient:
  - Has carried out its eligible activities in a timely manner;
  - Has carried out its activities in accordance with NAHASDA and other applicable laws;
  - Has continued capacity to carry out activities in a timely manner;
  - Has complied with the IHP of the grant beneficiary; and
  - Has completed the performance reports accurately.
- HUD has 60 days from receipt of the APR to make recommendations.

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## **NOTES**

- ❑ The APR is just one piece of the annual assessment that HUD conducts each year for every recipient receiving NAHASDA funds. Your submission of the APR normally triggers the annual assessment process. Chapter 7 provides a more detailed description of HUD's review of the APR and the annual assessment.

**THE REVISED APR**

- ❑ A work group composed of ONAP staff and tribal and TDHE staff reviewed and offered suggestions for revisions to the APR form. The forms were then submitted to all recipients of IHBG funds for review through the consultation process.
- ❑ The result is a new set of forms that are more user friendly, less confusing, and less time consuming to complete.
- ❑ The following table demonstrates where information is captured on the new forms and explains the differences between the old and new forms.

**Comparison of Old and New APR Forms**

Old Form	Where Information is Captured on New Forms	Explanation of Differences
Cover Sheet	Cover Sheet	The question that asks if the APR has been submitted to the tribe has been moved to Part II Section C – Public Accountability.
Part A: Status of the Five-Year Plan	There is no separate reporting requirement on the five-year plan.	There are now two questions in the new Part I that address five-year goals. These questions ask whether the recipient is on schedule with the five-year goals, and if not, how the program will be modified to ensure goals are met.
Part B: Assessment of Annual Progress in Carrying out the One-year Goals and Objectives	Part I – Reporting on the One-year Indian Housing Plan	A separate new Part I must be prepared for each open grant. This section captures the same information as the old Part B but is restructured into a more user friendly format.

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**NOTES**

**Comparison of Old and New APR Forms**

<b>Old Form</b>	<b>Where Information is Captured on New Forms</b>	<b>Explanation of Differences</b>
Tables I and II	Tables I and II	Separate tables for each open grant are required. These tables are essentially the same with only minor modifications.
Part C: Citizen Comments	Part II Section C – Public Accountability	This section is now more concisely worded with specific yes or no questions. As with the old form, a summary of the public comments is required.
Part D: Performance Objectives	There is no separate section for performance objectives.	The new form combines reporting on goals, objectives, and performance objectives in Part I, Reporting on the One-Year IHP.
Part E: Monitoring	Part II Section A – Monitoring	This part is not grant specific. Recipients are required to submit one Part II to cover all open grants. The section is similar to the old form and captures the same information.
Table III: Periodic Monitoring of Assisted Units	Table III	This table is basically the same. Units managed or operated by the recipient are consolidated into one line item.
Part F: Audits	Part II Section B – Audits	This section is now more specific with several questions regarding whether an audit is actually necessary, when the audit was conducted, and if the audit has previously been submitted.
Part G: Optional Data	Part II Section D – Jobs Created by NAHASDA	This section is still optional. The table is simpler to report a summary of the information previously requested.

**NOTES**



## CHAPTER 2: APR PART I – REPORTING ON THE ONE-YEAR INDIAN HOUSING PLAN (IHP)

*This chapter covers Part I – Reporting on the One-Year IHP of the Annual Performance Report (APR), and includes:*

- *Minimum regulation requirements;*
- *Data collection techniques;*
- *A reminder of key Part I terms, and*
- *A “how to” write this Part.*

*This chapter addresses the following statutory and regulatory citations:*

- *Sections 403(c), 404(a), and 404(b) of NAHASDA; and*
- *24 CFR 1000.512 and 1000.524.*

Part I of the APR is the first of five forms you will be filling out to report on the IHBG programs and activities you conducted during your most recent program year. It is designed to help assess progress on your IHP. It solicits information about your activities and accomplishments and your projected and actual grant awards, and it provides you an opportunity to evaluate whether or not your overall program progress is on track with the goals you have established. This chapter provides guidance for recipients on how to assess compliance with your one- and five-year IHPs, and gives you general instructions on how to complete this Part of the APR. The following chapters cover the subsequent sections of the APR.



### WHAT IS PART I?

Part I of the APR is significant because it is the only section of the report that allows you to monitor and assess the accomplishments of your programs in relation to your stated IHP goals.

Part I has three major sections:

- Questions 1 through 4;
- Table I: Sources of Funds; and
- Table II: Uses of Funds.

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### NOTES

- Question 1 asks you to report on your progress towards each goal, objective, and performance objective of your one-year IHP.
- Questions 2 and 3 allow you to assess your performance in relation to the stated goals of your five-year IHP. They ask if you are on schedule to complete your goals.
- Question 4 gives you an opportunity to assess how you might change your programs or otherwise do things differently, based on your experiences over the program year.
- In Table I, you are asked to identify your sources of funds for IHBG activities, including HUD funds, other Federal or State resources, and private funds. You also compare the planned amount, as stated in the IHP, to the amount actually awarded.
- In Table II, you need to explain the uses of all funds identified in Table I. This table breaks expenses into total expenditures, number of units constructed and in process, number of families assisted, and investments.
- Each required question and table under Part I will be discussed in detail later in this chapter.

**Helpful Hint!**

Remember, the amounts reported in columns (c) through (l) are cumulative for the life of the grant.

## **MINIMUM REQUIREMENTS**

- The recipient must complete a **separate** Part I (including Tables I and II) for **each** open IHBG grant. A grant is defined as the funds made available in any given program year (i.e., your IHBG funds made available in FY2000).
- The recipient is responsible for monitoring and reporting on goals, objectives, and performance objectives in the IHP.
- The recipient is responsible for completing **all** questions (1-4) and tables (I and II) in Part I.

### ***Statutory and Regulatory Requirements***

Part I is based on sections 403(c), 404(a), and 404(b) of NAHASDA, and the implementing regulations at 24 CFR 1000.512.

- Section 403(c) deals with **performance measures** as they relate to monitoring, the standards by which you determine if you are in compliance with your one- and five-year IHP. This section states that performance measures will be determined by HUD.

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## **NOTES**

- Section 404 and 24 CFR 1000.512 describe the requirements of the actual **performance reports**. This section requires that:
  - Each recipient must review the progress it has made over the past year in carrying out the IHP **at least once a year**.
  - Each recipient must submit a report to HUD describing the results of its review about the IHP progress.
  - The report will include information on the use of grant funds, and will describe how those funds were used for the goals identified in the IHP.
  - The recipient will discuss the manner in which it would change its programs as a result of its experiences.

<p style="text-align: center;"><b>For Your Information!</b></p> <p>This report described to the left (the results of a recipient's review of the IHP progress) is the APR.</p>
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**Other Specific Requirements**

- HUD has developed a series of performance measures (which can be found at 24 CFR 1000.524) that are intended to assist in identifying compliance with statutory and regulatory requirements. Those that apply to Part I of the APR are:
  - Within 2 years of grant award under NAHASDA, no less than 90 percent of the grant must be obligated;
  - The recipient must have met the IHP goals and objectives in the one-year plan and demonstrated progress on the five-year goals and objectives; and
  - The recipient must have substantially complied with the requirements of 24 CFR 1000 and all other applicable Federal statutes and regulations.

**DATA COLLECTION**

- Remember the importance of early data collection. Recipients should collect data throughout the year to ease the burden of reporting for Part I.

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**NOTES**

**Type of Data to Collect**

- To fully complete the narrative section and tables in Part I, the recipients should collect and maintain the following data:
  - Copies of the ONAP-concurred one-and five-year IHP and any revisions to the IHP that do not require ONAP concurrence.
  - Copies of any and all reports that describe the progress of each funded activity. This includes information on:
    - ⇒ The number of units planned (from the IHP), the number completed, and the number started but not completed; and
    - ⇒ The number of low-income, non-low-income, and non-Native American families assisted.
  - Copies of any and all reports that report on the financial status of the recipient's programs, including:
    - ⇒ The complete list of sources of funds for NAHASDA activities;
    - ⇒ The total amount of funds committed during the reporting period;
    - ⇒ The total amount of funds expended during the reporting period; and
    - ⇒ Information on reserves, cost overruns, or investments.

<b>Helpful Hint!</b>
When working with partners (sub-recipients or consultants), it is a good idea to require reporting requirements in your written agreement.
You may even want to require that partners submit progress reports with any invoices.
These requirements will allow you greater access to the information necessary when completing your APR.

**Where to Find Data for Part I**

- The data needed for Part I come from one of two places: either the files maintained by the recipient, or files from partners (e.g. sub-recipients or consultants).
- Files maintained by the recipient should include:
  - Program progress reports;

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**NOTES**

- Financial reports;
  - Any and all IHPs and APRs; and
  - Sub-recipients' periodic progress reports.
- Files maintained by a partner should include:
- Any reports pertaining to program progress;
  - Reports containing financial information;
  - Individual and summary information on families assisted; and
  - Any documents required by contract or sub-recipient agreement.

### ***Maintaining a Data Collection System***

- As discussed above, it is recommended that recipients compile quarterly reports, similar in content to the APR, that track source and application of funds. Quarterly reports:
- Will help keep your organization's activities on track, guarding against cost overruns or shortages;
  - Will facilitate the easy completion of Part I of your annual APR; and
  - Are NOT submitted to HUD but are instead used by staff members, TDHE Board of Directors, and Tribal Council.
- It is also recommended that each staff member be provided with a complete list of the goals, objectives, and performance objectives in the one- and five-year IHPs. Each staff member should compile a monthly or quarterly report that details their activities related to IHP goals, objectives, or performance objectives. This report can reference milestones such as:
- Plan or work write-up approval;
  - Proceed orders;
  - Income and family size documentation on beneficiaries;

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## **NOTES**

- Records of persons receiving services; and
  - Certificates of occupancy.
- The staff person responsible for completing Part I of the APR should receive copies of each of the following documents:
- Any documentation on the completion or status of each of the one-and five-year IHP goals, including the staff monthly and quarterly reports, as discussed above.
  - The complete list of sources and application of funds for IHBG activities.
  - The list of planned, completed, and started but not completed units.
  - The list of low-income, non-low-income, and non-Native American families assisted.
  - Any documentation on reserves, cost overruns, or investments.
- Reporting staff should maintain **copies** of these documents. The original of all of the items listed above should be filed in their corresponding project files.

**Helpful Hint!**

It is advisable that the staff person responsible for completing the APR not rely solely on the documents discussed on the left. This person should always verify written information with other staff members before completing and submitting the APR, to ensure accuracy.

## **WRITING PART I**

This section will discuss in detail the narrative questions and Tables I and II found in Part I.

Begin Part I by entering the grant number in the space provided. Next, state the date HUD notified you that your IHP or the most recent amendment was found in compliance. Finally, indicate whether this is the final APR for the given grant.

**Reminder!**

Do not make any changes to the format of the tables or charts in Part I. Changes could potentially inhibit HUD's access to your APR and the data contained within.

- If all funds have been dispersed from LOCCS for the grant, and information in Table II (Uses of Funds) reflects that all funds have been expended for activities under this grant, then you must indicate, by checking the yes box, that this is the final APR. This will also be notification to HUD that the grant is ready to be closed.

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## **NOTES**

**Question 1. Please report on each of the one-year goals and objectives and report on each of the performance objectives identified in the IHP for this reporting period only in a format as follows:**

- List every goal stated in your one-year IHP in the format provided by HUD on the sample APR forms. In addition, list each objective(s) of that goal.
  - You can find your goals and objectives in the one-year plan section of the IHP.
  - Every goal in your IHP must be identified in the APR, even if you have not made any progress toward completing that goal.
- List the performance objectives for the reporting period that correspond to the above listed goal and objective.
  - Your performance objectives can also be found in the one-year plan section of the IHP.
- If you have made progress toward the completion of this one-year goal and objective, state what progress, if any, you have made towards its completion. Be as specific as possible when assessing what kind of measurable progress you have made and how it relates to the performance objective.
- If your one-year goal and objective has been completed, indicate so after the narrative description of your activities along with the date completed (see example below).

<b>Goal #1:</b>	Provide three new affordable housing units for low-income families living on the reservation.
<b>Objective #1:</b>	Identify non-government funds for unit construction.
<b>Performance Objective #1:</b>	Identify a funding source to provide 50 percent of the costs associated with the construction of these new units by June 1, 2000.
<b>Performance Objective #2:</b>	Secure commitment of funding by September 1, 2000.
<b>Accomplishment:</b>	Identified American Homes of the Southwest (a local non-profit) as the potential source of funds. Determined they could provide at least 50 percent of the funds associated with the construction of three new housing units. Secured commitment letter from American Homes of the Southwest on August 16, 2000. Objective #1 completed on November 16, 2000.

*Please note: The program year for the above example is the calendar year (beginning in January).*

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**NOTES**

If you have not completed a performance objective, explain why not.

- Discuss the obstacles that prevented you from completing the goal and objective on time.
- In addition, explain what actions you will take or have taken to complete the performance objective. It is recommended that:

⇒ You set a timeframe and specific steps for goal completion.

⇒ You explain how you will overcome the obstacle that prevented you from completing the goal. See the example for guidance.

**Helpful Hint!**

Remember the importance of year-round data collection and monitoring. You will be much more likely to meet your goals and objectives if you track and monitor your performance throughout the entire program year. Periodic reports can help you do this.

<b>Goal #1:</b>	Provide three new affordable housing units for low-income families living on the reservation.
<b>Objective #2:</b>	Contract with an architect experienced in Native American designs.
<b>Performance Objective #1:</b>	Identify a Native American-owned architectural firm to design all three new units.
<b>No Accomplishment:</b>	Issued a Request for Proposals limited to Native American-owned architectural firms. We did not receive any responses to this solicitation. To meet this goal, we will issue a Request for Proposals that is not limited to Native American-owned firms to find an architect with the necessary qualifications by September 1, 2001.

When discussing your one-year IHP goals, objectives, and performance objectives, remember to cite the location in the IHP where data can be found. These citations will make review of your APR much easier.

**Question 2. Are you on schedule to complete the 5-year goals identified in your IHP?**

**Check one: Yes**       **No**

This question is very straightforward. The recipient must check one of the two boxes, yes or no.

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**NOTES**

- In order to check **yes**, you should be on schedule to meet **each** of your five-year goals. In order to determine if you are on schedule, you should:
  - Establish a timeline for the completion of each five-year goal.
    - ⇒ Ideally, this timeline should have been established when you wrote your five-year IHP.
    - ⇒ The timeline should include dates for the smaller tasks within the goal.
    - ⇒ An established timeline facilitates tracking of the parts of the five-year goal over time.
  - Compare your activities towards the completion of every five-year goal to the timeline. Ask yourself – have we met the deadlines established in our timeline?
  - If you have not met the deadlines in the timeline, but will be able to complete the goal within the original timeframe specified, you should also check **yes**.
- You should check **no** if you do not meet the deadlines for each goal in your five-year IHP goal timeline, and if you will not be able to complete your five-year goals within the original timeframe specified.
- Keep in mind that it can be difficult to identify if you are on track to meet your five-year goals if you have not done appropriate data collection, as discussed above, or if you have not established a goal timeline to track progress against.

**Question 3. If the answer to #2 is no, explain causes for delays and how you plan to modify your program to meet your 5-year goals and objectives.**

- If you are unable to meet the deadlines for each goal, and if you will be unable to complete your five-year goals within the original timeframe, give a brief description of how you plan to modify your five-year goals and objectives. As you do this, keep the following things in mind:
  - Look at this description as a tool for you to assess how well your program is running, and what you can do to make it function more effectively. If you are encountering problems in this area, use this opportunity to think creatively on how to restructure your program.

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**NOTES**

- If you need to make program modifications, these should be realistic. If you did not secure anticipated funds, do not suggest that more capital is the answer to your problem without firm commitments. Stick to modifications that are within your control.
- Any modifications to your IHP may need to be concurred on by your Area ONAP. Any questions related to this should be directed to your Area ONAP.
- Remember that your Tribal Council or TDHE Board of Directors may revise your IHP at anytime as they feel necessary. However, IHP amendment is only required when:
  - ⇒ A new activity is added; or
  - ⇒ Funds for maintaining your 1937 Housing Act units are reduced.
- Be aware that frequent revisions to your IHP may impede the progress you will be able to make on your IHP goals and objectives.
  - ⇒ You can find more information on IHP amendment and revision in the companion *Indian Housing Plan Participant Notebook* that accompanies this training series.
- See the following example.

**Example:** Our tribe will be unable to meet its goal to construct six housing units in the Upper Valley Community. The site designated by the tribe was found to be unsuitable for housing during the environmental review process and the cost of mitigation was prohibitive. Another site has been identified and the environmental review process has begun.

**Question 4. How would you change your programs in general as a result of your experience with the implementation of NAHASDA?**

- This question should facilitate your long-term planning and program implementation.
- Section 404(b)(4) of NAHASDA requires that recipients describe the manner in which they would change their programs as a result of their experiences.

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**NOTES**

- Give a brief description of any program changes you would make after the experiences of your program year. Areas you may wish to discuss include:
  - Goals, objectives, and performance objectives of your IHP;
  - Internal management issues (financial management, staffing, etc.);
  - Program issues (construction, infrastructure, homebuyer education, rental assistance, rehabilitation, etc.); and
  - ONAP/HUD-related issues.
- See following example.

**Example:** As a result of our experiences in the implementation of the FY 1999 IHP, we have determined that in the future we will contract for our periodic housing unit inspections and use our in-house inspector to provide progress inspections for the housing units being constructed.

- You should consider implementing the changes you describe in Question 4. These can be incorporated into your IHP, and can serve to guide your long-term planning.
  - You are **not** required to amend your IHP or program delivery based on past problems or successes.
  - However, amending your IHP or program delivery **can** contribute to the improvement of your performance over time.

**Table I. Sources of Funds**

Table I is provided as part of Part I for the recipient to report on the sources of the funds it received.

- Table I is generated primarily from your corresponding one-year IHP. Table I includes the following columns:

**Reminder!**

Remember that a separate Table I **must** be completed for each open grant.

---

**NOTES**

- **Column (a) – Sources of Funds for IHBG Activities.** These categories are the same as those reflected in the IHP.
  - ⇒ If you have more than one “other” activity to report you should report a combined amount on the table and explain the activities in the narrative section.
- **Column (b) – Planned Amount (from the IHP).** These amounts are also carried over from your one-year IHP.
  - ⇒ Remember that these funds are those you expected to receive from a given entity.
- **Column (c) – Amount Actually Awarded.** In this column, enter the amount actually awarded from each entity identified in your IHP. Note that this may not be the same amount you budgeted or expected to receive.
  - ⇒ Amount Actually Awarded refers to the funds committed to the housing activity rather than the actual cash provided to the recipient throughout the year from the funding entity. If you have any letters of **final** funding commitment from funding sources, you should include these amounts in this column.

- Compile your data on sources of funds from this program year. Enter the amount of funds that correspond with each specific source or entity.
  - Enter your expected sources of funds in Column (b).
  - Enter the actual amount of funds awarded in Column (c).
- Any funds from entities that are categorized as “Other” are located in rows 1h, 3b, 4c, and 5. Provide an explanation for each of these funds in the narrative section following Table I. See example below for guidance.

**Helpful Hint!**

Appendix IV: Check Your Data Checklist will help you determine if the data you present in Table I is consistent with the data in Table II. Use this checklist to verify the consistency of your data for Tables I, II, III and IV **prior** to submitting your APR.

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**NOTES**

Table I - Sources of Funds

Example

Sources of Funds for IHBG Activities	Planned Amount (from the IHP)	Amount Actually Awarded
(a)	(b)	(c)
1. HUD Resources		
a. NAHASDA Block Grant	\$100,000	\$100,000
b. NAHASDA Program Income		
c. NAHASDA Title VI (Federal Guarantee)		
d. Section 184 Loan Guarantee		
e. Indian Community Development Block Grant		
f. Drug Elimination		
g. Prior year funds		
h. Other (explain in narrative)		
2. Existing Program Resources		
a. 1937 Housing Act Programs		
b. Other HUD Programs		
3. Other Federal or State Resources		
a. BIA Home Improvement Program		
b. Other (explain in narrative)		
4. Private Resources		
a. Tribe	\$10,000	\$7,500
b. Financial Institution		
c. Other (explain in narrative)	\$50,000	\$50,000
5. Other (explain in narrative)		
<b>Total Resources</b>	<b>\$160,000</b>	<b>\$157,500</b>

- Note that the above example lists sources of funds from other private resources (line 4c). There must be an accompanying explanation for that line. See example below.

**Example:** The TDHE received \$50,000 from American Homes of the Southwest to use in the construction of three units for low-income tribal families.

**NOTES**

**Table I Question 1. If column c is less than column b, explain why the planned funds were not realized.**

- The amount of funds you received or were awarded may be less than you expected. In that event, provide an explanation for why you were not able to fully realize your planned funds. See the example below.

**Example:** The tribe was unable to contribute the entire \$10,000 that it had planned for because its own revenues fell short of what was projected.

**Table II. Uses of Funds**

Table II requires the recipient to report on the uses of the funds they received. Remember that a separate Table II **must** be completed for each open grant.

- Table II is composed of two sections:
- A description of the uses of IHBG funds; and
  - Information on activities involving housing units and family assistance. Unlike the first section of Table II, this does not call for you to provide financial information related to units or families. Instead, it asks you for the raw number of units constructed, rehabilitated, or acquired, and the number of families assisted. When completing this section, remember that:
    - ⇒ You should not provide data in fields for activities that cannot be measured on a per unit basis.
    - ⇒ It is possible to count an assisted family in more than one category.
- Table II includes the following columns:
- **Column (a) – Activity.** These categories are the same as those reflected in the IHP, and are included in the APR template.
  - **Column (b) – Budgeted Amount (from the IHP).** These amounts are carried over from the most recent concurred upon IHP, or if locally revised, the most recent revisions to the IHP.

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**NOTES**

- **Column (c) – Grant (IHBG) funds expended.** In this column, provide a breakout of IHBG funds expended (not obligated) by activity listed in column (a). Note that this data should be cumulative over the years of the open grants, and is not just for the reporting period.
- **Column (d) – Other funds expended.** Enter the total amount of funds expended (not obligated) other than IHBG funds, leveraged or used with IHBG funds. Similar to column (c), this data is cumulative for the reporting period and for **all** prior years of this grant.
- **Column (e) – Total funds expended from all sources (c+d).** Enter the total of columns (c) and (d).
- **Column (f) – Percentage of IHBG Grant Amount Obligated.** In this column, enter the **percentage** of obligated IHBG funds for each activity under this open grant. 24 CFR 85.20(b)(2) requires recipients to maintain financial records showing the obligated and unobligated balances.

**Helpful Hint!**

See PIH Notice 2000-26 for an explanation of what constitutes an obligation of funds.

- ⇒ In order to get the percentage of obligated IHBG funds for a specific row:
- Add the amount in column (c) (IHBG funds expended) to the amount of IHBG funds you have obligated, but have not expended. [The amount obligated but not expended does not appear in Tables I or II. You have this information in your records.] This new number is your total obligated IHBG funds for this activity.
  - Next, divide this number by the amount on Table 1, line 1a, column (c) [the NAHASDA Block Grant Amount Actually Awarded].
  - The resulting number should be multiplied by 100 to get to a percentage (i.e., .264 would become 26.4%), and entered into the appropriate line under column (f).
- ⇒ In order to get the **total** percentage of obligated IHBG funds, compute the percentages in the same manner as the other line items. **Do not add** the individual percentage amounts.
- **Column (g) – Number of planned units (from the IHP).** These numbers are taken directly from the corresponding one-year IHP.

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**NOTES**

- **Column (h) – Number of units completed.** In this column, enter the cumulative total number of units completed with this open grant.
    - ⇒ A unit is completed when the recipient accepts it as ready for occupancy. In the case of rehabilitation, a unit is completed when it is returned to the family.
  - **Column (i) – Number of units started not completed.** The cumulative total number of units for which construction has begun but has not yet been completed.
    - ⇒ This includes when ground is broken for new construction, or when crew commences work for rehabilitation.
  - **Column (j) – Number of low-income families assisted.** Enter the cumulative number of low-income families that have been assisted with this grant.
  - **Column (k) – Number of non-low-income families assisted.** In this column, enter the cumulative number of non-low-income families assisted with this grant.
  - **Column (l) – Number of non-Native American families assisted.** Enter the cumulative number of non-Native American families who were served with this grant.
- Amounts provided in columns (c), (d), (e), (f), (h), (i), (j), (k), and (l) are **cumulative**, and are not just for the reporting period.
- Remember that within two years of grant award under NAHASDA, at least 90 percent of your grant should be obligated. Progress towards this obligation should be reflected in Table II.
- The data contained in Table II should be consistent with the data in Table I.
- All funds identified in Table I should be accounted for in Table II.
- There is only one circumstance where there should be a discrepancy between Table I and Table II:
    - ⇒ **When a planned source of funds is not realized.** If this occurs, you should explain it in Table I Question 1, and you should revise your IHP budget amounts.
- Compile your data on uses of funds from this program year. Enter the amount of funds that correspond with each specific activity. See the example below for guidance.

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## **NOTES**

Table II - Uses of Funds

Activity	Budgeted Amount (from the IHP)	Cumulative			
		Grant (IHBG) funds expended	Other funds expended	Total funds expended from all sources (c + d)	Percentage of IHBG Grant Amount Obligated
(a)	(b)	(c)	(d)	(e)	(f)
1. Indian Housing Assistance (1937 Housing Act units)					
a. Modernization					
b. Operating					
2. Development					
a. Rental					
i. Construction of new units					
ii. Acquisition					
iii. Rehabilitation	\$10,000	\$10,000		\$10,000	10%
b. Homeownership					
i. Construction of new units	\$120,000	\$60,000	\$50,000	\$110,000	70%
ii. Acquisition					
iii. Rehabilitation					
3. Housing Services					
4. Housing management	\$10,000		\$7,500	\$7,500	
5. Crime Prevention & Safety					
6. Model Activities					
7. Planning & administration	\$20,000	\$20,000		\$20,000	20%
8. Reserves					
9. Other					
<b>Total</b>	<b>\$160,000</b>	<b>\$90,000</b>	<b>\$57,500</b>	<b>\$147,500</b>	<b>100%</b>

**Table Example Explanation**

In this example, the entire \$100,000 IHBG grant has been obligated. However, the obligated funds have not been completely expended.

In line 2bi (construction of new units), \$60,000 has been expended, yet column (f) shows that 70% of the IHBG funds has been obligated. For this activity, \$70,000 was obligated, and \$10,000 has not been expended.

**NOTES**

Table II - Uses of Funds (cont.)

Activity	Number of units planned (from the IHP)	Number of units completed	Number of units started not completed	Cumulative		
				Number of families assisted		
(a)	(g)	(h)	(i)	(j)	(k)	(l)
				low-income Indian families	non low-income Indian families	non-Native Americans
1. Indian Housing Assistance (1937 Act units)						
a. Modernization						
b. Operating						
2. Development						
a. Rental						
i. Construction of new units						
ii. Acquisition						
iii. Rehabilitation	4	3	1	2	1	
b. Homeownership						
i. Construction of new units	3	1	2	1		
ii. Acquisition						
iii. Rehabilitation						
3. Housing Services						
4. Housing Management Services						
5. Crime Prevention & Safety						
6. Model Activities						
7. Planning & Administration						
8. Reserves						
9. Other						
<b>Total</b>	<b>7</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>0</b>

**NOTES**

**Table II Question 1. Column (a), line item #8, Reserves: Identify the purpose for the funds you placed in this category.**

- Recipients are allowed to reserve funds for future years in their IHP.
- When the recipient develops a plan to use those funds, the IHP should be amended, as appropriate, and the reserve funds should be moved to an activity line item.
  - Should the reserve funds be moved to a new activity, this revision to the IHP must be reported to HUD.
- If you have reserved 1937 Act funds for future years and indicated those in line 8, please describe the purpose of these funds.

**Table II Question 2. Explain any unexpected cost overruns associated with IHBG funds.**

- Answering Question 2 requires two things:
  - Identifying/creating a list of cost overruns by goal and objective. This list would include:
    - ⇒ Costs that exceeded the budgeted amount; and
    - ⇒ Unanticipated costs of goods or services that were not budgeted.
  - An explanation of these cost overruns. Be sure your explanation addresses whether or not these cost overruns raise any financial concerns that have or will affect your ability to meet your one- and five-year IHP goals and objectives.
- Explain any cost overruns with respect to the issues explained above. See example for guidance.

**Example:**

**Goal:** Provide safe and sanitary housing for low-income families living on the reservation.

**Objective:** Rehabilitate three dilapidated on-reservation units.

Costs related to unit rehabilitation were higher than expected because unforeseen items requiring repair or replacement could not be identified until work had started. As a result, the cost to rehabilitate the units was \$5,000 more than expected.

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**NOTES**

**Table II Question 3. Investments:**

**Date HUD approved:** \_\_\_\_\_  
(mm/dd/yy)

**Amount approved for investment:** \$ \_\_\_\_\_

**Amount of IHBG funds (principal only) invested as of this reporting period end date:** \$ \_\_\_\_\_

- You must answer Question 3 if you are investing any of your IHBG funds.
- Enter the following information in the appropriate blanks:
  - The date HUD/ONAP approved your investment request;
  - The amount initially approved for your investment; and
  - The amount (principal only) you actually invested during the reporting period.

**Remember:** You cannot invest IHBG funds unless approved in advance by HUD. (See PIH Notice 99-4 and PIH 2000-21 for clarification.)

**ABOVE AND BEYOND THE MINIMUM REQUIREMENTS**

Part I requires you to compare actual funding and program accomplishments with your IHP goals and objectives. If this was a difficult process, you might want to look at your IHP goals and objectives, as well as your data collection system.

- Evaluate IHP goals and objectives.**
  - Are your projections realistic?
  - Are the goals and objectives in your IHP clear and concise?
  - Do your performance objectives provide sufficient detail to track program progress?

**If you answered “no” to any of these questions,** revisit your IHP goals and objectives. Clarifying your goals and objectives will simplify program implementation in the future.

---

**NOTES**

- Are your performance objectives limited to specific accomplishments for the one-year period?
- Are your performance objectives measurable?

**Example:** In its IHP, Tribe Y had projected significant revenue that it was hopeful it could obtain. These funds were not realized. When preparing its APR, it spent a lot of time explaining this: why it did not realize the funds, why it had not met certain objectives, why it would not meet its 5-year goals, how it would change its programs, etc. Following the APR, the tribe decided to revise its IHP so that the IHP listed anticipated funding only for sources where the tribe had a funding commitment. The revised IHP was more realistic, and the goals and objectives were far more attainable.

- **Evaluate your data collection process.** It is extremely important to do data collection throughout the entire course of the year. It will make writing Part I much easier. In addition, consistent data collection and self-monitoring can help you keep your programs and funding on track.
  - Do your periodic report forms capture the data needed to complete the APR?
    - ⇒ Do a side-by-side comparison of your own report forms and the APR to ensure you are collecting the necessary data.
  - Did you have the data needed to respond to Part I, but it was not in a central location?
    - ⇒ Consider consolidating this information through a database or by giving one person on staff responsibility for collecting it throughout the year.
  - Were you missing critical data because your project sponsors/partners had not provided it to you?
    - ⇒ Review your loan documents and grant agreements to make sure reporting is required, reporting deadlines are specified and your reporting provisions are enforceable. Create an operational system that helps ensure that you are receiving the reports you have asked for from your business partners.
  - Did you need to go through individual project files to identify accomplishments?

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## **NOTES**

- ⇒ Create periodic reporting requirements for relevant staff. These reports should mimic the APR as much as possible, so that the information you need to report on is compiled throughout the year. Automate these reports, if at all possible.

## **SUMMARY**

Chapter 2 covered minimum regulatory requirements, data collection, and the writing of Part I. Remember that:

- Year round data collection will ease the burden of completing Part I. The process of monitoring and recording your work and progress on a regular basis, and writing periodic reports is particularly important.
- The data contained in Part I must be accurate and consistent.
- You can use Part I to determine if changes to any programs are necessary and to improve future IHPs and APRs.

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## **NOTES**



## CHAPTER 3: APR PART II SECTION A - MONITORING

*This chapter covers Part II Section A - Monitoring of the Annual Performance Report (APR), and includes:*

- *Minimum regulation requirements;*
- *Data collection techniques; and*
- *A “how to” write this part.*

*This chapter addresses the following statutory and regulatory citations:*

- *Section 403(b) of NAHASDA; and*
- *24 CFR 1000.501, 1000.502, 1000.506, 1000.508, and 1000.510.*

You have just finished summarizing and reporting on your progress in reaching your IHP goals and objectives in Part I and are starting on Part II. This chapter covers Part II Section A, the first of four forms that asks you more specifically about your programs and activities during the last program year. Part II Section A focuses on your monitoring activities, while Sections B, C, and D address your financial activities, your interaction with the public, and the economic impact of your housing programs and activities.



### WHAT IS PART II SECTION A?

- Part II Section A is a report on the **monitoring** functions of program activities.
- Part II Section A is a good measuring tool for tribes and TDHEs to evaluate their performance for all of their grants because this section of the APR applies to all grants received by the recipient, not just the Indian Housing Block Grant (IHBG) Program.
- Each required question and table will be discussed in detail later in this chapter.

### MINIMUM REQUIREMENTS

Part II Section A has two sets of questions, I. Self-Monitoring and II. Inspection of Units. The first set of questions (section I) is focused on the monitoring activities of the tribe and TDHE. The second set of questions (section II) and Table III focus on the unit inspection system of the recipient.

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### NOTES

### **Chapter 3: APR Part II Section A: Monitoring**

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- ❑ Part II consolidates the information for all open grants. Part I is only submitted once, but each open grant must have its own Part I section completed.
- ❑ **Section I. Self Monitoring.** You must answer five questions in section I of Part II Section A of the APR.
  - Question 1 addresses self-monitoring systems and internal control procedures.
  - Question 2 solicits specific information about monitoring activities, results, and any corrective actions of activities monitored.
  - Question 3 asks that TDHEs describe the procedures, activities, results, and corrective actions that the tribe undertook to monitor the TDHE.
  - Question 4 solicits information from TDHEs about any issue related to program activities that were referred to the tribe by HUD or an auditor, and the TDHE's response to the issue(s).
  - Question 5 addresses monitoring of sub-recipients.
- ❑ **Section II. Inspection of Units.** In this section, you must complete Table III - Inspection of Assisted Housing and answer three questions about unit inspections.
  - Table III - Inspection of Assisted Housing is used to report inspection activities of all units during the year.
  - Question 1 asks for a plan of action for complying with inspection policy.
  - Question 2 asks why all units were not inspected (if applicable).
  - Question 3 addresses the process used to perform inspections on privately owned units assisted with IHBG funds.

The following exhibit identifies which questions in Part II Section A must be answered by the tribe (as the recipient) and by the TDHE (as the recipient).

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### **NOTES**

**Section A – Monitoring**

Question	Tribe	TDHE
<b><i>I. Self Monitoring</i></b>		
1. Monitoring systems and internal control procedures.	✓	✓
2. Activities, results, and any corrective actions of activities monitored.	✓	✓
3. Procedures, activities, results, and corrective actions a tribe undertook to monitor a TDHE.		✓
4. Any issue of programs referred to the tribe by HUD or an auditor, and how they were responded.		✓
5. Monitoring activities of sub-recipients.	✓	✓
<b><i>II. Inspection of Units</i></b>		
<b>Table III</b> - Report inspection activities of all units during the year.	✓	✓
1. Plan of action for complying with inspection policy.	✓	✓
2. Why all units were not inspected (if applicable).	✓	✓
3. Process used to perform inspections on units not owned or managed with IHBG funds.	✓	✓

**Statutory and Regulatory Requirements**

This section discusses both the statutory and regulatory requirements related to monitoring responsibilities under NAHASDA.

- **Statutory Requirements.** Part II Section A cites section 403 (b) of the NAHASDA statute for the reporting requirements. Section 403 (b) states that recipients should conduct **periodic monitoring**. The requirements under this section of the statute are as follows:
  - Each recipient must review the activities conducted and housing assisted **at least once a year**.
  - Reviews should include on-site inspections of housing.
  - Results of the inspections should be reported in the annual performance report.

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**NOTES**

### **Chapter 3: APR Part II Section A: Monitoring**

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- The APR report must be submitted to HUD.
  - The APR report must be made available to the public for review and comment. (See Chapter 5 for more information about public availability.)
- ☐ **Regulatory Requirements.** The applicable implementing regulations include:
- 24 CFR 1000.501 and 24 CFR 1000.502 identify the parties involved in monitoring and delineate the monitoring responsibilities of each:
    - ⇒ The recipient is responsible for monitoring all grant activities and monitoring performance under the IHP. These monitoring responsibilities include, but are not limited to evaluating performance in relation to specific performance objectives and goals and submitting an audit (in accordance with the Single Audit Act), an annual performance report, and a compliance assessment. Performance objectives are articulated in the IHP and defined in 24 CFR 1000.504 as the criteria by which the recipient will monitor and evaluate its performance.
    - ⇒ The grant beneficiary (i.e., the tribe, where a TDHE is administering the programs) must monitor programmatic and compliance requirements of the IHP and NAHASDA by requiring the submission of requisite progress reports including the annual compliance supplement (by the TDHE) and audit reports.
    - ⇒ HUD must monitor on-and off-site by reviewing records, reports, and audits. HUD will also provide technical assistance and training or funds for technical assistance and training, if funds are available.
    - ⇒ HUD will determine on an annual basis as required by 24 CFR 1000.520 if the recipient has:
      - (1) Carried out eligible activities in a timely manner and according to the statutory and regulatory requirements;
      - (2) Maintained capacity to carry out eligible activities in a timely manner;
      - (3) Complied with the grant beneficiary's IHP; and
      - (4) Submitted accurate performance reports.

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### **NOTES**

- 24 CFR 1000.506 requires that a copy of monitoring results be submitted to the tribe if the TDHE is the recipient of the grant. This enables the tribe to carry out its oversight responsibilities under NAHASDA.
- 24 CFR 1000.508 describes actions a recipient may undertake if it identifies programmatic concerns during monitoring. These actions include the provision of training and technical assistance, the revision or development of policy, administrative action, and/or referral to HUD or an auditor for additional corrective action.
- The tribe is responsible for ensuring corrective action is taken in the event its monitoring uncovers compliance concerns, per 24 CFR 1000.510.
- For more information about monitoring responsibilities, see *the IHBG Recipient Self-Monitoring Compliance Assessment Guidebook*.

## **DATA COLLECTION**

Effective monitoring is not a one-time event, but is an on-going process of planning, implementation, communication, and follow-up. Collect data all year round to ease the burden of reporting for Part II Section A.

### ***Type of Data to Collect***

To fully complete the narrative questions in section I and the table in section II of Part II Section A, the recipient should collect and maintain the following data:

- Policies and procedures.** This information should include information on monitoring responsibilities, such as:
  - Staff identified to perform monitoring functions;
    - ⇒ Monitoring might be one of several functions of an individual's job responsibilities.
  - How and when programs and units will be inspected; and
  - Random sampling of case files to monitor.

#### **Helpful Hint!**

If a TDHE is administering the housing programs, the responsibilities should be outlined in an agreement between the TDHE and the tribe.

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## **NOTES**

- ❑ **Monitoring records.** Recipients and grant beneficiaries should maintain *all* files that document their monitoring process, findings, and resolutions. This should include files generated by the recipient for self-monitoring activities or monitoring of sub-recipients, as well as files generated by the grant beneficiary during monitoring of the TDHE. At a minimum, monitoring records should include:
  - Correspondence between the entity conducting the monitoring and the entity being monitored;
  - Monitoring checklists used to conduct monitoring; and
  - Formal monitoring reports and responses.
- ❑ **List of properties inspected during the year.** Files of the inspections should also be maintained and include:
  - A copy of the inspection, signed off by a housing inspector;
  - A copy of the letter requiring corrective action, if any deficiencies were found during the inspection; and
  - A copy of the follow up inspection, if the first inspection did not meet requirements satisfactorily.

***Where to Find Data for Part II Section A***

- ❑ The data needed for Part II Section A comes from the project case files maintained by the recipient and the grant beneficiary.

***Maintaining a Data Collection System***

- ❑ To reduce search time for files at the end of the year, it is recommended that monitoring schedules, reports, correspondences, and other monitoring actions be distributed to the staff person charged with responsibility for the APR.
- ❑ A recipient's policies and procedures should have a staff person designated to complete the APR. This person should receive copies of the following documents during the program year:
  - List of properties inspected during the year and results of the inspections;

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**NOTES**

### **Chapter 3: APR Part II Section A: Monitoring**

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- Copy of the inspection, signed off by a housing inspector;
  - If any deficiencies were found during the inspection, a copy of the letter requiring corrective action;
  - A copy of the follow up inspection if the first inspection did not meet requirements satisfactorily;
  - List of programs scheduled for monitoring during the year;
  - Copies of monitoring and audit reports; and
  - Responses to monitoring and audit reports that identify corrective action.
- The staff person responsible for Part II Section A will only have to pull out their APR file if all documents are distributed throughout the year.
- The original of all of the items listed above should be filed in their corresponding project files.
- To assist with completing Table III, it might be helpful to update the table quarterly, so that by the time the APR needs to be completed, it is already finished.

## **WRITING PART II SECTION A**

This section will discuss in detail the narrative questions and table found in Part II Section A.

### ***I. Self-Monitoring***

***Question 1. Briefly describe the self-monitoring systems and internal control procedures you used and those you implemented during the past year to assure that program activities comply with NAHASDA and its program regulations.***

- All recipients must answer question 1.
- Internal controls include the plan of an organization, and any policies and procedures adopted by management to ensure that resource use is consistent with laws, regulations, and policies. Internal controls ensure that resources are safeguarded against waste, loss, and misuse. They also ensure that reliable data is obtained, maintained, and disclosed without bias in reports.

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## **NOTES**

## Chapter 3: APR Part II Section A: Monitoring

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- Internal controls help an organization run their operations smoothly.
  - For a more in-depth discussion of internal controls, please refer to Chapter 3 of the *IHBG Recipient Self-Monitoring Compliance Assessment Guidebook*.
- Areas to monitor may include, but are not limited to:
- Organizational control environment;
  - Eligibility requirements and service standards;
  - Fiscal and financial management;
  - Procurement and contract administration;
  - Labor standards and construction management; and
  - Environmental review.
- Be sure to highlight any new additions to your monitoring processes that were implemented in the prior reporting year.

### Helpful Hint!

For more information about areas to monitor, see *Chapter 8: Using the APR to Measure your Performance* of this manual.

**Example:** The Board of Directors implemented internal control procedures for applicant processing, contractor selection, and grievance procedures. The Board of Directors utilized all previous existing internal controls and procedures.

### Question 2

- All recipients must answer question 2.

### Question 2a. List the activities you monitored

- This part of the question is straightforward; you need to list the activities you monitored. This list should be based on the activities that are identified in the IHP. If you have adopted a formal monitoring plan, these should be activities identified there.

---

## NOTES

**Example:** The following activities were monitored during the 2000 Program Year.

- ✓ Homeowner Rehabilitation Project Files
- ✓ Homeowner Rehabilitation Inspection Files
- ✓ ABC Corporation's Files (Homebuyer Counseling)
- ✓ Acquisition Project Files

**Question 2b. Describe the results of each monitoring activity**

- Give a brief description of the monitoring results by activity.
- The description should include, but not be limited to:
  - The activity monitored;
  - An explanation of any and all findings and concerns, or
  - Statement indicating there were no findings and concerns, if applicable.

**Question 2c. Describe any required corrective action**

- Give a brief description of corrective action by activity.
- In the description, provide information on the following:
  - The actions that were undertaken;
  - The timeline of the actions; and
  - The results of the action.

**Question 3**

- This question needs to be answered by a TDHE only.

---

**NOTES**

**Question 3d. Describe the procedures the tribe used to monitor your affordable housing activities**

- Give a brief description of how the tribe monitored your activities.
- Include in your narrative the following:
  - Time of year the tribe monitored your activities; and
  - The process the tribe followed.
- See the following example for guidance.

**Example:** The tribe monitored our programs in April and November of this year. They sent a letter requesting an appointment to review our files and conduct interviews with staff. A representative of the tribe arrived on the agreed date and met with our housing program coordinator and a number of our housing finance specialists. They reviewed a sampling of both active and completed files.

**Question 3e. List your activities the tribe monitored**

- Provide the names of the activities the tribe monitored in list form.

**Question 3f. Describe the results of the activities the tribe monitored**

- Give a brief description of the monitoring results by each activity listed in 3e.
- Be sure to include:
  - Name of program monitored; and
  - All results, including any concerns or findings noted. If there were finding or concerns, be specific.

**Question 3g. Describe any corrective actions required**

- Provide a description of the corrective actions that were requested as a result of the monitoring by the tribe.

---

**NOTES**

- Provide information about the following:
  - The deficiencies;
  - Actions required by the monitoring entity;
  - Time allotted for corrective actions to be completed; and
  - Results of corrective actions.

**Example:** The tribe sent us a letter that listed the deficiencies for our files. They gave us 30 days to provide documentation that the environmental reviews were completed, to obtain final lien waivers from contractors, and warranty information for the furnaces. In response, the environmental files were updated with a tear sheet of the newspaper announcements; rehabilitation staff contacted the contractors and had the proper lien waivers signed by the contractors and put in the files, and the proper warranty information was obtained from the homeowners and copies were placed in the files.

**Question 4. If you are a THDE, describe any issues regarding your program activities, that were referred to the tribe by HUD, an auditor, etc. and your responses to them.**

- This question needs to be answered by the TDHE only.
- Give a brief explanation if the question is applicable.
  - If there were issues, provide an explanation.
  - If there were no issues, so indicate.

---

**NOTES**

**Example:** HUD had received two letters that complained the TDHE was not allowing certain individuals into their programs. HUD notified the tribe of the complaints and the tribe contacted the TDHE to investigate. In response to the inquiry, the TDHE sent the tribe copies of the following documents:

- ✓ Application of the individuals
- ✓ Income verification forms
- ✓ Letters that notified the individuals their applications had been denied.

The tribe notified us that it found these documents acceptable because they showed the applicants were over income and therefore not eligible for the TDHE's program. The tribe was also satisfied with the rejection letter because it clearly explained the reason the individuals were rejected. The letter also listed a number of resources and organizations to contact for home repair assistance.

**Question 5. Describe any monitoring activities you conducted of your sub-recipients.**

- All recipients must answer question 5.
- Provide a brief explanation of monitoring activities performed during the year of your sub-recipients. Include results and any corrective actions taken, if applicable. See the example below.

**What is a sub-recipient?**

**Sub-recipients** may be private, nonprofit, or other tribally chartered entities to which a *sub-grant* is awarded for delivery of specific goods or services to the recipient. The sub-recipient is accountable to the recipient for the appropriate use of the funds provided.

**Sub-grant** is an award of financial assistance in the form of money, or property in lieu of money, made under a grant by a grantee to an eligible sub-grantee.

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**NOTES**

**Example:** We monitored two sub-recipients in June. We performed an on-site review to view their records and interview staff.

- ✓ On June 1 we monitored XYZ Corporation, a non-profit organization that provides homebuyer counseling.
- ✓ During our monitoring visit of XYZ Corporation, we found that several of the client files did not include income verification documentation. We asked XYZ Corporation to verify the income of these clients served and create a written process to ensure that income verification would be done for all clients in the future. XYZ Corporation forwarded the requested income verifications and demonstrated that all clients served were income eligible. In addition, XYZ Corporation created the requested procedure.
- ✓ On June 5 we monitored the Stepping Stones Group, a non-profit organization that provides self-sufficiency classes to residents of Indian public housing.
- ✓ No deficiencies were found while monitoring Stepping-Stones this year.

---

**NOTES**

**II. Inspection of Units. Use Table III to record the results of the assisted housing units inspected in this report period**

**Table III – Inspection of Assisted Housing**

Activity	Total number of units	Units Inspected				
		Total number of units inspected	Number of units in standard condition	Number of units needing rehabilitation (costing less than \$20,000)	Number of units needing rehabilitation (more than \$20,000)	Number of units needing to be replaced
a.	b.	c.	d.	e.	f.	g.
1. 1937 Housing Act funded units						
a. Mutual Help						
b. Low Rent						
c. Turnkey III						
d. Other						
2. NAHASDA funded units						
a. Owned or managed by recipient						
b. Homeownership						
c. Rental						
d. Temporary housing						
e. Other						
Total						

All recipients must complete Table III.

- **Column (a).** These categories of activities are the same as those reflected in the IHP.
- **Column (b).** The total number of units in your housing stock that require inspection. This includes units assisted with IHBG or 1937 Housing Act funds.
- **Column (c).** The total number of units inspected during the reporting period. This should relate to your policy for inspection of units. Column c must equal the total of columns d through g.
- **Column (d).** Standard condition is housing that does not require more than routine maintenance to provide a decent, safe, and sanitary living environment.

**NOTES**

### Chapter 3: APR Part II Section A: Monitoring

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- **Column (e).** The identification of units needing rehabilitation costing less than \$20,000 should be based on the cost estimate of the housing inspector.
  - **Column (f).** The identification of units needing rehabilitation costing more than \$20,000 should be based on the cost estimate of the housing inspector. This should only include units for which rehabilitation, rather than demolition or replacement, is recommended by the inspector.
  - **Column (g).** Units needing to be replaced that are reported in column (g) should not also be reported in column (f) as units needing repairs of over \$20,000.
- Compile your results from the housing inspections performed during the program year. Enter the number of units that correspond with the specific activity. See the following example for guidance.

**Helpful Hint!**

Remember to check your math when filling out Table III.

Column c = Columns d + e + f + g

Column c must be less than or equal to column b.

**Helpful Hint!**

Use Appendix IV: Check Your Data Checklist to verify the consistency of your data for Tables I, II, III and IV **prior** to submitting your APR.

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### NOTES

**Chapter 3: APR Part II Section A: Monitoring**

Example:

Activity	Total number of units	Units Inspected				
		Total number of units inspected	Number of units in standard condition	Number of units needing rehabilitation (costing less than \$20,000)	Number of units needing rehabilitation (more than \$20,000)	Number of units needing to be replaced.
a.	b.	c.	d.	e.	f.	g.
1. 1937 Housing Act funded units						
a. Mutual Help	15	8	6	2	0	0
b. Low Rent	20	10	10	0	0	0
c. Turnkey III	10	5	5	0	0	0
d. Other	10	3	3	0	0	0
2. NAHASDA funded units						
a. Owned or managed by recipient	20	10	9	1	0	0
b. Homeownership	30	6	6	0	0	0
c. Rental	40	15	13	1	1	0
d. Temporary housing	5	5	5	0	0	0
e. Other	0	0	0	0	0	0
Total	150	62	57	4	1	0

**Table III Question 1. Describe your plan of action for complying with your inspection policy**

- Give a brief description of your inspection plan.
- You should have a housing inspection plan that ensures every house is being inspected over some specified period of time.
- You may state (in your policy) that you will perform housing inspections for every unit annually or set a percentage of units to be inspected for each year. You predetermine this number or percentage.

**NOTES**

**Example:** Our plan of action for complying with our inspection policy is to follow our monitoring calendar for the program year. This calendar consists of properties that require an inspection this year. For a listing of the timetable for inspections as set forth in our program design, please refer to the IHP. [Remember to include your IHP citation for easy reference.]

If more than 30 inspections are required during the same month, those properties will be inspected either the month before or after the required date depending on the volume.

**Table III Question 2. If applicable, explain why all units were not inspected**

- If your program design and maintenance policies state that you require inspections less than annually, note this and explain that you are complying with this policy.
- Your policy should ensure that each of the assisted units are inspected over a period of time.
- If there were units targeted for inspection this program year that were not inspected, provide an explanation. See example below.

**Example:** Staff turnover prevented the tribe from meeting its inspection projections. Tall Timber normally has three inspectors on staff. For 75% of the program year, only one inspector was employed. Tall Timber has successfully hired two new inspectors. In the coming year, we plan to conduct those inspections not performed last year. The tribe is aware that the properties must be inspected and has authorized overtime hours for inspectors if necessary.

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**NOTES**

**Table III Question 3. Describe the process you use to perform inspections on units you do not own or manage which are assisted with IHBG funds**

- Provide a brief description of the process followed for performing inspections not owned or managed by the recipient. See the following example.

**Example:** Tall Timber conducts inspections on properties that are owned and managed by a sub-recipient once every three years during the useful life of a property.

## **ABOVE AND BEYOND THE MINIMUM REQUIREMENTS**

Now that you know how to complete the Part II Section A section of the APR, do not bury the files in a cabinet until next year!

Instead, use the information you learned from the table and narrative sections to assess your performance of the year and to determine if any program design changes should be implemented.

For more information about going above and beyond the minimum requirements for monitoring, please see Chapter 8 of this manual.

## **SUMMARY**

This chapter covered minimum requirements, data collection, and writing of Part II Section A. Note the following:

- Collect the necessary data for the narrative sections and table all year long.
- Maintain good records and complete files for any issues or responses to the tribe or HUD.
- Use the APR report to help plan your next program year and to determine if changes to any programs are necessary.

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## **NOTES**



## CHAPTER 4: APR PART II SECTION B: AUDITS

*This chapter covers Part II Section B – Audits of the Annual Performance Report (APR), and includes:*

- *The type of audit required;*
- *The entity responsible for securing an audit;*
- *Minimum regulation requirements;*
- *Data collection techniques; and*
- *A “how to” report on this part.*

*This chapter addresses the following regulatory citations:*

- *24 CFR 1000.502, 1000.544, 1000.548 and 1000.552.*

Part II Section B of the APR is the halfway point for filling out your APR, and it is perhaps the simplest section of the form to complete. The questions determine if you have complied with NAHASDA's audit requirements, but do not ask about your specific financial information. To help you fill out Part II Section B, this chapter provides guidance on what the specific requirements are for an audit and when to conduct an audit. It also highlights specific issues such as when and why to consider combining tribe and TDHE audits and special considerations for procuring audit services.



### WHAT IS PART II SECTION B?

- Part II Section B requires the recipient to answer four questions related to its compliance with the audit requirements set forth by NAHASDA.
- Part II Section B seeks to determine whether or not audits are being performed, as required.

### MINIMUM REQUIREMENTS

- Generally, the recipient responsible for administering the program(s) is responsible for having an appropriate audit of its organization conducted.
- In unusual situations, a tribe and a TDHE can agree to combine their audits. However, in order to do this they must have the same fiscal year. Usually, there is an agreement between the tribe and the TDHE to do this. This might be done if the TDHE is small and relies on the tribe for assistance in financial management of the program. *For more*

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### NOTES

## Chapter 4: APR Part II Section B: Audits

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information about how to combine audits, see Appendix V: NAHASDA Guidance 2000-01T, issued on May 15, 2000.

- ❑ The tribe as the grant beneficiary is responsible for ensuring that the TDHE complies with audit requirements and resolves audit findings.
  - HUD is generally responsible for oversight of the audit. HUD conducts the OMB Circular A-133 compliance review of audits for TDHEs. The Department of the Interior (DOI), Department of Health and Human Services (HHS), and the Department of Education (DOE) as the cognizant agency conducts the OMB Circular A-133 compliance review of audits for tribal grant recipients. The cognizant agency is responsible for sending an acceptance letter to the recipient and to ONAP that confirms compliance and identifies all findings. ONAP is responsible for ensuring that recipients address audit findings that relate to grants funded by ONAP.
- ❑ Audit reports must be submitted to the Federal Audit Clearinghouse within 30 days after receipt or nine months after the end of the audit period (whichever is soonest).
  - If the TDHE is the auditee, it sends the original audit directly to the Federal Audit Clearinghouse and includes a copy for the tribe and the cognizant or the oversight agency.
  - If the tribe is the auditee, it sends the original audit directly to the Federal Clearinghouse and includes a copy for the ONAP and the cognizant agency.

### Helpful Hint!

Submit your audit to the Federal Audit Clearinghouse **after** you have responded to audit findings, and the auditor has had an opportunity to comment on your response. This “exchange” is typically considered part of the audit process, and this gives you a chance to resolve outstanding issues before the cognizant agency gets involved.

### Contact Information

The Federal Audit Clearinghouse  
Bureau of the Census  
1201 E. 10<sup>th</sup> Street  
Jeffersonville, IN 47132

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## NOTES

**Statutory and Regulatory Requirements**

- ❑ 24 CFR Parts 1000.502 and 1000.544 require that the recipient audit meet the requirements of the Single Audit Act and OMB Circular A-133. 24 CFR Part 85, the administrative requirements for grants and cooperative agreements to state, local, and federally recognized Indian Tribal Governments, also sets forth requirements for audits.
  - **The Single Audit Amendments of 1996.** These Amendments generally require an annual, organization-wide audit of all state and local governments and tribes receiving Federal funds. It requires that the audit be conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States. These standards relate to the scope and quality of audit effort and to the characteristics of professional and meaningful audit reports.
  - **OMB Circular A-133, revised June 24, 1997 (applies to audits of fiscal years beginning after June 30, 1996).** A-133 requires that each local government or tribe expending \$300,000 or more in Federal funds obtain a single audit. A single audit is an audit of the entire organization's financial statements and Federal award expenditures. A-133 defines requirements pursuant to the Single Audit Act Amendments of 1996. It is issued under the authority of sections 503, 1111, and 7501 *et seq.* of title 31, United States Code, and Executive Orders 8248 and 11541.

**For More Information...**

For more information concerning Circular A-133, contact the Financial Standards and Reporting Branch, Office of Federal Financial Management, Office of Management and Budget, Washington, DC 20503, telephone (202) 395-3993.

- ❑ OMB Circular A-133 specifies that the type/level of audit required is based on the total amount of Federal financial assistance (not only IHBG funds) expended by an organization in any given year.
  - Any government or non-profit entity that expends \$300,000 or more a year in Federal awards must have a single or program specific audit conducted for that year.
  - A recipient expending less than \$300,000 a year in Federal awards is exempt from the audit requirements for that year. However, records must be available for review or audit by appropriate officials of the Federal agency and the General Accounting Office.

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**NOTES**

## **Chapter 4: APR Part II Section B: Audits**

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- ❑ In procuring audit services, recipients must follow the procurement standards prescribed by the Administrative Requirements for Grants and Cooperative Agreements codified by HUD at 24 CFR 85.36. 24 CFR 85.36 sets forth minimum standards for who to procure, the types of contracts to use, and the procurement process. Whenever possible, auditees must make positive efforts to utilize small businesses, minority-owned firms, and women's business enterprises, in procuring audit services as stated 24 CFR 85.36.
  - In requesting proposals for audit services, the objectives and scope of the audit should be made clear. Factors to be considered in evaluating each proposal for audit services may include:
    - ⇒ Responsiveness to the request for proposal;
    - ⇒ Relevant experience;
    - ⇒ Availability of staff with professional qualifications and technical abilities;
    - ⇒ Results of external quality control reviews; and
    - ⇒ Price.
- ❑ Per 24 CFR 1000.548, a copy of the most recent audit must be submitted.
- ❑ The recipient must keep a copy of all audit records and documents on file for three years from the date of submission of the final performance report to HUD, as specified in 24 CFR 1000.552

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## **NOTES**

**Reference Documents available at [www.hudclips.org](http://www.hudclips.org)**

**OMB Circular A-133 Compliance Supplement:** The Compliance Supplement provides a source of information for auditors to understand the program's objectives, procedures, and compliance requirements relevant to the audit as well as audit objectives and suggested audit procedures for determining compliance with these requirements. Without this Supplement, auditors would need to research many laws and regulations for each program under audit to determine which compliance requirements are important to the Federal Government and could have a direct and material effect on a program. Providing this Supplement is a more efficient and cost effective approach to performing this research. The Compliance Supplement is also available at OMB's Website [www.whitehouse.gov/omb/circulars/a133\\_compliance/00toc.html](http://www.whitehouse.gov/omb/circulars/a133_compliance/00toc.html). (note that the space between a133 and compliance is an underscore)

**Form SF-SAC, Data Collection Form for Reporting on Single Audits:** This form is required by OMB. The auditee must submit it to the census bureau. The Data Collection Form may be submitted over the Internet, on diskette, or a paper version. The paper and electronic versions of the form are available at <http://harvester.census.gov/fac/collect/formoptions.html>.

***Other Specific Requirements***

- The audit is a primary source of data on an entity's financial and internal controls. The audit can also be extremely useful to the recipient for self-evaluation and planning purposes, as well as to HUD. In cases of continued inability or unwillingness to have an audit completed as required, HUD may impose the following sanctions:
- Withhold a percentage of Federal awards until audit is completed satisfactorily;
  - Withhold or disallow overhead costs;
  - Suspend Federal awards until the audit is conducted; or
  - Terminate the Federal award.

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**NOTES**

## **DATA COLLECTION**

- Keeping good financial records throughout the year and having them organized will help ensure a smooth audit process.
- It is important to keep all documents related to the procurement of the audit report and the completion of the audit report. In addition, all back-up or supporting documentation should be maintained in the file.

## **WRITING PART II B**

Completing Part II Section B of the APR is strictly a function of reporting to HUD whether or not you have met the requirement for completing an audit, and if so, whether the audit has been submitted to HUD.

**Question 1. For this program year, did you expend Federal funds equal to or more than \$300,000?**

- All recipients must answer question 1. Note that this includes all Federal funds and not just NAHASDA funds.

**Question 2. If the audit is not submitted with the APR, the time period your last audit was conducted is from when to when?**

- If the audit report does not accompany the APR, the recipient must indicate when it last had a completed audit, and the dates that the audit covered.

**Question 3. If you are a TDHE, will your housing activities be included in the tribe's audit (in which case you will not be submitting an audit for this period)?**

- Only the TDHE needs to answer this question.

**Question 4. If the answer to #3 is no, have you submitted your latest audit report to the tribe in accordance with 24 CFR 1000.550?**

- Only the TDHE needs to answer this question. As the grant beneficiary, the tribe must receive a copy of the audit report in order to carry out its oversight responsibilities.

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## **NOTES**

## **ABOVE AND BEYOND THE MINIMUM REQUIREMENTS**

- Audits can be very useful documents for self-assessment and planning purposes. Use the audit to inform you, and HUD, of administrative and contract compliance issues as well as assist in organizational development and planning.
  - Administrative compliance helps determine if:
    - ⇒ You have implemented and utilized appropriate financial and administrative systems and controls to effectively discharge management responsibilities and to accomplish program objectives;
    - ⇒ You are in compliance with applicable uniform administrative requirements, which are standards for obtaining consistency and uniformity for grants and cooperative agreements and subawards to State, local, and Indian tribal governments;
    - ⇒ The financial statements are fairly presented in accordance with generally accepted accounting principles; and
    - ⇒ You are in compliance with cost principles.
  - Contract compliance helps determine if:
    - ⇒ You have complied with contract agreement requirements (including budget cost categories and local fund requirements) and with applicable Federal laws, rules, and regulations.
  - The audit can also be useful in organizational development and planning:
    - ⇒ Use your audit to take a close look at internal financial and accounting controls; and
    - ⇒ General program administration.

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## **NOTES**

## **SUMMARY**

Part II Section B - Audits is an important component of the APR. Audits are required of recipients that expend more than \$300,000 a year in Federal funds. In addition, audits can be used to:

- Help you and HUD determine administrative and contract compliance; and
- Assist in planning and identifying organizational development concerns.

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## **NOTES**



## CHAPTER 5: APR PART II SECTION C: PUBLIC ACCOUNTABILITY

*This chapter covers Part II Section C - Public Accountability of the Annual Performance Report (APR), and includes:*

- *Minimum regulation requirements;*
- *Data collection techniques; and*
- *A "how to" write this section are discussed within the chapter.*

*This chapter covers the following statutory and regulatory citations:*

- *Section 404(d) of NAHASDA;*
- *24 CFR 1000.512 and 1000.518.*

Part II Section C is the last section of the form that you are *required* to complete for the APR. The information on this form may be some of the most useful information you collect on the effectiveness of your various housing programs and activities under NAHASDA. In the process of collecting and responding to public comments, you might learn which programs and activities are working well, which ones are not, and what conditions make one program, activity, or place more successful than others.



### WHAT IS PART II SECTION C?

- Part II Section C is a description of how a recipient makes its APR available to the public and includes a summary of the citizens' comments to the report.
- Each required question of Part II Section C will be discussed in detail later in this chapter.

### WHY IS PART II SECTION C IMPORTANT?

- Part II Section C demonstrates that the recipient is publicly accountable and seeks comment from members of the tribe and other members of the community for its programs.
- These actions will help HUD maintain the public's confidence in its programs nationwide when they can show the public is informed and consulted at the local level.

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### NOTES

## MINIMUM REQUIREMENTS

- There are three minimum requirements to address public accountability:
  - Make the APR available to the public;
  - Allow an adequate comment period for citizens to respond before submitting the APR to HUD; and
  - Summarize citizens' comments and include the summary in the APR before sending to HUD.
  
- Part II Section C includes the five following questions that must be answered by either the tribe (if it is the recipient) or the TDHE (if it is the recipient) as follows.

### Section C – Public

Question	Tribe	TDHE
1. Was the APR available to the public before being submitted to HUD?	✓	✓
2. If you are the TDHE, did the tribe review your APR before submitting to HUD?		✓
3. Explanation if either 1 or 2 had negative answers.	✓	✓
4. Summary of comments made by citizens.	✓	✓
5. Summary of comments made by the tribe, if you are the TDHE.		✓

### ***Statutory and Regulatory Requirements***

This section discusses both the statutory and regulatory requirements for NAHASDA.

- The regulation at 24 CFR 1000.512 specifies that an annual report shall be submitted by the recipient to HUD and the Indian tribe being served.
  
- Part II Section C cites section 404(d) which requires the following:
  - The recipient must make its annual report available to the public prior to submitting it to HUD.

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## NOTES

- The implementing regulation at 24 CFR 1000.518 specifies that the public includes:
  - ⇒ Tribal members;
  - ⇒ Non-Indians served under NAHASDA; and
  - ⇒ Other citizens in the Indian area.
- The recipient must allow adequate time for comments from citizens.
  - ⇒ It is recommended that the APR be available for comment a period of at least five (5) business days.
- A summary of the public comments should be incorporated into the report before the recipient submits the APR to HUD.
- If a TDHE is preparing the APR, the report must be submitted to the tribe and a summary of comments made by the tribe must also be incorporated into the report.
- The recipient can determine the manner and times for making the report available to the public. The agreement between the recipient and the grant beneficiary should determine the manner and time for making the report available to the tribe.

## **DATA COLLECTION**

The solicitation of public comment on the APR is required, but the recipient is able to determine the manner in which it solicits public comment. However, the APR must be made reasonably available for public comment. This feedback can be helpful to you in program development and implementation. You may have many ways to solicit public feedback throughout the year. These on-going mechanisms can be incorporated into the APR public comment period, or kept separate.

Making the APR available to the public provides you an opportunity to educate the community about the activities you have undertaken. Likewise, it gives the community an opportunity to educate you about their thoughts on your programs. The public might raise issues that address policy questions (are you running programs that the public thinks meets the housing needs of the tribe and community?) and operations (such as whether or not construction activity is conducted in a way that minimizes disruption to the surrounding residents).

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## **NOTES**

It is very important to have a data collection system in place for receiving comments and feedback on the APR.

- Comments from the public should be retained and filed.
- A copy of any response to the comment from the recipient should be filed with the comment as well.

**Helpful Hint!**

A formal process to solicit public comment helps clarify what you need your constituents to do in order for you to review, consider, and summarize their comments for the APR. [It also assists your staff in processing the comments.] You may want to describe this process in a cover letter that accompanies the APR on public display. It should include:

- The deadline for submitting comments;
- Contact name and address for submitting comments;
- What the commenter should expect if they submit comments (you should specify, for instance, that all comments you receive will be summarized and become part of the final record of the APR, etc.); and
- The way in which you will accept public comment (such as whether or not you will accept comments submitted by facsimile or electronic mail). If you do accept comments submitted through electronic mail, you may want to specify a “header” that distinguishes a formal submission from other types of mail you might receive (such as “APR comment submission”).

***Type of Data to Collect***

There are many ways to solicit feedback from your community. Solicitation of comments for the record in three forms is advisable:

- Letters or electronic mail that people submit in response to the APR;
- Public meetings in which you present the APR findings and permit public responses for the record; and

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**NOTES**

- Tribal council meetings during which formal comments and responses are made about the APR.

Other forms of public comment should certainly be considered, but it is not necessary, and may not be feasible, to summarize these for APR purposes, such as:

- Copies of newspaper articles that comment on the APR;
- Recorded notes from telephone calls; and
- Formal and informal comment received throughout the program year.

**Where to Find Data for Part II Section C**

- Finding data for Part II Section C is fairly straightforward since it is submitted to the recipient directly. This is simplified further if you have defined what constitutes formal comment for purposes of the APR.
- You can make the APR available for public review in a number of public locations:
  - Recipient Housing Office;
  - Tribal Administrative Office;
  - Tribal Web Page;
  - Post Office;
  - Library; and
  - Community centers.
- You might want to invite comment from those most involved in your activities, such as residents, housing partners, and sub-recipients.

**MAINTAINING A DATA COLLECTION SYSTEM**

- Although comments are solicited from the public during the comment period, most tribes and TDHEs receive comments all year about their programs. It is helpful to keep a file of these comments and responses (if appropriate). You may want to reference these in narrative

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**NOTES**

sections to demonstrate your responsiveness to the public. If you do, you must be careful to include all such comments.

- You may want to keep a database of contact information from people who send in comments during the year. When the APR is complete, send a letter to the names in the database inviting them to review the APR and to provide feedback about the report.

## **WRITING PART II SECTION C**

This section will discuss in detail the narrative questions found in Part II Section C.

**Question 1. Did you make this APR available to the citizens in your jurisdiction before it was submitted to HUD per 24 CFR 1000.518?**

**Check one: Yes                      No**

- This question should be answered by all recipients.
- In order to check yes, the APR must have been available to the public for an adequate period of time. A recommended adequate period of time is five (5) business days.

**Question 2 If you are a TDHE, did you submit this APR to the tribe per 24 CFR 1000.512?**

**Check one: Yes                      No                      N/A**

- This question should be answered by the TDHE.
- In order to check yes, the APR must have been submitted to the tribe, allowing for an adequate period of time to comment.
  - The tribe has the authority to set any time for comments in the formal agreement between the tribe and the TDHE.
  - A recommended period of time is five (5) business days.

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## **NOTES**

**Question 3. If you answered no to question #1 and/or #2, provide an explanation as to why not and indicate when you will do so.**

- This question should be answered by the recipient.
- Provide an explanation as to why number 1 and or 2 were not completed.
- List the reasons for number 1 and 2 not occurring. Provide a timeline of when #1 and/or #2 will occur. See the following example for guidance.

**Example:** An adequate review period was not provided for public comment due to the inclement weather conditions that the area faced in February. All locations that had the report available were closed for a full week during the comment period. In order to meet our deadline of submission to HUD, the comment period was reduced to two days.

**Question 4. Summarize any comments received from citizens.**

- This question should be answered by the recipient.
- Summarize comments from citizens.
  - It may be helpful to categorize comments by subject or housing program.
  - It may also be helpful to include the dates and locations of the provision of the APR for public comment.
- Include the actions that have or will be taken to address any comments received.
- See the following example for guidance.

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**NOTES**

**Example:**

Tall Timber had the APR available to the public for review from February 1-5<sup>th</sup> (Monday-Friday). The APR was available at Tall Timber's Housing Office as well as the Tall Timber Community Library, Post Office, Tribal Web Page, and Community Center. Tall Timber will submit the APR to HUD on February 26<sup>th</sup>.

**Sources of Funds:** Two citizens commented on the allocation of funds for the drug elimination program. They would like to see more funds allocated to the housing programs. In response, the Executive Director explained the restrictions for the use of Indian Drug Elimination Program funds.

One citizen commented that no private resources are being used and would like to see alternative financing for projects rather than relying on federal funds. In response, the Executive Director indicated that the upcoming Indian Housing Plan would include identifying alternative financing sources.

**Inspections:** One citizen stated that Tall Timber should inspect every unit each year rather than follow the inspection schedule in place. In response, the Executive Director explained that the housing inspection policy is adopted by the Board of Commissioners and he would present the concerns expressed at the next Board meeting.

**Question 5. Summarize any comments received from the tribe if applicable.**

- This question should be answered by the TDHE.
- Summarize comments from the tribe.
  - It may be helpful to categorize comments by subject or program.
  - It may be helpful to include the date of submission to the tribe.
- Include the actions that have or will be taken to address any comments received.
- See the following example for guidance.

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**NOTES**

**Example:**

Tall Timber submitted the APR to the tribe on February 10<sup>th</sup>, after responding to the public comments received during the public comment period. The tribe had 5 business days to review the APR. It provided the following comment:

**Partners:** The tribe commented that Tall Timber should attempt to become partners with the local bank, Bank USA, to help develop a downpayment assistance program for first time homebuyers. In response to the tribe, the Chairperson of the Board of Commissioners stated that the upcoming Indian Housing Plan would include identifying alternative financing sources to assist first-time homebuyers.

## **ABOVE AND BEYOND THE MINIMUM REQUIREMENTS**

Although answering the questions in this section are simple and straightforward, there are still many questions recipients may ask themselves to assess their performance based on the information gathered and processes followed to complete this section.

- Were you able to complete the APR with enough time to make it available to the public for comment? If you are the TDHE, did you complete the APR with sufficient time for the Tribe to review and comment on the APR?
  - If not, try to assess what went wrong in order to prevent problems in the future.
- Were you able to consider the public comment you received?
  - Although the APR requires you to only summarize the comment, this exercise should help you to articulate, and hopefully understand, the commenter's perspective. Your public comment process should include a mechanism for consideration of, and perhaps response to, comments submitted.
- What is the public comment telling you about your programs?
  - Public comment might speak to any number of issues, including:
    - ⇒ Are you implementing programs effectively?
    - ⇒ Do you get complaints about contractors?

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## **NOTES**

- ⇒ Are your programs reaching those they are intended to reach?
  - ⇒ Are your programs based on community need? Does the public support them?
  - As appropriate, use the feedback you get to evaluate the current IHP and improve future IHPs.
- If you do not receive public comment on the APR, is this cause for concern?
- ⇒ Evaluate your processes to ensure that there are sufficient avenues for the public to be involved in decisions about the programs you run. The APR should be one of many avenues for public involvement.

## **SUMMARY**

This chapter covered minimum requirements, data collection, and writing of Part II Section C. Note the following:

- An adequate comment period must be allowed for citizens to respond before submitting the APR to HUD. At least five (5) business days is recommended for public comment, but you also need to allow enough time to compile and summarize the comments for the APR.
- TDHEs must solicit comment from tribes as well as the public.
- Tribes and TDHEs can determine the form in which they solicit public feedback.
  - Good places to have a copy of the APR available for review are:
    - ⇒ Recipient Housing Office;
    - ⇒ Tribal Administrative Office;
    - ⇒ Tribal Web Page;
    - ⇒ Post Office;
    - ⇒ Library; and
    - ⇒ Community centers.

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## **NOTES**

## **Chapter 5: APR Part II Section C: Public Accountability**

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- Keep a database of contact information from those who send in comments during the year. Widely advertise public hearings or other strategic meetings that require public feedback and comment.
- Comments from the public should be retained and filed.

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### **NOTES**





## CHAPTER 6: APR PART II SECTION D: JOBS CREATED BY NAHASDA

*This chapter covers Part II Section D – Jobs Created by NAHASDA of the Annual Performance Report (APR). This part of the APR collects information on:*

- *Permanent jobs;*
- *Temporary jobs; and*
- *Staffing needs.*

*Although this part of the form is optional, this chapter explains why collecting and reporting this information is important to the program and how you can set up a system to easily manage this data.*

*There are no statutory or regulatory requirements.*

Part II Section D is the last form to fill out for the APR. At this point, you will have already assessed your progress toward reaching your IHP goals, reported on your monitoring activities, reported your audit findings, and discussed your solicitation of and response to public comments. This part of the APR gives you the chance to describe the impact the NAHASDA activities have had on the local employment situation.



### WHAT IS PART II SECTION D?

Part II Section D asks recipients for information on employment that results from NAHASDA in order to assess NAHASDA's economic impact.

This section of the APR is optional, but you should consider providing this data because:

- Information about the economic impact of your various housing programs may be useful during your own planning.
- The information you collect on job creation can be used by HUD to inform Congress, other Federal agencies, and the public about the economic impact of IHBG. Public officials review this data about a wide array of Federally funded programs and might use it in public debate, particularly about future funding appropriations.
- In order for the information to be effective, however, HUD needs data from a sufficient sample of tribes and TDHEs. By setting up a system to keep track of this information, you can easily provide the number of jobs created through NAHASDA.

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### NOTES

- The data needed to complete this section of the form is data that you may already keep to meet other Federal requirements.

## **MINIMUM REQUIREMENTS**

- Part II Section D of the APR is optional. There are no statutory or regulatory requirements for filling out this part of the form.
- If you choose to assist HUD in collecting information on jobs generated by NAHASDA, four pieces of information are requested:
  - Number of permanent jobs created;
  - Number of temporary jobs created;
  - Number of positions needed to implement NAHASDA; and
  - Narrative that provides some information about the jobs.

## **DATA COLLECTION**

- Part II Section D requests information on job creation and staffing requirements. Specifically, HUD wants to know how many permanent and temporary jobs are created and what level of staffing is required to implement NAHASDA. The definitions of each type of job are provided below under *Types of Data to Collect*.
- The easiest way to collect data for this part of the form is by using a system that you already use to collect data required by HUD or another Federal agency. This means you might collect data by funding source, activity, or program. Suggestions for setting up a data collection system are discussed further below under *Where to Find Data for Part II Section D*.

### ***Types of Data to Collect***

There are three categories of data that the recipient needs to collect to complete this part of the form, as follows: permanent jobs; temporary jobs; and staffing needs.

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## **NOTES**

- ❑ **Permanent Jobs.** The data on permanent jobs should include all jobs that result from NAHASDA activities, whether they are funded by IHBG, the tribe, or another program. A permanent job is one that is expected to last beyond the duration of a particular project.
  - A permanent job can be full-time or part-time.
  - It is typically a year-round job.
  - It is most often *not* construction-related.
  - Examples of permanent jobs include jobs for people hired for rental management and housing services, such as maintenance workers and people hired to help residents with loan applications and debt management. The creation of a TDHE produces permanent jobs as well.
  
- ❑ **Temporary Jobs.** The data on temporary jobs should include all jobs that result from NAHASDA activities, whether they are funded by IHBG, the tribe, or another program. A temporary job is one that ends when a particular project is finished.
  - It can be full-time or part-time.
  - It typically has a designated end-date.
  - Seasonal jobs are typically considered temporary jobs, unless an employer has a multi-year arrangement with its seasonal staff.
  - Examples of temporary jobs include jobs for people hired as construction laborers and professional services providers (such as architects or engineers).

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**NOTES**

***When a job is not clearly permanent or temporary . . .***

Sometimes, determining whether a job is permanent or temporary cannot be done solely by the job title or by its duration. In these cases, its classification depends on the understanding the employee has with his/her employer. For example:

Construction jobs are typically *temporary* because workers are often hired for a defined project, consisting of a specific number of housing units. When the project is completed, the position no longer exists. The workers may be rehired if another project is contracted, but there is no guarantee of future work.

Construction jobs can be *permanent* if the employer has guaranteed a worker a job throughout the year and has not hired them based on a project with an end date. While this situation may be rare for laborers, it may be more typical when a company hires a foreman or someone in a similar oversight or management position.

- Staffing Needs.** The third type of information asked for by HUD addresses the staffing effort needed to implement NAHASDA. Staff should include those positions required by the recipient, as well as the grant beneficiary (the tribe) when the tribe is not directly implementing NAHASDA.
- To determine this number, count the number of positions required to implement NAHASDA's various activities and programs.
  - Positions that would have been lost, but are retained because NAHASDA pays for them, should also be counted.
  - When a TDHE implements the IHBG programs and activities, the tribe will be involved in activities such as developing the IHP, monitoring the TDHE's activities, coordinating the audit, and reviewing the APR.

**Note:** Volunteer positions in which people are not paid do not count as jobs created or staffing generated.

***Where to Find Data for Part II Section D***

You may already collect a fair amount of data about job creation and staffing in order to assess the effectiveness of your programs, to track how you spend money, and to ensure that you are

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**NOTES**

complying with various Federal requirements. It will require only a little more effort to complete the data collection and to quantify the data on the form.

- Permanent Jobs.** You may need to set up a system for collecting data on permanent jobs, as this information is not currently reported for other Federal programs. The good news is that the people who run the activities and programs generally keep track of this information. If not, this data is collected by personnel and payroll departments hiring people into permanent jobs.
- Temporary Jobs.** You or your contractor(s) may already be collecting data on temporary jobs to meet the requirements section 104(b) of NAHASDA. NAHASDA requires that recipients comply with the Davis-Bacon Act and HUD-determined wage rates by including the wage rate requirements in their contracts with various employees, including laborers and mechanics. In order to ensure compliance, tribes monitor the wage rates provided to people hired by the contractors and other organizations that develop and operate affordable housing.
- Staffing Needs.** Information on staffing needs can easily be determined by compiling a list of staff who implement NAHASDA-related activities and programs.

### ***Maintaining a Data Collection System***

The following is a series of steps that suggest how you can set up a data collection system for permanent and temporary jobs and staffing. Remember to customize your data collection system to fit the way you already collect job-related data for other requirements.

- Step 1: Identify the Data Source.** Information on permanent and temporary jobs and staffing requirements can be gathered within your organization as well as from other organizations. Here are some suggestions for identifying and keeping track of the different information sources:

**Compliance with the Following Requirements May Be a Source for Data on Temporary Jobs . . .**

**Davis-Bacon Act.** Section 104(b) of NAHASDA stipulates that contracts and agreements for assistance, sale, or lease under NAHASDA must require the prevailing wage rates, as determined by the Department of Labor. These wage rates must be paid to laborers and mechanics employed in the development of affordable housing.

**Note:** These wage rates even apply to the construction of housing when funds are used for homebuyer assistance and the written agreement with the owner or developer stipulates that NAHASDA funds will be used to assist the homebuyer.

**HUD-determined wage rates.** Section 104(b) of NAHASDA stipulates that contracts and agreements for assistance, sale, or lease under NAHASDA must require the prevailing wage rates determined or adopted by HUD.

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## **NOTES**

- **Permanent Jobs: Identify NAHASDA-funded activities and programs.** One way to go about identifying the permanent jobs created by NAHASDA is to identify the activities and programs funded by NAHASDA. Keep a list of these activities and programs and potential contacts to check with regarding the creation of jobs.
- **Temporary Jobs: Identify current collection systems.** You, or your contractors, already collect data on a large percentage of the jobs classified as temporary jobs—construction-related jobs and architectural and engineering jobs—in order to monitor compliance with the Davis Bacon Act and the HUD-related wage rates.

Identify who you need to contact to collect data on the number of temporary jobs created to implement the activity or program. In order to determine if the wage rates are in compliance with the Davis Bacon Act and the HUD-related wage rates, someone needs to either look at the wage rate of each person employed or average the rates together. The person who monitors this information is the person you need to contact.

- **Staffing Needs: Identify your NAHASDA-related activities.** Identify who on staff implements the various activities under NAHASDA. If it helps, first identify the activities required during the program year to implement, administer, and/or monitor your NAHASDA activities and programs, and then identify who is assigned to these activities.

**Step 2: Maintain Three Simple Lists.**

Keep three simple lists—one with NAHASDA-related activities and programs that generate new permanent jobs, one with sources who can identify temporary jobs, and NAHASDA-related activities and programs that require staff. You can collect the information monthly, quarterly, biannually, or annually. The more often you check on the status of jobs and staffing requirements, the easier it will be to tally the information at the end of the year, and the more accurate it will be. For temporary job information, you may have to coordinate your data gathering with the timeframe of your contacts.

**Helpful Hint!**

Once you have identified the contacts involved with various NAHASDA related activities and programs, you can request monthly or quarterly reports on the permanent and temporary jobs created for that timeframe. It will make your data collection a routine and fairly simple process.

- Step 3: Fill in Part II Section D.** At the end of your program year when you fill in your APR, you just need to tally up the totals on your lists and fill in the table for Part II Section D. Your lists will also help you with the narrative section.

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**NOTES**

- Step 4: Complete the narrative.** The narrative provides HUD with some information about the jobs created and the staffing needed by NAHASDA. More on information on writing the narrative is provided under *Writing Part II Section D*.

**WRITING PART II SECTION D**

Part II Section D consists of Table IV, which quantifies the number of jobs and staffing, and a narrative section, which can be used to clarify or supplement the data provided in the table.

**Table IV – Jobs Created by NAHASDA**

	Number of Permanent Positions Created	Number of Temporary Positions Created	Number of Positions Needed to Implement NAHASDA
(a)	(b)	(c)	(d)
Indian Housing Block Grant Assistance			

- When filling out the table, you will want to record the number of new permanent jobs, new temporary jobs, and all staffing requirements for the program year.
- Example Scenario.** An Indian Housing Authority (IHA) has a staff of 25 before it receives NAHASDA funding from Tribe ABC (the grant beneficiary). The IHA staff retains nearly the same duties and responsibilities as they had prior to NAHASDA. During the program year, the IHA Executive Director creates 3 new permanent maintenance positions and eliminates 2 part-time housing development positions. At the same time, a homebuyer counseling program is implemented with 3 positions jointly funded the IHA and a non-profit organization.  
Tribe ABC has 1 staff person whose activities include administering and monitoring NAHASDA funds. During the program year, the tribe hires 1 new part-time person to assist with the monitoring of the Housing Authority’s activities and assistance programs and to review the Housing Authority’s periodic progress reports. The Housing Authority would report the following:

	Number of Permanent Positions Created	Number of Temporary Positions Created	Number of Positions Needed to Implement NAHASDA
(a)	(b)	(c)	(d)
Indian Housing Block Grant Assistance	7	0	31

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**NOTES**

**Narrative**

The table provides an aggregate of “how many?” while this narrative section can provide HUD with some explanation for which jobs were created, what activities created the jobs, and in which activities staff were engaged. You do not need to go into an extensive amount of detail in this section, but try to take the information in your data collection system and summarize it for HUD.

**Example:**  
During the program year, 7 new positions were created.

The TDHE created:

- 3 new permanent maintenance positions.
- 3 new positions in a homebuyer counseling funded jointly by the Housing Authority a non-profit organization.

The tribe hired 1 new part-time person to assist with monitoring.

Staff requirements to implement the NAHASDA activities and programs are 31. The IHA had 25 on staff, added 6 positions, and eliminated 2 positions. The tribe added 1 new part-time position.

**SUMMARY**

Part II Section D in the APR is an optional form, but the data collection process is straight-forward, and the benefits to reporting this information are many. Information about the economic impact of the your various housing programs can help during your planning, and it can also be used by HUD to inform Congress, other Federal agencies, and the public about the economic impact of NAHASDA.

You need to gather data on three topics: permanent jobs; temporary jobs; and staffing needs.

Nearly all of this information is already collected by other Tribal departments or other organizations; you just need to gather it and consolidate it on a single form in the APR.

**Helpful Hint!**

For sample lists of NAHASDA-related activities and programs as well as staffing activities, see participant notebook Appendix VI, Job Creation and Staffing Needs Sample Spreadsheets. The lists are part of two sample spreadsheets. The example spreadsheets are provided for recipients who want to use them to collect data. Each recipient, however, may use any data collection system that best fits their organizational capabilities and structure.

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**NOTES**



# CHAPTER 7: APR SUBMISSION AND REVIEW PROCESS

*This chapter:*

- *Discusses how the Annual Performance Report (APR) fits in the annual assessment process;*
- *Identifies the requirements for submitting the APR; and*
- *Describes how HUD reviews the APR.*

*This chapter addresses the following regulatory citations:*

- *24 CFR 1000.514, 1000.520, 1000.524, 1000.526, and 1000.528.*

At this point, you have finished filling out Parts I and II of the APR and need to send the document to HUD. You have a number of options for how to send your APR, but you must have a *complete* APR to HUD within 60 days of the end of your program year.

The APR is just one piece of the annual assessment that HUD conducts each year for every recipient receiving NAHASDA funds. Your submission of the APR normally triggers the annual assessment process.

## THE APR AND THE ANNUAL ASSESSMENT

During the annual assessment, HUD reviews several items: the IHP and any amendments; the APR and other submitted reports; the results of your annual audit; grant fund drawdowns; a risk analysis of the tribe; any complaints that might have been received about the tribe and/or TDHE; the status of any monitoring issues; any litigation; and any other reliable relevant information.

In looking at these items during its annual assessment, and in accordance with 24 CFR 1000.520, HUD determines if you have:

- Carried out your eligible activities in a timely manner;
- Carried out your eligible activities and certifications in accordance with NAHASDA and other applicable laws;
- Complied with the IHP;
- Continuing capacity to carry out those activities in a timely manner; and

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## NOTES

- Submitted an accurate APR.

The essential components of the APR are:

- Part I detailing progress on the goals, objectives, and performance objectives of each open grant;
- Tables I, II, and III; and
- Part II Section A – Monitoring.

HUD will not accept or reject the APR based on the progress you report in the APR. However, it will reject an APR if it is so incomplete that a review may not be accomplished or if a recipient does not submit requested essential components.

HUD makes recommendations in the annual assessment report to assist you in improving the IHP, the APR, and your overall performance.

## **SUBMITTING THE APR TO HUD**

Every recipient implementing NAHASDA must submit an APR to HUD. The following are general guidelines on how to divide up the responsibilities:

- The tribe completes and submits the APR when it solely implements NAHASDA and when it oversees portions of its implementation by other entities, such as non-profit organizations.
- The TDHE completes and submits the APR when it implements all or most of NAHASDA on behalf of a tribe. In this case, it is in the tribe's interests to make sure that the contract with the TDHE identifies the general requirements for submitting the APR and provides for a tribal review.

### **When and Where to Submit Your APR**

- When.** In accordance with 24 CFR 1000.514, recipients must submit their APR within 60 days of the end of their program year.
  - **Extension request.** If you need an extension of the due date for the APR, you may request one from the Area ONAP prior to the APR due date. Your request must be submitted with a justification for why the APR will be late and a reasonable expectation when it will be received by HUD.

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## **NOTES**

- **Extension length.** Extensions generally will not exceed 30 days. A delay longer than 30 days lessens the usefulness of the information for the recipient, the grant beneficiary, and HUD. It could also reflect a lack of administrative capacity on the part of the recipient, which will be noted in the annual assessment report.
- **Where.** You must send the APR to the Area ONAP Office, but you have a number of options for how you send it. You can send the APR:
  - To your Area ONAP office, via mail; or
  - To the Grants Evaluation Specialist and the Grants Evaluation Division Director at your Area ONAP, via email; or
  - To your Area ONAP, via the Internet.

**Format**

There are two acceptable formats for submitting an APR—paper and electronic.

- **Paper Format.** A copy of form HUD-52735-A can be mailed to your Area ONAP office. This form is available as follows:

- Copy the forms in Appendix I in this notebook.
- Ask your Area ONAP for a copy.
- Download the forms from HUDCLIPS at <http://hudclips.org>.

- ⇒ Click on Forms  
Click on HUD-5\*  
Scroll down and click on HUD-52735-A Annual Performance Report  
Click on the PDF File to open the document.

- ⇒ You can now either print the document, or save it to your hard drive or disk and print it later.

- ⇒ You cannot use this version to fill out the form electronically. To fill out the form electronically, please see the next section on downloading a template.

<p><b>Note!</b></p> <p>The Annual Performance Report form is HUD-52735-A.</p>
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**NOTES**

**Electronic Format.** An electronic version of the form HUD-52735-A can be completed and sent to your Area ONAP, or you can register and submit the form over the Internet.

- Download the electronic template of the form from HUDCLIPS at <http://hudclips.org>.

⇒ Click on Forms  
Click on HUD-5\*  
Scroll down and click on HUD-52735-A  
Click on the MS Word Template File and save it to your hard drive.

⇒ Complete the form.

⇒ Submit the form to your Area ONAP, by either mailing a disk to your Area ONAP, or attaching the form to an email message to the Area ONAP Grants Evaluation Specialist and the Division Director.

- You can also call ONAP to register for submitting the APR over the Internet.

⇒ Call your Area ONAP office to obtain a user identification number and password.

⇒ Go to the <https://pic.hud.gov/PIC/logon/userlogon.asp>.

⇒ Complete the form. [You may save and close your file whenever you need to while working on the APR. You may also work off-line.]

⇒ Follow the instructions to submit your APR.

A second site for electronic download.

<http://www-domino.hud.gov/ihp/newhome.nsf/template/download?ReadForm>

### Cover Sheet

The cover sheet asks for basic information about the recipient. The cover sheet includes:

**Identification of who is submitting the APR.** Question 1 asks you to mark either “tribe” or “TDHE.”

**Reporting period.** Question 2 asks you to identify the time frame (month/day/year to month/day/year) reflected by the information reported in the APR. The reporting period is the same as your fiscal, or program year.

#### Examples of a Reporting Period

October 1, 2000 to September 30, 2001  
[if your program year follows the Federal fiscal year]

January 1, 2000 to December 31, 2000  
[if your program year follows the calendar year]

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### NOTES

**❑ Recipient information.**

- Questions 3 and 4 ask for the recipient's name and address, the name of the contact person, the contact's title, and contact's telephone number.
  - ⇒ The contact person should be the person most familiar with the APR. This person may not necessarily be the person authorized to submit the report.
- Question 5 is for the TDHE only. The TDHE needs to identify all tribes included in the APR.
- Question 6 asks for the name, title, and signature of the official authorized to submit the APR. The official for the tribe is typically the tribal chairperson, and for the TDHE, it is the executive director or the chairperson for the Board of Commissioners. This person may be anyone authorized by the tribal council or the TDHE Board of Commissioners to sign the APR.  
**Note:** Remember to include the date of the signature.

**❑ Certification.** The cover sheet signature certifies that “[t]he information contained in this report is accurate and reflects the activities actually accomplished during the reporting period. Activities planned and accomplished are eligible under applicable statutes and regulations and were included in the applicable one year activities in the corresponding Indian Housing Plan (IHP).”

**❑ Warning Statement.** In signing the cover sheet, the signer acknowledges that if he/she knowingly make a false statement on the APR form, he/she may be subject to civil or criminal penalties under Section 1001 of Title 18 of the United States Code. In addition, any person who knowingly and materially violates any required disclosure of information, including intentional disclosure, is subject to civil money penalty not to exceed \$10,000 for each violation.

## **HUD'S REVIEW OF THE APR**

HUD's review of the APR is one part of its annual assessment for each recipient that receives IHBG funding. HUD will also review your IHP, audit findings, audit recommendation implementation, a risk analysis, any complaints, and the status of any monitoring issues.

One of the purposes of the annual assessment described in the NAHASDA regulations is to verify the accuracy of the APR. However, reviewing the APR entails more than just determining if it is accurate. HUD first requires that the APR be submitted completely and on time. Then

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## **NOTES**

HUD verifies that the APR is accurate. Finally, HUD uses its review of the APR to aid in writing the report it sends you on your performance, as determined during the annual assessment.

***Is the APR On Time and Complete?***

- On time.** Within 60 days after the end date of a tribe's program year, HUD verifies that the recipient has submitted an APR and that it is complete.
  
- Incomplete.** An APR is incomplete if there is insufficient data to conduct the APR review and the annual assessment. The data may be insufficient if many questions or a large portion of a table are left blank.
  - HUD will notify you and ask you to provide the information. However, you will still need to submit documentation as described below.
  
- Consequences.** If an APR is not submitted on time or is incomplete, HUD notifies the recipient and asks that they submit documentation for any subsequent draw down of funds through the Line of Credit Control System (LOCCS). The documentation substantiates that the IHBG funds requested by the recipient will be used to implement the goals and objectives of the IHP and that the activities conducted are in compliance with statutory and regulatory requirements.
  - This documentation may include: copies of billing documents, a copy of the contract register, copies of the project expenditure register, and/or staffing documentation.
  - This requirement to submit documentation will be discontinued when the delinquent APR is received by the Area ONAP and found complete.

***Is the APR Accurate? [24 CFR 1000.520]***

- As part of its annual assessment, HUD verifies that the information provided in the APR is accurate. HUD's verification is based on information received about the recipient's activities, such as audit and monitoring reports, and on the internal consistency of the APR's fact, figures, and narratives.
  
- If the APR has a significant number of discrepancies, HUD will work with you to fix the errors in the APR. If the errors are not corrected, your risk factor will increase. The inability to submit an accurate APR reflects poorly on your ability to have continuing capacity.

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**NOTES**

**How Does the APR Provide Information for the Annual Assessment?**

- Progress assessment. [24 CFR 1000.526]** In conjunction with its review of the APR's accuracy, HUD reviews the APR to assess the progress recipients have been making. HUD uses your APR to help determine if you are having performance problems that warrant some action on HUD's part. HUD will not accept or reject the APR based on this assessment. It will only provide recommendations.
  
- Performance measures. [24 CFR 1000.524]** HUD has developed a series of performance measures to use during its annual assessment. The performance measures are also intended to assist in identifying compliance with statutory and regulatory requirements. The review of the APR helps HUD determine if you are meeting these performance measures:
  - Within 2 years of grant award under NAHASDA, no less than 90 percent of the grant must be obligated;
  - The recipient must have complied with the required certifications in its IHP, and all policies and the IHP must have been made available to the public;
  - Fiscal audits must have been conducted on a timely basis and in accordance with the requirements of the Single Audit Act, as applicable, and any deficiencies identified in audit reports must have been addressed within the prescribed time period;
  - Accurate annual performance reports must have been submitted to HUD within 60 days after the completion of the recipient's program year;
  - The recipient must have met the IHP goals and objectives in the one-year plan and demonstrated progress on the five-year goals and objectives; and
  - The recipient must have substantially complied with the requirements of 24 CFR 1000 and all other applicable Federal statutes and regulations.

**HUD's Timeline for Review [24 CFR 1000.528]**

- After the receipt of the APR, HUD has 60 days to make recommendations. The recommendations may be provided to the recipient in conjunction with the annual assessment report, or may be issued separately.
  - HUD has 30 days after receipt of the APR to review the APR.

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**NOTES**

- HUD has 30 days after the end of the review of the APR to provide the recipient—and to the tribe, if the tribe is not the recipient—with the report and its recommendations. This report is considered a final report, unless the recipient or tribe has comments.
  - ⇒ The recipient has 30 days to respond to HUD with comments on the report and with any additional information relating to the report. The tribe may comment or respond to the report as well, if it is the grant beneficiary, because it is ultimately responsible for implementing the IHP.
  - ⇒ If comments are received, HUD has 30 days after receipt of the recipient's comments/information to respond, and may send a revised report to the recipient, tribe (when applicable), and the public.
- The report addresses the recipient's overall progress. It provides guidance on how to develop better goals and performance objectives, based on what the recipient has and has not been able to accomplish. HUD also identifies any problems that may have arisen, as indicated in the APR and in other documentation.

## **SUMMARY**

Recipients must submit an APR to their Area ONAP Office within 60 days of the end of their program. You may submit it either in paper or electronic format.

HUD may review the APR as part of its annual assessment for each recipient that receives IHBG funding. In reviewing the APR, HUD will check that it is complete and on time, verify that it is accurate, and use the information to inform its report and recommendations that result from the annual assessment.

HUD will reject an APR if it is so incomplete that a review may not be accomplished or if a recipient does not submit requested essential information.

HUD will not accept or reject your APR due to a lack of progress, but it will make recommendations to help you move forward in your IHP goals and objectives.

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## **NOTES**



## CHAPTER 8: USING THE APR TO MEASURE YOUR PERFORMANCE

*This chapter discusses how tribes and TDHEs can use the APR to:*

- *Strengthen their self-monitoring processes;*
- *Assess program performance; and*
- *Augment their planning activities.*

*This chapter covers the following statutory and regulatory citations:*

- *Sections 403(b) and 203(e) of NAHASDA; and*
- *24 CFR 1000.502.*

You have completed and submitted your APR. Preceding chapters provided guidance for you to go “Above and Beyond” the minimum requirements to evaluate your progress in several areas: implementing the IHP (Chapter 2); audits (Chapter 4); public accountability (Chapter 5) and documenting job creation (Chapter 6). *Part II Section A - Monitoring (Chapter 3)* reviewed the monitoring requirements for completing the APR. Chapter 8 will provide guidance on taking the next logical step—implementing a self-monitoring program. Since you have just collected data on your performance to complete the APR, this is the ideal time to plan your self-monitoring process for the next year. A good planning process ends with an evaluation of implementation and, if necessary, a revision to the plan.

Remember, there are several monitoring relationships. Grant beneficiaries are responsible for monitoring recipients. Recipients are responsible for monitoring their own activities (self-monitoring) and any sub-recipients they might have, and for carrying out housing inspections that ensure all units being assisted with IHBG funds are inspected over some period of time. This chapter focuses on self-monitoring activities carried out by recipients.

### **For more information...**

ONAP's *Indian Housing Block Grant Recipient Self-Monitoring Compliance Assessment Guidebook* is a detailed resource for conducting a self-assessment. It includes checklists, tools, and templates to address:

- Why it is important to conduct self-monitoring;
- How to conduct compliance assessments;
- The relationship between the APR and self-monitoring; and
- Specific requirements for which you must ensure compliance.

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## NOTES

## **PURPOSE OF MONITORING**

Tribes and TDHEs can use monitoring to evaluate organizational and project performance, as well as compliance with federal requirements. Faced with growing demands and limited resources for affordable housing, monitoring can help recipients and grant beneficiaries accomplish several important purposes:

- Track production and efficiency of program delivery;
- Ensure consistency with the tribe's own community development goals, as established and articulated in the IHP;
- Monitor responsiveness to community needs; and
- Ensure compliance with NAHASDA and other applicable federal requirements.

### ***Self-monitoring***

Self-monitoring is extremely important because:

- It helps you identify weak spots in your organization, procedures, and program implementation;
- By implementing on-going internal controls and periodic monitoring of program activities, you can administer your housing programs more effectively, and guard against fraud, waste, or mismanagement; and
- It provides you an opportunity to improve your system before another entity (HUD, Inspector General, auditors) evaluates your program and mandates corrective actions.

## **REQUIRED ELEMENTS OF SELF-MONITORING**

The APR is one of several tools that HUD, the recipient, and the grant beneficiary can use to evaluate overall program performance of the recipient. In addition to the APR, the regulation at 24 CFR 1000.502 lists the other tools available to monitor overall program effectiveness. Specifically, 24 CFR 1000.502 states:

- Recipients are responsible for:

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## **NOTES**

- Monitoring grant activities;
  - Completing a compliance supplement, which entails reviewing activities conducted and housing assisted to assess compliance with NAHASDA and on-site inspection of housing to determine compliance with applicable requirements;
  - Evaluating the recipient's performance according to the performance objectives and measures as established in the IHP;
  - Completing a performance report that assesses program progress and goal attainment under the IHP; and
  - Obtaining an audit that meets the requirements of the Single Audit Act.
- Grant beneficiaries are responsible for:
- Monitoring programmatic and compliance requirements of the IHP and NAHASDA. Tribes are able to monitor these requirements through periodic reports prepared by the TDHE or sub-recipient, including an annual compliance assessment, performance report (APR), and audit reports.

## **SELF-MONITORING PLAN**

Your self-monitoring process must be tailored to the scale, scope, and complexity of your housing activities, and should address your specific program design and operation. The policy should be adopted by the Board of Directors or Tribal Council and should include:

- General monitoring policy and procedures; and
- Unit inspection policies and procedures.

### ***General Monitoring Policy and Procedures***

The general monitoring policy and procedures should describe how you plan to carry out your self-monitoring process. It should include:

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## **NOTES**

- ❑ **Statement of organizational roles and responsibilities, if you are a TDHE carrying out NAHASDA activities on behalf of a tribe.**
  - Establish clear guidelines to ensure the TDHE and the tribe each understand their respective monitoring roles. Consider including this in the written agreement between the two entities.
  - Define the methodology through which the tribe will be able to monitor and comment on the TDHE's activities. Consider ways to build a more effective flow of communication and information throughout the program year to facilitate monitoring and build an atmosphere of partnership.
  
- ❑ **Assignment of monitoring duties.**
  - Depending on the size of your organization and the complexity of the programs you undertake, you may want to designate staff whose responsibilities are strictly limited to monitoring, or may want to assign monitoring responsibilities to staff (typically managers) who have other assignments and responsibilities. Regardless of how the responsibilities are assigned, consider having someone on staff whose functions include:
    - ⇒ Conducting risk assessments of your entire range of program activities and identifying what should be monitored. Risk assessments should consider cost of project or activity, project scope, and capacity of sub-recipient, where applicable.
    - ⇒ Preparing monitoring schedules to ensure that the monitoring can be accomplished in the program year, at a time that is least disruptive to the organization.
    - ⇒ Communicating to others about their roles and responsibilities in the monitoring process.
    - ⇒ Serving as a helpful liaison between HUD, auditors, and the inspector general and other agency staff.
  - There should always be a separation of duties, to ensure appropriate checks and balances in the system. In other words, staff should never be responsible for monitoring programs that they administer or for reviewing their own work.

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**NOTES**

**List of critical work processes that require monitoring in order to ensure you are in compliance with NAHASDA and all applicable requirements.**

**Helpful Hint!**

See Attachment 8-1 for more information on areas to monitor.

- Try to develop a written procedure for each critical work process you should review. Areas for review might include resident eligibility and service standards, fiscal and financial management, compliance with the IHP, procurement, environmental review, and labor standards. Procedures should be detailed enough to ensure that staff (particularly new staff) understand their roles and responsibilities.
  - ⇒ Whenever possible, critical procedures should identify a back-up process in the event staff or other resources become unavailable.
  - ⇒ Procedures should be tested to ensure sufficient financial management and program compliance for each critical work process. This testing can be conducted on a periodic basis by managers, and should be done by your auditors as well.

**Methodology for monitoring, which might include one, or preferably some combination of the following:**

- Management interviews are based on self-monitoring checklists. You can use these interviews to determine how well managers understand and adhere to specific compliance questions.
- Facilitated sessions, conducted by an independent third party, are “working sessions” to discuss the self-monitoring checklist. This approach has the benefit of ensuring that the staff who are most directly responsible for implementing programs are involved in the discussion.
- Standard operating procedure and file review can help you compare the organization’s established procedures to actual case files to determine whether or not these cases comply with established procedures. This is a very effective monitoring methodology when there are written procedures to review.

**Risk Assessment.**

- A risk assessment can help you make decisions about where your improvement efforts should focus. In this assessment, consider:
  - ⇒ The APR data that describes where you are in relation to your IHP goals;

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**NOTES**

- ⇒ Findings from self-monitoring activities; and
- ⇒ Potential financial risk if the control deficiency is not remedied.
- In most cases, you will be able to identify many opportunities for improvement, but limited staff and financial resources will inhibit your ability to address all compliance issues simultaneously.
- Develop a list of areas that need improvement in the order of importance. Focus your improvement efforts on those compliance issues that pose the greatest risk for control deficiencies.

### ***Inspection of units***

Section 403(b) of NAHASDA requires recipients to conduct an annual review of the IHBG activities and housing assisted. The review is to include on-site inspection of housing to determine compliance with applicable requirements. Section 203(e) of NAHASDA requires recipients to develop management and maintenance policies for assisted housing. In order to meet these requirements a sound inspection procedure should be developed that includes:

#### **Policy issues.**

- Process if a unit fails an inspection. This should address:
  - ⇒ Safety of the resident(s);
  - ⇒ How, where, and when will unit be rehabilitated or replaced; and
  - ⇒ Cost of unit rehabilitation or replacement.
- Enforcement mechanism that gives you the right to inspect a property throughout its useful life. [Note: The recipient defines “useful life of the property” in its IHP.]

#### **Inspection methodology.**

- Your policy must ensure that every housing unit will be inspected over a period of time. This means that every unit might be inspected every year, or a set percentage each year, so that each unit is inspected every other or every third year, and so on.

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## **NOTES**

- ⇒ Identification of units to inspect each year might be based on a cross section of the total number, or random selection.
- ⇒ If you choose to specifically select units for inspection, rather than conducting random selections, you may wish to look at: location, ownership, age of housing stock, and density.
- ⇒ Consider whether or not you will inspect a unit upon receipt of a complaint.
- Your inspection methodology may be driven, in part, by your available resources.

**Assignment of inspection duties.**

- Coordinate the inspection schedule with construction schedules so that your inspectors can conduct compliance inspections during times of the year that are not as busy.
- Be sure to establish internal controls in your inspection process. For instance, your policy might require follow-up inspections to be done by any inspector *other than* the one who first oversaw construction.

## **NEXT STEPS**

Now that you have completed the APR and reviewed the components of a self-monitoring plan, it is time to develop your own self-monitoring plan for the year. To implement this plan, you may want to:

- Develop a monitoring policy and plan of action that reflects your housing activities and needs;
- Present a draft plan to your Board of Directors or tribal council for adoption;
- Review the adopted plan with staff, and train staff to prepare for implementation, as needed; and
- Implement the self-monitoring program.

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## **NOTES**

## **SUMMARY**

This chapter reviews the importance of self-monitoring and discusses the APR as one of many tools that can be used to monitor program performance.

- Monitoring is conducted by grant beneficiaries of recipients, and by recipients of themselves (self-monitoring). Monitoring is a process to help identify areas of control deficiency and risks of non-compliance with program rules.
  
- Self-monitoring is important because:
  - It is required by 24 CFR 1000.502;
  - It helps you identify control deficiencies in program delivery, so that they can be improved; and
  - Ultimately, identifying and addressing problem areas will help you administer more effective and efficient housing programs.
  
- Your self-monitoring plan should include:
  - General Monitoring Policy that addresses who will conduct monitoring, and when and how they will do so.
  - Inspection Policy that ensures that each unit of assisted housing will be inspected over some specified period of time.

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## **NOTES**

## ATTACHMENT 8-1

# CRITICAL WORK PROCESSES TO MONITOR

### FOR ALL RECIPIENTS

Regardless of size or the type of activity undertaken with IHBG funds, all recipients should, at a minimum, monitor:

- Progress toward meeting the goals and objectives outlined in your IHP.** Look at:
  - Collection of accurate data on your program progress;
  - Barriers to meeting your goals and objectives; and
  - Reports on your accomplishments.
  
- Compliance with eligibility requirements and service standards.** These are core statutory and regulatory provisions that specify who can be assisted with IHBG and how that assistance will be equitably provided. You must have written procedures guiding how these requirements will be implemented, and you must certify in your IHP that you have and are following these procedures.
  - **Eligibility determination.** IHBG-assisted units must be primarily occupied by low-income Indian families (at or below 80% of median income). [Note: Up to 10% of annual IHBG may be used for families whose income is between 80% and 100% of area median income. You can assist non-Indian families if the family's occupancy is essential to the well-being of Indian families and the family's housing needs cannot otherwise be met on the reservation.];
  - **Homebuyer and tenant selection.** These procedures should contain a selection process that is related to eligibility of potential occupants to perform obligations of the lease. Occupants should be drawn from a waiting list, in accordance with the IHP.
  - **Rent or payment determination.** No tenant or homebuyer may pay more than 30 percent of the adjusted income of the household for housing.
  - **Occupancy policy** must establish grounds for termination of a lease.

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### NOTES

- **Maintenance.** Responsibilities of homebuyers, tenants, and the recipient for maintenance of units assisted with IHBG funds must be clearly defined.
  - **Collections policy** should detail the steps that will be taken to address payment delinquencies.
- ☐ **Fiscal and Financial Management** to assess compliance with NAHASDA requirements, and to ensure smooth operations. In your evaluation of your financial management systems, look specifically at:
- **Financial reports and budget control.** Accurate and timely financial reports can help you make sound financial decisions. Budget development should occur as a part of the annual planning process. The following financial reports should be especially useful:
    - ⇒ Current month, year-to-date, and project-inception-to-date expenditures versus budget;
    - ⇒ Current month versus same month prior year actual expenditures;
    - ⇒ Current year-to-date versus prior year-to-date expenditures; and
    - ⇒ Explanations for any unusual variations in actual versus budgeted amounts.
  - **Drawdown** control procedures to ensure compliance with drawdown rules (the drawdown is appropriate and eligible; program income is spent before Treasury funds; payments are made as soon as administratively feasible, usually within three days of drawdown.);
  - **Accounting records** to document source and application of funds;
  - **Internal controls**, particularly to ensure that your finances are managed with:
    - ⇒ Segregation of duties so that every financial transaction is handled by more than one person.
    - ⇒ Authorization of payments to determine who is authorized to approve payments. Typically, once the budget is approved by the Board of Directors, payments within the approved budget can be authorized by the Executive Director and other senior staff.

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## **NOTES**

- ⇒ Separate budget and accounts to ensure funds are spent for specified purposes only (affordable housing).
- ⇒ Check signing by two or more persons to ensure deliberation over who gets paid, how much and when to pay bills.
- **Cash management** is important for keeping track of cash receipts and disbursement. Again, make sure your procedures segregate duties so that the functions of accepting, recording, and depositing cash receipts are not done by the same person.
- **Investments** can only be made with prior ONAP approval, for the purpose of carrying out affordable housing activities.
- **Audits** are required for any organization that expends \$300,000 or more in federal funds. See *Chapter 4: Part II Section B: Audits* of this manual for more information on the audit requirements.
- **Insurance** is required for all housing units you own or operate.

## **FOR LARGER RECIPIENTS**

The following areas apply primarily to larger recipients:

- Procurement compliance.** The procurement rules are designed to ensure you are paying the least amount of money for goods or services you are procuring, so that you can maximize your IHBG funds.
  - Plan procurements in advance, and, based on your estimate of cost, determine the appropriate method of procurement. Be particularly careful to clearly define the good or service you are procuring so that any price quotes or bids you solicit are comparable. Different types of procurements include:
    - ⇒ Small purchases for purchases below the lower of a locally determined threshold or \$100,000;
    - ⇒ Competitive and sealed bids;
    - ⇒ Competitive proposals; and
    - ⇒ Noncompetitive proposals.

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## **NOTES**

- Regardless of the type of procurement you select, you can and **should** consider quality in your selection. Your criteria for defining that “quality” should be carefully defined in your bid or quote solicitation. You **should not** select low-bidders who are non-responsive (do not meet your defined criteria for quality).
- Procurement files should include documentation on:
  - ⇒ Your rationale for the selection of the method of procurement and the contract type;
  - ⇒ Your rationale for contractor selection and rejection; and
  - ⇒ The basis for the cost or price of the contract.
- Other considerations when procuring goods and services:
  - ⇒ **Bonding and insurance** requirements must be met. For construction or facility improvement contracts or sub-contracts greater than \$100,000 bonding is required.
  - ⇒ **Preferences** for under-represented businesses are encouraged:
    - Indian organizations and Indian-owned economic enterprises;
    - Minority-owned business enterprises (MBE); and
    - Women-owned business enterprises (WBE).

## **FOR RECIPIENTS UNDERTAKING CONSTRUCTION AND ACQUISITION**

For recipients undertaking property acquisition and/or development activity, you should monitor compliance with the following rules:

- Labor Standards and Construction Management.** Recipients must be sure that their general contractor and associated sub-contractors adhere to applicable federal labor standards. This means Davis-Bacon prevailing wage rates must be paid to mechanics and laborers employed in the development of IHBG-assisted affordable housing. Applicable contracts must have contract provisions that include labor standards clauses and a Davis-Bacon wage decision. [Note: For housing developed for homebuyers to acquire single-family housing, these wage rates only apply if there is a written agreement that the

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## **NOTES**

NAHASDA assistance will be used to assist the homebuyer.] HUD-determined wage rates must be paid to laborers and mechanics employed in the operation of affordable housing, as well as architects, technical engineers, draftsmen, and technicians.

While not required, good construction management practices would include the use of a pro forma to project and monitor the costs associated with the development of affordable housing. Force accounts do not require prior HUD approval, but carry a high level of risks. Recipients considering undertaking force accounts should objectively assess their technical and administrative capabilities before undertaking such a venture.

- Environmental Review.** All environmental effects of any NAHASDA-funded housing activity must be evaluated before it is undertaken. Indian tribes can assume or decline environmental review responsibility. Refer to the National Environmental Policy Act of 1969 and its implementing regulation at 24 CFR Part 58 for thorough coverage of these requirements. HUD Notice PIH-99-37 provides additional guidance in this area.
- Lead-based paint rules.** The lead-based paint rules have been recently re-written and can be found at 24 CFR Part 35. The rule sets out to control lead hazards to minimize harm to occupants of units with lead-based paint. These requirements apply to all federally-assisted housing, and vary depending on the amount of funds invested and the type of housing activity undertaken.
- Temporary Relocation/Acquisition.** Recipients must follow requirements of 24 CFR Part 1000.14 and 49 CFR Part 24. These rules relate to the legal requirements that protect the rights of property owners and occupants of property acquired with federal funds.

**For more information...**

This Attachment is based, in substantial part, on the *IHBG Recipient Self-Monitoring Compliance Assessment Guidebook*. You are strongly encouraged to refer to that guidebook for more information on each of these issues. It includes useful tools and checklists to assist monitoring efforts in all these areas.

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**NOTES**





# APPENDIX I: APR FORM



# Annual Performance Report

These forms meet the minimum requirements for an Annual Performance Report (APR) required by the United States Department of Housing and Urban Development. In addition to these minimum requirements, a tribe/tribally designated housing entity (TDHE) may elect to prepare a more comprehensive APR. If a tribe/TDHE elects to prepare a more comprehensive report, the required elements of this APR must still be submitted on the prescribed HUD forms.

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# Annual Performance Report

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Under the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) (25 U.S.C. 4104 et seq.) HUD will provide grants, loan guarantees, and technical assistance to Indian tribes and Alaskan Native villages for the development and operation of low-income housing in Indian areas. Grants will be made to eligible recipients under the Indian Housing Block Grant Program. To be eligible for the grants, respondents must submit an Indian Housing Plan that meets the minimum requirements of the Act, consult with residents, prepare Title VI application/certification, submit performance reports, and maintain records for HUD monitoring and audit review.

Public reporting burden for this collection of information is estimated to average 120 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Recipients of Indian Housing Block Grant (IHBG) program funds are required to submit an Annual Performance Report (APR) to HUD within 60 days of the end of their program year. Statutory reference is contained in the Native American Housing Assistance and Self-Determination Act (NAHASDA) of 1996, as amended, *Sec. 404 Performance Reports*. The regulatory reference is found at 24 CFR Part 1000, sections 512 through 521. Response to the Annual Performance Report is mandatory and is required by Sections 403 and 404 of NAHASDA and by the regulations at 24 CFR 1000.

The information requested does not lend itself to confidentiality.

This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

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# Annual Performance Report

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Recipients of NAHASDA funds are required to prepare and submit an Annual Performance Report (APR) within 60 days of the end of the program year. The APR shall contain the information required below and narrative statements as needed.

**The Annual Performance Report consists of the following parts:**

- Cover sheet - General information on the tribe or TDHE
- Part I - Reporting on the One-Year Indian Housing Plan
  - Table I - Sources of Funds
  - Table II - Uses of Funds
- Part II - Reporting on Program Year Accomplishments
  - Section A - Monitoring
  - Table III - Inspection of Assisted Housing
  - Section B - Audits
  - Section C - Public Accountability
  - Section D - Jobs Created by NAHASDA

Part I (including Tables I and II) – One separate part must be submitted for each open grant.

Part II (including Sections A, B, C, and Table III) – This part is not grant specific. A single part is to be prepared and submitted at the end of each program year and will cover all open grants.

Part D (including Table IV) – This part is optional.

# Annual Performance Report Cover Sheet

1. APR is submitted by (mark one) tribe  THDE
2. Reporting period for which this APR is prepared: from: \_\_\_\_\_ to: \_\_\_\_\_  
(mm/dd/yy) (mm/dd/yy)

3. Recipient Name and Address \_\_\_\_\_

4. Name of Contact Person	Title	Telephone no. (include Area Code)
If APR is submitted by the TDHE 5. Enter the name of each tribe included in this APR		

6. Name of official authorized to submit APR	Title
Signature	Date

**Certification:** The information contained in this report is accurate and reflects the activities actually accomplished during the reporting period. Activities planned and accomplished are eligible under applicable statutes and regulations and were included in the applicable one year activities in the corresponding Indian Housing Plan.

**Warning:** If you knowingly make a false statement on this form, you may be subject to civil or criminal penalties under Section 1001 of Title 18 of the United States Code. In addition, any person who knowingly and materially violates any required disclosure of information, including intentional disclosure, is subject to civil money penalty not to exceed \$10,000 for each violation.

**For HUD use only**

Date APR is received by HUD	Time	logged in by
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# PART I - REPORTING ON THE ONE-YEAR INDIAN HOUSING PLAN (IHP)

One separate Part I (that includes Tables I and II) must be submitted for **each** open grant.

Grant Number:

Enter the date HUD notified you that your IHP was found in compliance: \_\_\_\_\_  
(mm/dd/yy)

Is this the final APR for this grant? Check one:    yes     no

Each year, you develop goals and objectives and performance objectives in the IHP that describe the use of your IHBG funds. At the end of the program year, you report on the progress made towards achievement of them.

- Please report on **each** of the one-year goals and objectives **and** report on each of the performance objectives identified in the IHP for this reporting period only in a format as follows:  
**Note:** Goals and Objectives should be reported from inception to the present while the performance objectives should be reported for the reporting period only.

GOAL # _____		Goal as identified in the IHP:
	Objective # _____	Objective as identified in the IHP:
	Performance Objective # _____	Performance objective relating to the above listed goal and its objective(s) as identified in the IHP:
	Accomplishment(s)	Progress made toward completion of the goal and objective(s) as they relate to this performance objective:
	No accomplishment	If no progress was made, explain why not and describe what you will do to complete the activities:

Repeat this format for each one year goal and objective(s) and performance objective(s) in the IHP for this grant.

2. Are you on schedule to complete the 5-year goals identified in your IHP?

Check one:    yes      no  

3. If the answer to #2 is no, explain causes for delays and how you plan to modify your program to meet your 5-year goals and objectives.

4. How would you change your programs in general as a result of your experience with the implementation of NAHASDA?

Grant Number:

**Table I - Sources of Funds**

Sources of Funds for IHBG Activities	Planned Amount (from the IHP)	Amount Actually Awarded
(a)	(b)	(c)
1. HUD Resources		
a. NAHASDA Block Grant		
b. NAHASDA Program Income		
c. NAHASDA Title VI (Federal Guarantee)		
d. Section 184 Loan Guarantee		
e. Indian Community Development Block Grant		
f. Drug Elimination		
g. Prior year funds		
h. Other ( <b>explain in narrative</b> )		
2. Existing Program Resources		
a. 1937 Housing Act Programs		
b. Other HUD Programs		
3. Other Federal or State Resources		
a. BIA Home Improvement Program		
b. Other ( <b>explain in narrative</b> )		
4. Private Resources		
a. Tribe		
b. Financial Institution		
c. Other ( <b>explain in narrative</b> )		
5. Other ( <b>explain in narrative</b> )		
<b>Total Resources</b>		

Narrative:

1. If column c is less than column b, explain why the planned funds were not realized.

Grant Number:

**Table II - Uses of Funds**

Activity	Budgeted Amount (from the IHP)	Cumulative			
		Grant (IHBG) funds expended	Other funds expended	Total funds expended from all sources (c + d)	Percentage of IHBG Grant Amount Obligated
(a)	(b)	(c)	(d)	(e)	(f)
1. Indian Housing Assistance (1937 Housing Act units)					
a. Modernization					
b. Operating					
2. Development					
a. Rental					
i. Construction of new units					
ii. Acquisition					
iii. Rehabilitation					
b. Homeownership					
i. Construction of new units					
ii. Acquisition					
iii. Rehabilitation					
3. Housing Services					
4. Housing management services					
5. Crime Prevention & Safety					
6. Model Activities					
7. Planning & administration					
8. Reserves					
9. Other					
<b>Total</b>					

**Table II (continued)**

Activity (a)	Number of units planned (from the IHP) (g)	Cumulative			
		Number of units completed (h)	Number of units started not completed (i)	Number of families assisted	
			low-income Indian families (j)	non low-income Indian families (k)	non-Native American (l)
1. Indian Housing Assistance (1937 Act units)					
a. Modernization					
b. Operating					
2. Development					
a. Rental					
i. Construction of new units					
ii. Acquisition					
iii. Rehabilitation					
a. Homeownership					
i. Construction of new units					
ii. Acquisition					
iii. Rehabilitation					
3. Housing Services					
4. Housing Management Services					
5. Crime Prevention & Safety					
6. Model Activities					
7. Planning & administration					
8. Reserves					
9. Other					
<b>Total</b>					

Narrative:

1. Column (a), line item #8, Reserves: Identify the purpose for the funds you placed in this category.

2. Explain any unexpected cost overruns associated with IHBG funds.

3. Investments: Date HUD approved: \_\_\_\_\_  
(mm/dd/yy)

Amount approved for investment: \$ \_\_\_\_\_

Amount of IHBG funds (principal only) invested as of this reporting period end date:  
\$ \_\_\_\_\_

## Part II - Reporting on Program Year Accomplishments

This Part is not grant specific. A single Part II consisting of Sections A through D (including Table III), is to be prepared and submitted at the end of each program year and will cover all open grants.

### SECTION A - MONITORING

**I. Self-Monitoring:** Sec 403(b) of the NAHASDA statute and §1000.502 of the program regulations require that the recipient **and** the tribe are to be involved in monitoring activities. You are responsible for monitoring your grant activities to ensure compliance with NAHASDA and its implementing regulations, and for monitoring the performance goals included under the IHP. In addition, if you are the TDHE, the tribe is responsible for monitoring your programmatic performance for compliance with the IHP, its stated goals and objectives, and the NAHASDA statute and its implementing regulations.

If you are a tribe reporting as the recipient, answer questions 1, 2 and 5. If you are a TDHE, answer all of the questions in this part.

1. Briefly describe the self monitoring systems and internal control procedures you used and those you implemented during the past year to assure that program activities comply with NAHASDA and its program regulations.

2. If you are a tribe or a TDHE reporting as the recipient:

- a. List the activities you monitored:

- b. Describe the results of each monitoring activity:

- c. Describe any required corrective action:

3. If you are a TDHE (in addition to answering #2):

d. Describe the procedures the tribe used to monitor your affordable housing activities:

e. List your activities the tribe monitored:

f. Describe the results of the activities the tribe monitored:

g. Describe any corrective action required:

4. If you are a TDHE, describe any issues regarding your program activities that were referred to the tribe by HUD, an auditor, etc. and your responses to them.

5. Describe any monitoring activities you conducted of your sub-recipients.





## SECTION C - Public Accountability:

1. Did you make this APR available to the citizens in your jurisdiction before it was submitted to HUD per 24 CFR 1000.518?

Check one:      yes        No   

2. If you are a TDHE, did you submit this APR to the tribe per 24 CFR 1000.512?

Check one:      yes        No        N/A   

3. If you answered no to question #1 and/or #2, provide an explanation as to why not and indicate when you will do so.

4. Summarize any comments received from citizens:

5. Summarize any comments received from the tribe if applicable:

## **SECTION D - Jobs Created by NAHASDA**

SUBMISSION OF THIS TABLE IS OPTIONAL . The information provided in this table may be used to respond to inquiries from Congress, other Federal agencies, and the public regarding the impact of the IHBG Program.

### **Table IV - Jobs Created by NAHASDA**

	<b>Number of permanent positions created</b>	<b>Number of temporary positions created</b>	<b>Number of positions needed to implement NAHASDA</b>
(a)	(b)	(c)	(d)
Indian Housing Block Grant Assistance			

**Narrative:**



## **APPENDIX II: SAMPLE TIMELINES**



**Appendix II: Sample Timelines**

**SAMPLE TIMELINE**

<b>TASK</b>	<b>TIME FRAME</b>	<b>DATE AS CORRESPONDS TO THE FEDERAL FISCAL YEAR (FFY)</b>	<b>DATE AS CORRESPONDS TO THE CALENDAR YEAR</b>
Make APR available to public	Within 45 days of the end of the program year	November 14	February 14
APR Submission to HUD	Within 60 days of the end of the program year	November 29	March 1
Quarterly Progress Report (See Chapter 2 – APR Part I: Reporting on the One-Year Indian Housing Plan)	Three months after the end of the program year	December 31	March 31
Quarterly Financial Report (See Chapter 2 – APR Part I: Reporting on the One-Year Indian Housing Plan)	Three months after the end of the program year	December 31	March 31
Quarterly Monitoring Report (See Chapter 3 – APR Part II A: Monitoring)	Three months after the end of the program year	December 31	March 31
Quarterly Report on Jobs Created by NAHASDA (See Chapter 6: APR Part II D: Jobs Created by NAHASDA)	Three months after the end of the program year	December 31	March 31
ONAP Comments or Recommendations on the APR	Within 60 days of the submission of the APR	January 28	April 30
Tribe's Response to ONAP Comments	Within 30 days of ONAP comments	February 27	May 30
ONAP response, and submission of final report to Tribe, TDHE, and public	Within 30 days of Tribe's response	March 29	June 29
Quarterly Progress Report (See Chapter 2 – APR Part I: Reporting on the One-Year Indian Housing Plan)	Six months after the end of the program year	March 31	June 30
Quarterly Financial Report (See Chapter 2 – APR Part I: Reporting on the One-Year Indian Housing Plan)	Six months after the end of the program year	March 31	June 30
Quarterly Monitoring Report (See Chapter 3 – APR Part II A: Monitoring)	Six months after the end of the program year	March 31	June 30
Quarterly Report on Jobs Created by NAHASDA (See Chapter 6: APR Part II D: Jobs Created by NAHASDA)	Six months after the end of the program year	March 31	June 30

**Appendix II: Sample Timelines**

Quarterly Progress Report (See Chapter 2 – APR Part I: Reporting on the One-Year Indian Housing Plan)	Nine months after the end of the program year	June 30	September 30
Quarterly Financial Report (See Chapter 2 – APR Part I: Reporting on the One-Year Indian Housing Plan)	Nine months after the end of the program year	June 30	September 30
Quarterly Monitoring Report (See Chapter 3 – APR Part II A: Monitoring)	Nine months after the end of the program year	June 30	September 30
Quarterly Report on Jobs Created by NAHASDA (See Chapter 6: APR Part II D: Jobs Created by NAHASDA)	Nine months after the end of the program year	June 30	September 30
Audit Report submission to ONAP	Nine months after the end of the program year	June 30	September 30
Quarterly Progress Report (See Chapter 2 – APR Part I: Reporting on the One-Year Indian Housing Plan)	Twelve months after the end of the program year	September 30	December 31
Quarterly Financial Report (See Chapter 2 – APR Part I: Reporting on the One-Year Indian Housing Plan)	Twelve months after the end of the program year	September 30	December 31
Quarterly Monitoring Report (See Chapter 3 – APR Part II A: Monitoring)	Twelve months after the end of the program year	September 30	December 31
Quarterly Report on Jobs Created by NAHASDA (See Chapter 6: APR Part II D: Jobs Created by NAHASDA)	Twelve months after the end of the program year	September 30	December 31

**Appendix II: Sample Timelines**

**TEMPLATE TIMELINE**

<b>TASK</b>	<b>TIME FRAME</b>	<b>DATE TASK COMPLETED</b>
Make APR available to public	Within 45 days of the end of the program year	
APR Submission to HUD	Within 60 days of the end of the program year	
Quarterly Progress Report (See Chapter 2 – APR Part I: Reporting on the One-Year Indian Housing Plan)	Three months after the end of the program year	
Quarterly Financial Report (See Chapter 2 – APR Part I: Reporting on the One-Year Indian Housing Plan)	Three months after the end of the program year	
Quarterly Monitoring Report (See Chapter 3 – APR Part II A: Monitoring)	Three months after the end of the program year	
Quarterly Report on Jobs Created by NAHASDA (See Chapter 6: APR Part II D: Jobs Created by NAHASDA)	Three months after the end of the program year	
ONAP Comments or Recommendations on the APR	Within 60 days of the submission of the APR	
Tribe's Response to ONAP Comments	Within 30 days of ONAP comments	
ONAP response, and submission of final report to Tribe, TDHE, and public	Within 30 days of Tribe's response	
Quarterly Progress Report (See Chapter 2 – APR Part I: Reporting on the One-Year Indian Housing Plan)	Six months after the end of the program year	
Quarterly Financial Report (See Chapter 2 – APR Part I: Reporting on the One-Year Indian Housing Plan)	Six months after the end of the program year	
Quarterly Monitoring Report (See Chapter 3 – APR Part II A: Monitoring)	Six months after the end of the program year	
Quarterly Report on Jobs Created by NAHASDA (See Chapter 6: APR Part II D: Jobs Created by NAHASDA)	Six months after the end of the program year	
Quarterly Progress Report (See Chapter 2 – APR Part I: Reporting on the One-Year Indian Housing Plan)	Nine months after the end of the program year	
Quarterly Financial Report (See Chapter 2 – APR Part I: Reporting on the One-Year Indian Housing Plan)	Nine months after the end of the program year	
Quarterly Monitoring Report (See Chapter 3 – APR Part II A: Monitoring)	Nine months after the end of the program year	

**Appendix II: Sample Timelines**

Quarterly Report on Jobs Created by NAHASDA (See Chapter 6: APR Part II D: Jobs Created by NAHASDA)	Nine months after the end of the program year	
Audit Report submission to ONAP	Nine months after the end of the program year	
Quarterly Progress Report (See Chapter 2 – APR Part I: Reporting on the One-Year Indian Housing Plan)	Twelve months after the end of the program year	
Quarterly Financial Report (See Chapter 2 – APR Part I: Reporting on the One-Year Indian Housing Plan)	Twelve months after the end of the program year	
Quarterly Monitoring Report (See Chapter 3 – APR Part II A: Monitoring)	Twelve months after the end of the program year	
Quarterly Report on Jobs Created by NAHASDA (See Chapter 6: APR Part II D: Jobs Created by NAHASDA)	Twelve months after the end of the program year	



## **APPENDIX III: DATA COLLECTION CHECKLIST**



## **Appendix III: Data Collection Checklist**

This checklist summarizes the data a recipient may need to complete their Annual Performance Report (APR). See the individual chapter related to each Part for more detail, and for information on where to find these data and how to maintain appropriate data collection systems.

### **Chapter 2: Part I**

- Copies of the ONAP-concurred one-and five-year IHP and any revisions to the IHP that do not require ONAP concurrence.
- Copies of any and all reports that describe the progress of each funded activity.
- Copies of any and all reports that report on the financial status of the recipient's programs.

### **Chapter 3: Part II Section A**

- Information on the recipient's policies and procedures, including monitoring responsibilities.
- Monitoring schedule: The recipient should list programs and units to be monitored throughout the program year.
- Copies of any and all monitoring reports and responses to monitoring reports.
- List of properties inspected during the year.
- Copies of unit inspection reports and rehabilitation cost estimates.

### **Chapter 4: Part II Section B**

- All documents related to the procurement of the audit report and the completion of the audit report.
- Copy of audit report and any correspondence relating to audit findings.
- All back-up or supporting documentation related to the audit report.

### **Chapter 5: Part II Section C**

- Letters or electronic mail that people submit in response to the APR.
- Letters or electronic mail that Tribal Council submit in response to the APR.
- Public meetings in which you present the APR findings and permit public responses for the record.
- Council meeting in which you present the APR findings and permit representatives to respond for the record.

### ***Appendix III: Data Collection Checklist***

Other forms of public comment that could be considered (not necessary):

- Copies of newspaper articles that comment on the APR.
- Recorded notes from telephone calls.
- Formal and informal comment received throughout the program year.

#### **Chapter 6: Part II Section D**

- Data on permanent jobs.
- Data on temporary jobs.
- List of staff who assist implement NAHASDA-related activities and programs.



## **APPENDIX IV: CHECK YOUR DATA CHECKLIST**



## **Appendix IV: Check Your Data Checklist**

### **TABLE I**

- Planned amount from IHP (column (b)) is always identical to what is in the most recent version of the IHP.
- Amount actually awarded (column (c)) can be greater than, equal to, or less than column (b). Typically it will be equal to or less than. For any line item that is not equal to column (b), you must provide an explanation of the difference.

### **TABLE II**

- Budgeted amount (column (b)) is always identical to what is in the most recent version of the IHP.
- Grant funds expended (column (c)) should not include any funds in Other funds (column (d)).
- Grant funds expended (column(c)) must be less than or equal to the amount of the budgeted amount (column (b)).
- Other funds (column (d)) should not include any funds in Grant funds (column (c)).
- Low-income families identified in column (j) cannot also be identified in Non-low-income families (column (k)).
- Non-low-income families identified in column (k) cannot also be identified in Low-income families (column (j)).
- Non-Native American families identified in column (l) should be identified in either column (j) or (k) as well.
- Typically, the total number of families assisted (columns (j) + (k) + (l)) should not be less than the total number of units completed (column (h)), since one family typically occupies one unit.
- Typically, the total number of units completed and started (columns (h) + (i)) would not be greater than the total number of units planned (column (g)).

### **COMPARE TABLES I AND II**

- The Amount Actually Awarded (Table I column (c)) total should equal the budgeted amount of uses total (Table II column (b)). When you realize that a grant or an award will be less than budgeted, you should revise or amend the IHP to accommodate the cash shortfall.
- The total funds expended from all sources (Table II column (e)) should always be equal to or less than your amount actually awarded (column (c)). You should never be spending more than you have been awarded.

## **Appendix IV: Check Your Data Checklist**

- The percentages reported in the Percentage of IHBG Amount Obligated (column (f)) cannot exceed 100%.

### **TABLE III**

- The Total number of units inspected (column (c)) must be less than or equal to the Total number units (column (b)).
- Housing units in standard condition identified in column (d) cannot also be identified in columns (e), (f) and (g).
- Housing units needing rehabilitation costing less than \$20,000 identified in column (e) cannot also be identified in columns (d), (f) and (g).
- Housing units needing rehabilitation costing more than \$20,000 identified in column (f) cannot also be identified in columns (d), (e) and (g).
- Housing units needing to be replaced identified in column (g) cannot also be identified in columns (d), (e) and (f).

### **TABLE IV**

- Positions identified in column (b) cannot also be identified in columns (c) and (d).
- Positions identified in column (c) cannot also be identified in columns (b) and (d).
- Positions identified in column (d) cannot also be identified in columns (b) and (c).



**APPENDIX V:**

**NAHASDA GUIDANCE 2000-01T  
OMB CIRCULAR 133-A**





Office of Native American Programs

No. 2000-01T

May 15, 2000

**TO:** All Tribal Government Leaders and Tribally Designated Housing Entities (TDHE)

**FROM:** Jacqueline Johnson, Deputy Assistant Secretary, PN

**TOPIC:** Audits

**SUBJECT:** Combining Tribal and TDHE Audits

**Situation:**

A Tribally Designated Housing Entity (TDHE) uses the tribal accounting department and personnel department to service its operations. The TDHE is legally established as a separate entity rather than a department of the tribal government. The TDHE spends more than \$300,000 so it is required to obtain a financial audit of its programs as required by the Single Audit Act and OMB Circular A-133. The TDHE has reached an agreement with the tribe to include the TDHE's programs in the tribe's annual audit.

**Question:** Can the tribe and TDHE combine their programs into one audit or, because the TDHE is a separate legal entity, does it have to procure its own separate audit?

**Response:**

Extract from OMB Circular A-133

*Subpart E--Auditors*

*§ \_\_.500 Scope of audit.*

*(a) General. The audit shall be conducted in accordance with GAGAS. The audit shall cover the entire operations of the auditee; or, at the option of the auditee, such audit shall include a series of audits that cover departments, agencies, and other organizational units which expended or otherwise administered Federal awards during such fiscal year, provided that each such audit shall encompass the financial statements and schedule of expenditures of Federal awards for each such department, agency, and other organizational unit, which shall be considered to be a non-Federal entity. The financial statements and schedule of expenditures of Federal awards shall be for the same fiscal year.*

A TDHE could be considered an "agency" or "other organizational unit" of an Indian tribe for audit purposes even though it is established as a separate legal entity. At the discretion of the tribe and TDHE, the TDHE's audit obligations could be discharged by including their operations in the tribe's Single Audit Act audit or they could be included in the tribe's audit

**contract for separate audits that cover tribal departments, agencies, etc.**

**If a tribe and TDHE choose to combine their activities in a single audit, they are reminded that section \_\_.310(a) of the Circular applies; i.e. financial statements for the TDHE must be included in the tribe's financial statements.**

**The local ONAP area office tracks receipt of audits from TDHEs. If a consolidated audit for the tribe and TDHE is being prepared, the local ONAP should be notified to facilitate audit tracking.**



## Office of Management and Budget

### **Circular No. A-133 - Revised June 24, 1997** **Audits of States, Local Governments, and Non-Profit Organizations**

**(Accompanying Federal Register Materials -- Audits of States, Local Governments, and Non-Profit Organizations June 30, 1997)**

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Audits of States, Local Governments, and Non-Profit Organizations

1. **Purpose.** This Circular is issued pursuant to the Single Audit Act of 1984, P.L. 98-502, and the Single Audit Act Amendments of 1996, P.L. 104-156. It sets forth standards for obtaining consistency and uniformity among Federal agencies for the audit of States, local governments, and non-profit organizations expending Federal awards.

2. **Authority.** Circular A-133 is issued under the authority of sections 503, 1111, and 7501 *et seq.* of title 31, United States Code, and Executive Orders 8248 and 11541.

3. **Rescission and Supersession.** This Circular rescinds Circular A-128, "Audits of State and Local Governments," issued April 12, 1985, and supersedes the prior Circular A-133, "Audits of Institutions of Higher Education and Other Non-Profit Institutions," issued April 22, 1996. For effective dates, see paragraph 10.

4. **Policy.** Except as provided herein, the standards set forth in this Circular shall be applied by all Federal agencies. If any statute specifically prescribes policies or specific requirements that differ from the standards provided herein, the provisions of the subsequent statute shall govern.

Federal agencies shall apply the provisions of the sections of this Circular to non-Federal entities, whether they are recipients expending Federal awards received directly from Federal awarding agencies, or are subrecipients expending Federal awards received from a pass-through entity (a recipient or another subrecipient).

This Circular does not apply to non-U.S. based entities expending Federal awards received either directly as a recipient or indirectly as a subrecipient.

5. **Definitions.** The definitions of key terms used in this Circular are contained in §\_\_\_ .105 in the Attachment to this Circular.

6. **Required Action.** The specific requirements and responsibilities of Federal agencies and non-Federal entities are set forth in the Attachment to this Circular. Federal agencies making awards to non-Federal entities, either directly or indirectly, shall adopt the language in the Circular in codified regulations as provided in Section 10 (below), unless different provisions are required by Federal statute or are approved by the Office of Management and Budget

(OMB).

**7. OMB Responsibilities.** OMB will review Federal agency regulations and implementation of this Circular, and will provide interpretations of policy requirements and assistance to ensure uniform, effective and efficient implementation.

**8. Information Contact.** Further information concerning Circular A-133 may be obtained by contacting the Financial Standards and Reporting Branch, Office of Federal Financial Management, Office of Management and Budget, Washington, DC 20503, telephone (202) 395-3993.

**9. Review Date.** This Circular will have a policy review three years from the date of issuance.

**10. Effective Dates.** The standards set forth in §\_\_\_.400 of the Attachment to this Circular, which apply directly to Federal agencies, shall be effective July 1, 1996, and shall apply to audits of fiscal years beginning after June 30, 1996, except as otherwise specified in §\_\_\_.400 (a).

The standards set forth in this Circular that Federal agencies shall apply to non-Federal entities shall be adopted by Federal agencies in codified regulations not later than 60 days after publication of this final revision in the **Federal Register**, so that they will apply to audits of fiscal years beginning after June 30, 1996, with the exception that §\_\_\_.305(b) of the Attachment applies to audits of fiscal years beginning after June 30, 1998. The requirements of Circular A-128, although the Circular is rescinded, and the 1990 version of Circular A-133 remain in effect for audits of fiscal years beginning on or before June 30, 1996.

**Franklin D. Raines**  
*Director*

Attachment

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## PART \_\_ --AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS

### Subpart A--General

Sec.

\_\_\_.100 Purpose.

\_\_\_.105 Definitions.

### Subpart B--Audits

\_\_\_.200 Audit requirements.

\_\_\_.205 Basis for determining Federal awards expended.

\_\_\_.210 Subrecipient and vendor determinations.

\_\_\_.215 Relation to other audit requirements.

\_\_\_.220 Frequency of audits.

\_\_\_.225 Sanctions.

\_\_\_.230 Audit costs.

\_\_\_.235 Program-specific audits.

### Subpart C--Auditees

\_\_\_.300 Auditee responsibilities.

- \_\_\_ .305 Auditor selection.
- \_\_\_ .310 Financial statements.
- \_\_\_ .315 Audit findings follow-up.
- \_\_\_ .320 Report submission.

#### Subpart D--Federal Agencies and Pass-Through Entities

- \_\_\_ .400 Responsibilities.
- \_\_\_ .405 Management decision.

#### Subpart E--Auditors

- \_\_\_ .500 Scope of audit.
- \_\_\_ .505 Audit reporting.
- \_\_\_ .510 Audit findings.
- \_\_\_ .515 Audit working papers.
- \_\_\_ .520 Major program determination.
- \_\_\_ .525 Criteria for Federal program risk.
- \_\_\_ .530 Criteria for a low-risk auditee.

Appendix A to Part \_\_\_ - Data Collection Form (Form SF-SAC).

Appendix B to Part \_\_\_ - Circular A-133 Compliance Supplement.

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### **Subpart A--General**

#### **§\_\_\_ .100 Purpose.**

This part sets forth standards for obtaining consistency and uniformity among Federal agencies for the audit of non-Federal entities expending Federal awards.

#### **§\_\_\_ .105 Definitions.**

**Auditee** means any non-Federal entity that expends Federal awards which must be audited under this part. **Auditor** means an auditor, that is a public accountant or a Federal, State or local government audit organization, which meets the general standards specified in generally accepted government auditing standards (GAGAS). The term **auditor** does not include internal auditors of non-profit organizations.

**Audit finding** means deficiencies which the auditor is required by §\_\_\_ .510(a) to report in the schedule of findings and questioned costs.

**CFDA number** means the number assigned to a Federal program in the **Catalog of Federal Domestic Assistance (CFDA)**.

**Cluster of programs** means a grouping of closely related programs that share common compliance requirements. The types of clusters of programs are research and development (R&D), student financial aid (SFA), and other clusters. "Other clusters" are as defined by the Office of Management and Budget (OMB) in the compliance supplement or as designated by a State for Federal awards the State provides to its subrecipients that meet the definition of a cluster of programs. When designating an "other cluster," a State shall identify the Federal awards included in the cluster and advise the subrecipients of compliance requirements applicable to the cluster, consistent with §\_\_\_ .400(d)(1) and §\_\_\_ .400(d)(2), respectively. A cluster of programs shall be considered as one program for determining major programs, as

described in § \_\_\_\_.520, and, with the exception of R&D as described in § \_\_\_\_.200(c), whether a program-specific audit may be elected.

**Cognizant agency for audit** means the Federal agency designated to carry out the responsibilities described in § \_\_\_\_.400(a).

**Compliance supplement** refers to the **Circular A-133 Compliance Supplement**, included as Appendix B to Circular A-133, or such documents as OMB or its designee may issue to replace it. This document is available from the Government Printing Office, Superintendent of Documents, Washington, DC 20402-9325.

**Corrective action** means action taken by the auditee that:

- (1) Corrects identified deficiencies;
- (2) Produces recommended improvements; or
- (3) Demonstrates that audit findings are either invalid or do not warrant auditee action.

**Federal agency** has the same meaning as the term **agency** in Section 551(1) of title 5, United States Code.

**Federal award** means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors. Any audits of such vendors shall be covered by the terms and conditions of the contract. Contracts to operate Federal Government owned, contractor operated facilities (GOCOs) are excluded from the requirements of this part.

**Federal awarding agency** means the Federal agency that provides an award directly to the recipient.

**Federal financial assistance** means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals as described in § \_\_\_\_.205(h) and § \_\_\_\_.205(i).

**Federal program** means:

- (1) All Federal awards to a non-Federal entity assigned a single number in the CFDA.
- (2) When no CFDA number is assigned, all Federal awards from the same agency made for the same purpose should be combined and considered one program.
- (3) Notwithstanding paragraphs (1) and (2) of this definition, a cluster of programs. The types of clusters of programs are:
  - (i) Research and development (R&D);
  - (ii) Student financial aid (SFA); and
  - (iii) "Other clusters," as described in the definition of cluster of programs in this section.

**GAGAS** means generally accepted government auditing standards issued by the Comptroller General of the United States, which are applicable to financial audits.

**Generally accepted accounting principles** has the meaning specified in generally accepted auditing standards issued by the American Institute of Certified Public Accountants (AICPA).

**Indian tribe** means any Indian tribe, band, nation, or other organized group or community, including any Alaskan Native village or regional or village corporation (as defined in, or established under, the Alaskan Native Claims Settlement Act) that is recognized by the United States as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.

**Internal control** means a process, effected by an entity's management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- (1) Effectiveness and efficiency of operations;
- (2) Reliability of financial reporting; and
- (3) Compliance with applicable laws and regulations.

**Internal control pertaining to the compliance requirements for Federal programs** (Internal control over Federal programs) means a process--effected by an entity's management and other personnel--designed to provide reasonable assurance regarding the achievement of the following objectives for Federal programs:

- (1) Transactions are properly recorded and accounted for to:
  - (i) Permit the preparation of reliable financial statements and Federal reports;
  - (ii) Maintain accountability over assets; and
  - (iii) Demonstrate compliance with laws, regulations, and other compliance requirements;
- (2) Transactions are executed in compliance with:
  - (i) Laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on a Federal program; and
  - (ii) Any other laws and regulations that are identified in the compliance supplement; and
- (3) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

**Loan** means a Federal loan or loan guarantee received or administered by a non-Federal entity.

**Local government** means any unit of local government within a State, including a county, borough, municipality, city, town, township, parish, local public authority, special district, school district, intrastate district, council of governments, and any other instrumentality of local government.

**Major program** means a Federal program determined by the auditor to be a major program in accordance with § \_\_\_\_.520 or a program identified as a major program by a Federal agency or pass-through entity in accordance with § \_\_\_\_.215(c).

**Management decision** means the evaluation by the Federal awarding agency or pass-through entity of the audit findings and corrective action plan and the issuance of a written decision as to what corrective action is necessary.

**Non-Federal entity** means a State, local government, or non-profit organization.

**Non-profit organization** means:

- (1) any corporation, trust, association, cooperative, or other organization that:
  - (i) Is operated primarily for scientific, educational, service, charitable, or similar purposes in the public interest;
  - (ii) Is not organized primarily for profit; and
  - (iii) Uses its net proceeds to maintain, improve, or expand its operations; and
- (2) The term **non-profit organization** includes non-profit institutions of higher education and hospitals.

**OMB** means the Executive Office of the President, Office of Management and Budget.

**Oversight agency for audit** means the Federal awarding agency that provides the predominant amount of direct funding to a recipient not assigned a cognizant agency for audit. When there is no direct funding, the Federal agency with the predominant indirect funding shall assume the oversight responsibilities. The duties of the oversight agency for audit are described in § \_\_\_\_.400(b).

**Pass-through entity** means a non-Federal entity that provides a Federal award to a subrecipient to carry out a Federal program.

**Program-specific audit** means an audit of one Federal program as provided for in § \_\_\_\_.200(c) and § \_\_\_\_.235.

**Questioned cost** means a cost that is questioned by the auditor because of an audit finding:

- (1) Which resulted from a violation or possible violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the use of Federal funds, including funds used to match Federal funds;
- (2) Where the costs, at the time of the audit, are not supported by adequate documentation; or
- (3) Where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.

**Recipient** means a non-Federal entity that expends Federal awards received directly from a Federal awarding agency to carry out a Federal program.

**Research and development (R&D)** means all research activities, both basic and applied, and all development activities that are performed by a non-Federal entity. **Research** is defined as a systematic study directed toward fuller scientific knowledge or understanding of the subject studied. The term research also includes activities involving the training of individuals in research techniques where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function. **Development** is the systematic use of knowledge and understanding gained from research directed toward the production of useful materials, devices, systems, or methods, including design and development of prototypes and processes.

**Single audit** means an audit which includes both the entity's financial statements and the Federal awards as described in § \_\_\_\_.500.

**State** means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands, any instrumentality thereof, any multi-State, regional, or interstate entity which has governmental functions, and any Indian tribe as defined in this section.

**Student Financial Aid (SFA)** includes those programs of general student assistance, such as those authorized by Title IV of the Higher Education Act of 1965, as amended, (20 U.S.C. 1070 *et seq.*) which is administered by the U.S. Department of Education, and similar programs provided by other Federal agencies. It does not include programs which provide fellowships or similar Federal awards to students on a competitive basis, or for specified studies or research.

**Subrecipient** means a non-Federal entity that expends Federal awards received from a pass-through entity to carry out a Federal program, but does not include an individual that is a beneficiary of such a program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency. Guidance on distinguishing between a subrecipient and a vendor is provided in § \_\_\_\_.210.

**Types of compliance requirements** refers to the types of compliance requirements listed in the compliance supplement. Examples include: activities allowed or unallowed; allowable costs/cost principles; cash management; eligibility; matching, level of effort, earmarking; and, reporting.

**Vendor** means a dealer, distributor, merchant, or other seller providing goods or services that are required for the conduct of a Federal program. These goods or services may be for an organization's own use or for the use of beneficiaries of the Federal program. Additional guidance on distinguishing between a subrecipient and a vendor is provided in § \_\_\_\_.210.

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## Subpart B--Audits

### § \_\_\_\_.200 Audit requirements.

(a) **Audit required.** Non-Federal entities that expend \$300,000 or more in a year in Federal awards shall have a single or program-specific audit conducted for that year in accordance with the provisions of this part. Guidance on determining Federal awards expended is provided in § \_\_\_\_.205.

(b) **Single audit.** Non-Federal entities that expend \$300,000 or more in a year in Federal awards shall have a single audit conducted in accordance with § \_\_\_\_.500 except when they elect

to have a program-specific audit conducted in accordance with paragraph (c) of this section.

(c) **Program-specific audit election.** When an auditee expends Federal awards under only one Federal program (excluding R&D) and the Federal program's laws, regulations, or grant agreements do not require a financial statement audit of the auditee, the auditee may elect to have a program-specific audit conducted in accordance with § \_\_\_\_.235. A program-specific audit may not be elected for R&D unless all of the Federal awards expended were received from the same Federal agency, or the same Federal agency and the same pass-through entity, and that Federal agency, or pass-through entity in the case of a subrecipient, approves in advance a program-specific audit.

(d) **Exemption when Federal awards expended are less than \$300,000.** Non-Federal entities that expend less than \$300,000 a year in Federal awards are exempt from Federal audit requirements for that year, except as noted in § \_\_\_\_.215(a), but records must be available for review or audit by appropriate officials of the Federal agency, pass-through entity, and General Accounting Office (GAO).

(e) **Federally Funded Research and Development Centers (FFRDC).** Management of an auditee that owns or operates a FFRDC may elect to treat the FFRDC as a separate entity for purposes of this part.

#### § \_\_\_\_.205 Basis for determining Federal awards expended.

(a) **Determining Federal awards expended.** The determination of when an award is expended should be based on when the activity related to the award occurs. Generally, the activity pertains to events that require the non-Federal entity to comply with laws, regulations, and the provisions of contracts or grant agreements, such as: expenditure/expense transactions associated with grants, cost-reimbursement contracts, cooperative agreements, and direct appropriations; the disbursement of funds passed through to subrecipients; the use of loan proceeds under loan and loan guarantee programs; the receipt of property; the receipt of surplus property; the receipt or use of program income; the distribution or consumption of food commodities; the disbursement of amounts entitling the non-Federal entity to an interest subsidy; and, the period when insurance is in force.

(b) **Loan and loan guarantees (loans).** Since the Federal Government is at risk for loans until the debt is repaid, the following guidelines shall be used to calculate the value of Federal awards expended under loan programs, except as noted in paragraphs (c) and (d) of this section:

- (1) Value of new loans made or received during the fiscal year; plus
- (2) Balance of loans from previous years for which the Federal Government imposes continuing compliance requirements; plus
- (3) Any interest subsidy, cash, or administrative cost allowance received.

(c) **Loan and loan guarantees (loans) at institutions of higher education.** When loans are made to students of an institution of higher education but the institution does not make the loans, then only the value of loans made during the year shall be considered Federal awards expended in that year. The balance of loans for previous years is not included as Federal awards expended because the lender accounts for the prior balances.

(d) **Prior loan and loan guarantees (loans).** Loans, the proceeds of which were received and expended in prior-years, are not considered Federal awards expended under this part when the

laws, regulations, and the provisions of contracts or grant agreements pertaining to such loans impose no continuing compliance requirements other than to repay the loans.

(e) **Endowment funds.** The cumulative balance of Federal awards for endowment funds which are federally restricted are considered awards expended in each year in which the funds are still restricted.

(f) **Free rent.** Free rent received by itself is not considered a Federal award expended under this part. However, free rent received as part of an award to carry out a Federal program shall be included in determining Federal awards expended and subject to audit under this part.

(g) **Valuing non-cash assistance.** Federal non-cash assistance, such as free rent, food stamps, food commodities, donated property, or donated surplus property, shall be valued at fair market value at the time of receipt or the assessed value provided by the Federal agency.

(h) **Medicare.** Medicare payments to a non-Federal entity for providing patient care services to Medicare eligible individuals are not considered Federal awards expended under this part.

(i) **Medicaid.** Medicaid payments to a subrecipient for providing patient care services to Medicaid eligible individuals are not considered Federal awards expended under this part unless a State requires the funds to be treated as Federal awards expended because reimbursement is on a cost-reimbursement basis.

(j) **Certain loans provided by the National Credit Union Administration.** For purposes of this part, loans made from the National Credit Union Share Insurance Fund and the Central Liquidity Facility that are funded by contributions from insured institutions are not considered Federal awards expended.

#### § \_\_.210 Subrecipient and vendor determinations.

(a) **General.** An auditee may be a recipient, a subrecipient, and a vendor. Federal awards expended as a recipient or a subrecipient would be subject to audit under this part. The payments received for goods or services provided as a vendor would not be considered Federal awards. The guidance in paragraphs (b) and (c) of this section should be considered in determining whether payments constitute a Federal award or a payment for goods and services.

(b) **Federal award.** Characteristics indicative of a Federal award received by a subrecipient are when the organization:

- (1) Determines who is eligible to receive what Federal financial assistance;
- (2) Has its performance measured against whether the objectives of the Federal program are met;
- (3) Has responsibility for programmatic decision making;
- (4) Has responsibility for adherence to applicable Federal program compliance requirements;  
and
- (5) Uses the Federal funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity.

(c) **Payment for goods and services.** Characteristics indicative of a payment for goods and services received by a vendor are when the organization:

- (1) Provides the goods and services within normal business operations;
- (2) Provides similar goods or services to many different purchasers;
- (3) Operates in a competitive environment;
- (4) Provides goods or services that are ancillary to the operation of the Federal program; and
- (5) Is not subject to compliance requirements of the Federal program.

(d) **Use of judgment in making determination.** There may be unusual circumstances or exceptions to the listed characteristics. In making the determination of whether a subrecipient or vendor relationship exists, the substance of the relationship is more important than the form of the agreement. It is not expected that all of the characteristics will be present and judgment should be used in determining whether an entity is a subrecipient or vendor.

(e) **For-profit subrecipient.** Since this part does not apply to for-profit subrecipients, the pass-through entity is responsible for establishing requirements, as necessary, to ensure compliance by for-profit subrecipients. The contract with the for-profit subrecipient should describe applicable compliance requirements and the for-profit subrecipient's compliance responsibility. Methods to ensure compliance for Federal awards made to for-profit subrecipients may include pre-award audits, monitoring during the contract, and post-award audits.

(f) **Compliance responsibility for vendors.** In most cases, the auditee's compliance responsibility for vendors is only to ensure that the procurement, receipt, and payment for goods and services comply with laws, regulations, and the provisions of contracts or grant agreements. Program compliance requirements normally do not pass through to vendors. However, the auditee is responsible for ensuring compliance for vendor transactions which are structured such that the vendor is responsible for program compliance or the vendor's records must be reviewed to determine program compliance. Also, when these vendor transactions relate to a major program, the scope of the audit shall include determining whether these transactions are in compliance with laws, regulations, and the provisions of contracts or grant agreements.

#### § \_\_.215 Relation to other audit requirements.

(a) **Audit under this part in lieu of other audits.** An audit made in accordance with this part shall be in lieu of any financial audit required under individual Federal awards. To the extent this audit meets a Federal agency's needs, it shall rely upon and use such audits. The provisions of this part neither limit the authority of Federal agencies, including their Inspectors General, or GAO to conduct or arrange for additional audits (e.g., financial audits, performance audits, evaluations, inspections, or reviews) nor authorize any auditee to constrain Federal agencies from carrying out additional audits. Any additional audits shall be planned and performed in such a way as to build upon work performed by other auditors.

(b) **Federal agency to pay for additional audits.** A Federal agency that conducts or contracts for additional audits shall, consistent with other applicable laws and regulations, arrange for funding the full cost of such additional audits.

(c) **Request for a program to be audited as a major program.** A Federal agency may request an auditee to have a particular Federal program audited as a major program in lieu of the Federal agency conducting or arranging for the additional audits. To allow for planning, such requests should be made at least 180 days prior to the end of the fiscal year to be audited.

The auditee, after consultation with its auditor, should promptly respond to such request by informing the Federal agency whether the program would otherwise be audited as a major program using the risk-based audit approach described in § \_\_.520 and, if not, the estimated incremental cost. The Federal agency shall then promptly confirm to the auditee whether it wants the program audited as a major program. If the program is to be audited as a major program based upon this Federal agency request, and the Federal agency agrees to pay the full incremental costs, then the auditee shall have the program audited as a major program. A pass-through entity may use the provisions of this paragraph for a subrecipient.

#### § \_\_.220 Frequency of audits.

Except for the provisions for biennial audits provided in paragraphs (a) and (b) of this section, audits required by this part shall be performed annually. Any biennial audit shall cover both years within the biennial period.

(a) A State or local government that is required by constitution or statute, in effect on January 1, 1987, to undergo its audits less frequently than annually, is permitted to undergo its audits pursuant to this part biennially. This requirement must still be in effect for the biennial period under audit.

(b) Any non-profit organization that had biennial audits for all biennial periods ending between July 1, 1992, and January 1, 1995, is permitted to undergo its audits pursuant to this part biennially.

#### § \_\_.225 Sanctions.

No audit costs may be charged to Federal awards when audits required by this part have not been made or have been made but not in accordance with this part. In cases of continued inability or unwillingness to have an audit conducted in accordance with this part, Federal agencies and pass-through entities shall take appropriate action using sanctions such as:

- (a) Withholding a percentage of Federal awards until the audit is completed satisfactorily;
- (b) Withholding or disallowing overhead costs;
- (c) Suspending Federal awards until the audit is conducted; or
- (d) Terminating the Federal award.

#### § \_\_.230 Audit costs.

(a) **Allowable costs.** Unless prohibited by law, the cost of audits made in accordance with the provisions of this part are allowable charges to Federal awards. The charges may be considered a direct cost or an allocated indirect cost, as determined in accordance with the provisions of applicable OMB cost principles circulars, the Federal Acquisition Regulation (FAR) (48 CFR parts 30 and 31), or other applicable cost principles or regulations.

(b) **Unallowable costs.** A non-Federal entity shall not charge the following to a Federal award:

- (1) The cost of any audit under the Single Audit Act Amendments of 1996 (31 U.S.C. 7501 et seq.) not conducted in accordance with this part.
- (2) The cost of auditing a non-Federal entity which has Federal awards expended of less than \$300,000 per year and is thereby exempted under § \_\_.200(d) from having an audit conducted

under this part. However, this does not prohibit a pass-through entity from charging Federal awards for the cost of limited scope audits to monitor its subrecipients in accordance with § \_\_.400(d)(3), provided the subrecipient does not have a single audit. For purposes of this part, limited scope audits only include agreed-upon procedures engagements conducted in accordance with either the AICPA's generally accepted auditing standards or attestation standards, that are paid for and arranged by a pass-through entity and address only one or more of the following types of compliance requirements: activities allowed or unallowed; allowable costs/cost principles; eligibility; matching, level of effort, earmarking; and, reporting.

### § \_\_.235 Program-specific audits.

(a) **Program-specific audit guide available.** In many cases, a program-specific audit guide will be available to provide specific guidance to the auditor with respect to internal control, compliance requirements, suggested audit procedures, and audit reporting requirements. The auditor should contact the Office of Inspector General of the Federal agency to determine whether such a guide is available. When a current program-specific audit guide is available, the auditor shall follow GAGAS and the guide when performing a program-specific audit.

(b) **Program-specific audit guide not available.** (1) When a program-specific audit guide is not available, the auditee and auditor shall have basically the same responsibilities for the Federal program as they would have for an audit of a major program in a single audit.

(2) The auditee shall prepare the financial statement(s) for the Federal program that includes, at a minimum, a schedule of expenditures of Federal awards for the program and notes that describe the significant accounting policies used in preparing the schedule, a summary schedule of prior audit findings consistent with the requirements of § \_\_.315(b), and a corrective action plan consistent with the requirements of § \_\_.315(c).

(3) The auditor shall:

(i) Perform an audit of the financial statement(s) for the Federal program in accordance with GAGAS;

(ii) Obtain an understanding of internal control and perform tests of internal control over the Federal program consistent with the requirements of § \_\_.500(c) for a major program;

(iii) Perform procedures to determine whether the auditee has complied with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on the Federal program consistent with the requirements of § \_\_.500(d) for a major program; and

(iv) Follow up on prior audit findings, perform procedures to assess the reasonableness of the summary schedule of prior audit findings prepared by the auditee, and report, as a current year audit finding, when the auditor concludes that the summary schedule of prior audit findings materially misrepresents the status of any prior audit finding in accordance with the requirements of § \_\_.500(e).

(4) The auditor's report(s) may be in the form of either combined or separate reports and may be organized differently from the manner presented in this section. The auditor's report(s) shall state that the audit was conducted in accordance with this part and include the following:

(i) An opinion (or disclaimer of opinion) as to whether the financial statement(s) of the Federal program is presented fairly in all material respects in conformity with the stated accounting policies;

- (ii) A report on internal control related to the Federal program, which shall describe the scope of testing of internal control and the results of the tests;
- (iii) A report on compliance which includes an opinion (or disclaimer of opinion) as to whether the auditee complied with laws, regulations, and the provisions of contracts or grant agreements which could have a direct and material effect on the Federal program; and
- (iv) A schedule of findings and questioned costs for the Federal program that includes a summary of the auditor's results relative to the Federal program in a format consistent with § \_\_.505(d)(1) and findings and questioned costs consistent with the requirements of § \_\_.505(d)(3).

**(c) Report submission for program-specific audits.**

(1) The audit shall be completed and the reporting required by paragraph (c)(2) or (c)(3) of this section submitted within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the Federal agency that provided the funding or a different period is specified in a program-specific audit guide. (However, for fiscal years beginning on or before June 30, 1998, the audit shall be completed and the required reporting shall be submitted within the earlier of 30 days after receipt of the auditor's report(s), or 13 months after the end of the audit period, unless a different period is specified in a program-specific audit guide.) Unless restricted by law or regulation, the auditee shall make report copies available for public inspection.

(2) When a program-specific audit guide is available, the auditee shall submit to the Federal clearinghouse designated by OMB the data collection form prepared in accordance with § \_\_.320(b), as applicable to a program-specific audit, and the reporting required by the program-specific audit guide to be retained as an archival copy. Also, the auditee shall submit to the Federal awarding agency or pass-through entity the reporting required by the program-specific audit guide.

(3) When a program-specific audit guide is not available, the reporting package for a program-specific audit shall consist of the financial statement(s) of the Federal program, a summary schedule of prior audit findings, and a corrective action plan as described in paragraph (b)(2) of this section, and the auditor's report(s) described in paragraph (b)(4) of this section. The data collection form prepared in accordance with § \_\_.320(b), as applicable to a program-specific audit, and one copy of this reporting package shall be submitted to the Federal clearinghouse designated by OMB to be retained as an archival copy. Also, when the schedule of findings and questioned costs disclosed audit findings or the summary schedule of prior audit findings reported the status of any audit findings, the auditee shall submit one copy of the reporting package to the Federal clearinghouse on behalf of the Federal awarding agency, or directly to the pass-through entity in the case of a subrecipient. Instead of submitting the reporting package to the pass-through entity, when a subrecipient is not required to submit a reporting package to the pass-through entity, the subrecipient shall provide written notification to the pass-through entity, consistent with the requirements of § \_\_.320(e)(2). A subrecipient may submit a copy of the reporting package to the pass-through entity to comply with this notification requirement.

**(d) Other sections of this part may apply.** Program-specific audits are subject to § \_\_.100 through § \_\_.215(b), § \_\_.220 through § \_\_.230, § \_\_.300 through § \_\_.305, § \_\_.315, § \_\_.320(f) through § \_\_.320(j), § \_\_.400 through § \_\_.405, § \_\_.510 through § \_\_.515, and other referenced provisions of this part unless contrary to the provisions of this section, a program-specific audit guide, or program laws and regulations.

**Subpart C--Auditees****§ \_\_.300 Auditee responsibilities.**

The auditee shall:

- (a) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.
- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.
- (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § \_\_.310.
- (e) Ensure that the audits required by this part are properly performed and submitted when due. When extensions to the report submission due date required by § \_\_.320(a) are granted by the cognizant or oversight agency for audit, promptly notify the Federal clearinghouse designated by OMB and each pass-through entity providing Federal awards of the extension.
- (f) Follow up and take corrective action on audit findings, including preparation of a summary schedule of prior audit findings and a corrective action plan in accordance with § \_\_.315(b) and § \_\_.315(c), respectively.

**§ \_\_.305 Auditor selection.**

- (a) **Auditor procurement.** In procuring audit services, auditees shall follow the procurement standards prescribed by the Grants Management Common Rule (hereinafter referred to as the "A-102 Common Rule") published March 11, 1988 and amended April 19, 1995 [insert appropriate CFR citation], Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations," or the FAR (48 CFR part 42), as applicable (OMB Circulars are available from the Office of Administration, Publications Office, room 2200, New Executive Office Building, Washington, DC 20503). Whenever possible, auditees shall make positive efforts to utilize small businesses, minority-owned firms, and women's business enterprises, in procuring audit services as stated in the A-102 Common Rule, OMB Circular A-110, or the FAR (48 CFR part 42), as applicable. In requesting proposals for audit services, the objectives and scope of the audit should be made clear. Factors to be considered in evaluating each proposal for audit services include the responsiveness to the request for proposal, relevant experience, availability of staff with professional qualifications and technical abilities, the results of external quality control reviews, and price.
- (b) **Restriction on auditor preparing indirect cost proposals.** An auditor who prepares the indirect cost proposal or cost allocation plan may not also be selected to perform the audit required by this part when the indirect costs recovered by the auditee during the prior year exceeded \$1 million. This restriction applies to the base year used in the preparation of the indirect cost proposal or cost allocation plan and any subsequent years in which the resulting indirect cost agreement or cost allocation plan is used to recover costs. To minimize any

disruption in existing contracts for audit services, this paragraph applies to audits of fiscal years beginning after June 30, 1998.

(c) **Use of Federal auditors.** Federal auditors may perform all or part of the work required under this part if they comply fully with the requirements of this part.

### § \_\_.310 Financial statements.

(a) **Financial statements.** The auditee shall prepare financial statements that reflect its financial position, results of operations or changes in net assets, and, where appropriate, cash flows for the fiscal year audited. The financial statements shall be for the same organizational unit and fiscal year that is chosen to meet the requirements of this part. However, organization-wide financial statements may also include departments, agencies, and other organizational units that have separate audits in accordance with § \_\_.500(a) and prepare separate financial statements.

(b) **Schedule of expenditures of Federal awards.** The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

(1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.

(2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.

(3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.

(4) Include notes that describe the significant accounting policies used in preparing the schedule.

(5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.

(6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule.

### § \_\_.315 Audit findings follow-up.

(a) **General.** The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee shall prepare a summary schedule of prior audit findings. The auditee shall also prepare a corrective action plan for current year audit findings. The summary schedule of prior audit findings and the corrective action plan shall include the reference numbers the auditor assigns to audit findings under § \_\_.510(c). Since the summary schedule may include audit findings from multiple years, it shall include the

fiscal year in which the finding initially occurred.

**(b) Summary schedule of prior audit findings.** The summary schedule of prior audit findings shall report the status of all audit findings included in the prior audit's schedule of findings and questioned costs relative to Federal awards. The summary schedule shall also include audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected in accordance with paragraph **(b)(1)** of this section, or no longer valid or not warranting further action in accordance with paragraph **(b)(4)** of this section.

(1) When audit findings were fully corrected, the summary schedule need only list the audit findings and state that corrective action was taken.

(2) When audit findings were not corrected or were only partially corrected, the summary schedule shall describe the planned corrective action as well as any partial corrective action taken.

(3) When corrective action taken is significantly different from corrective action previously reported in a corrective action plan or in the Federal agency's or pass-through entity's management decision, the summary schedule shall provide an explanation.

(4) When the auditee believes the audit findings are no longer valid or do not warrant further action, the reasons for this position shall be described in the summary schedule. A valid reason for considering an audit finding as not warranting further action is that all of the following have occurred:

(i) Two years have passed since the audit report in which the finding occurred was submitted to the Federal clearinghouse;

(ii) The Federal agency or pass-through entity is not currently following up with the auditee on the audit finding; and

(iii) A management decision was not issued.

**(c) Corrective action plan.** At the completion of the audit, the auditee shall prepare a corrective action plan to address each audit finding included in the current year auditor's reports. The corrective action plan shall provide the name(s) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date. If the auditee does not agree with the audit findings or believes corrective action is not required, then the corrective action plan shall include an explanation and specific reasons.

### § \_\_.320 Report submission.

**(a) General.** The audit shall be completed and the data collection form described in paragraph **(b)** of this section and reporting package described in paragraph **(c)** of this section shall be submitted within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit. (However, for fiscal years beginning on or before June 30, 1998, the audit shall be completed and the data collection form and reporting package shall be submitted within the earlier of 30 days after receipt of the auditor's report(s), or 13 months after the end of the audit period.) Unless restricted by law or regulation, the auditee shall make copies available for public inspection.

**(b) Data Collection.** (1) The auditee shall submit a data collection form which states whether the audit was completed in accordance with this part and provides information about the

auditee, its Federal programs, and the results of the audit. The form shall be approved by OMB, available from the Federal clearinghouse designated by OMB, and include data elements similar to those presented in this paragraph. A senior level representative of the auditee (e.g., State controller, director of finance, chief executive officer, or chief financial officer) shall sign a statement to be included as part of the form certifying that: the auditee complied with the requirements of this part, the form was prepared in accordance with this part (and the instructions accompanying the form), and the information included in the form, in its entirety, are accurate and complete.

(2) The data collection form shall include the following data elements:

(i) The type of report the auditor issued on the financial statements of the auditee (i.e., unqualified opinion, qualified opinion, adverse opinion, or disclaimer of opinion).

(ii) Where applicable, a statement that reportable conditions in internal control were disclosed by the audit of the financial statements and whether any such conditions were material weaknesses.

(iii) A statement as to whether the audit disclosed any noncompliance which is material to the financial statements of the auditee.

(iv) Where applicable, a statement that reportable conditions in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses.

(v) The type of report the auditor issued on compliance for major programs (i.e., unqualified opinion, qualified opinion, adverse opinion, or disclaimer of opinion).

(vi) A list of the Federal awarding agencies which will receive a copy of the reporting package pursuant to § \_\_\_.320(d)(2) of OMB Circular A-133.

(vii) A yes or no statement as to whether the auditee qualified as a low-risk auditee under § \_\_\_.530 of OMB Circular A-133.

(viii) The dollar threshold used to distinguish between Type A and Type B programs as defined in § \_\_\_.520(b) of OMB Circular A-133.

(ix) The **Catalog of Federal Domestic Assistance** (CFDA) number for each Federal program, as applicable.

(x) The name of each Federal program and identification of each major program. Individual programs within a cluster of programs should be listed in the same level of detail as they are listed in the schedule of expenditures of Federal awards.

(xi) The amount of expenditures in the schedule of expenditures of Federal awards associated with each Federal program.

(xii) For each Federal program, a yes or no statement as to whether there are audit findings in each of the following types of compliance requirements and the total amount of any questioned costs:

(A) Activities allowed or unallowed.

(B) Allowable costs/cost principles.

- (C) Cash management.
  - (D) Davis-Bacon Act.
  - (E) Eligibility.
  - (F) Equipment and real property management.
  - (G) Matching, level of effort, earmarking.
  - (H) Period of availability of Federal funds.
  - (I) Procurement and suspension and debarment.
  - (J) Program income.
  - (K) Real property acquisition and relocation assistance.
  - (L) Reporting.
  - (M) Subrecipient monitoring.
  - (N) Special tests and provisions.
  - (xiii) Auditee Name, Employer Identification Number(s), Name and Title of Certifying Official, Telephone Number, Signature, and Date.
  - (xiv) Auditor Name, Name and Title of Contact Person, Auditor Address, Auditor Telephone Number, Signature, and Date.
  - (xv) Whether the auditee has either a cognizant or oversight agency for audit.
  - (xvi) The name of the cognizant or oversight agency for audit determined in accordance with § \_\_.400(a) and § \_\_.400(b), respectively.
- (3) Using the information included in the reporting package described in paragraph (c) of this section, the auditor shall complete the applicable sections of the form. The auditor shall sign a statement to be included as part of the data collection form that indicates, at a minimum, the source of the information included in the form, the auditor's responsibility for the information, that the form is not a substitute for the reporting package described in paragraph (c) of this section, and that the content of the form is limited to the data elements prescribed by OMB.
- (c) **Reporting package.** The reporting package shall include the:
- (1) Financial statements and schedule of expenditures of Federal awards discussed in § \_\_.310(a) and § \_\_.310(b), respectively;
  - (2) Summary schedule of prior audit findings discussed in § \_\_.315(b);
  - (3) Auditor's report(s) discussed in § \_\_.505; and

(4) Corrective action plan discussed in § \_\_\_.315(c).

(d) **Submission to clearinghouse.** All auditees shall submit to the Federal clearinghouse designated by OMB the data collection form described in paragraph (b) of this section and one copy of the reporting package described in paragraph (c) of this section for:

(1) The Federal clearinghouse to retain as an archival copy; and

(2) Each Federal awarding agency when the schedule of findings and questioned costs disclosed audit findings relating to Federal awards that the Federal awarding agency provided directly or the summary schedule of prior audit findings reported the status of any audit findings relating to Federal awards that the Federal awarding agency provided directly.

(e) **Additional submission by subrecipients.** (1) In addition to the requirements discussed in paragraph (d) of this section, auditees that are also subrecipients shall submit to each pass-through entity one copy of the reporting package described in paragraph (c) of this section for each pass-through entity when the schedule of findings and questioned costs disclosed audit findings relating to Federal awards that the pass-through entity provided or the summary schedule of prior audit findings reported the status of any audit findings relating to Federal awards that the pass-through entity provided.

(2) Instead of submitting the reporting package to a pass-through entity, when a subrecipient is not required to submit a reporting package to a pass-through entity pursuant to paragraph (e)(1) of this section, the subrecipient shall provide written notification to the pass-through entity that: an audit of the subrecipient was conducted in accordance with this part (including the period covered by the audit and the name, amount, and CFDA number of the Federal award(s) provided by the pass-through entity); the schedule of findings and questioned costs disclosed no audit findings relating to the Federal award(s) that the pass-through entity provided; and, the summary schedule of prior audit findings did not report on the status of any audit findings relating to the Federal award(s) that the pass-through entity provided. A subrecipient may submit a copy of the reporting package described in paragraph (c) of this section to a pass-through entity to comply with this notification requirement.

(f) **Requests for report copies.** In response to requests by a Federal agency or pass-through entity, auditees shall submit the appropriate copies of the reporting package described in paragraph (c) of this section and, if requested, a copy of any management letters issued by the auditor.

(g) **Report retention requirements.** Auditees shall keep one copy of the data collection form described in paragraph (b) of this section and one copy of the reporting package described in paragraph (c) of this section on file for three years from the date of submission to the Federal clearinghouse designated by OMB. Pass-through entities shall keep subrecipients' submissions on file for three years from date of receipt.

(h) **Clearinghouse responsibilities.** The Federal clearinghouse designated by OMB shall distribute the reporting packages received in accordance with paragraph (d)(2) of this section and § \_\_\_.235(c)(3) to applicable Federal awarding agencies, maintain a data base of completed audits, provide appropriate information to Federal agencies, and follow up with known auditees which have not submitted the required data collection forms and reporting packages.

(i) **Clearinghouse address.** The address of the Federal clearinghouse currently designated by OMB is Federal Audit Clearinghouse, Bureau of the Census, 1201 E. 10th Street, Jeffersonville, IN 47132.

(j) **Electronic filing.** Nothing in this part shall preclude electronic submissions to the Federal clearinghouse in such manner as may be approved by OMB. With OMB approval, the Federal clearinghouse may pilot test methods of electronic submissions.

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## **Subpart D--Federal Agencies and Pass-Through Entities**

### **§\_\_.400 Responsibilities.**

(a) **Cognizant agency for audit responsibilities.** Recipients expending more than \$25 million a year in Federal awards shall have a cognizant agency for audit. The designated cognizant agency for audit shall be the Federal awarding agency that provides the predominant amount of direct funding to a recipient unless OMB makes a specific cognizant agency for audit assignment. To provide for continuity of cognizance, the determination of the predominant amount of direct funding shall be based upon direct Federal awards expended in the recipient's fiscal years ending in 1995, 2000, 2005, and every fifth year thereafter. For example, audit cognizance for periods ending in 1997 through 2000 will be determined based on Federal awards expended in 1995. (However, for States and local governments that expend more than \$25 million a year in Federal awards and have previously assigned cognizant agencies for audit, the requirements of this paragraph are not effective until fiscal years beginning after June 30, 2000.) Notwithstanding the manner in which audit cognizance is determined, a Federal awarding agency with cognizance for an auditee may reassign cognizance to another Federal awarding agency which provides substantial direct funding and agrees to be the cognizant agency for audit. Within 30 days after any reassignment, both the old and the new cognizant agency for audit shall notify the auditee, and, if known, the auditor of the reassignment. The cognizant agency for audit shall:

- (1) Provide technical audit advice and liaison to auditees and auditors.
- (2) Consider auditee requests for extensions to the report submission due date required by §\_\_.320(a). The cognizant agency for audit may grant extensions for good cause.
- (3) Obtain or conduct quality control reviews of selected audits made by non-Federal auditors, and provide the results, when appropriate, to other interested organizations.
- (4) Promptly inform other affected Federal agencies and appropriate Federal law enforcement officials of any direct reporting by the auditee or its auditor of irregularities or illegal acts, as required by GAGAS or laws and regulations.
- (5) Advise the auditor and, where appropriate, the auditee of any deficiencies found in the audits when the deficiencies require corrective action by the auditor. When advised of deficiencies, the auditee shall work with the auditor to take corrective action. If corrective action is not taken, the cognizant agency for audit shall notify the auditor, the auditee, and applicable Federal awarding agencies and pass-through entities of the facts and make recommendations for follow-up action. Major inadequacies or repetitive substandard performance by auditors shall be referred to appropriate State licensing agencies and professional bodies for disciplinary action.
- (6) Coordinate, to the extent practical, audits or reviews made by or for Federal agencies that are in addition to the audits made pursuant to this part, so that the additional audits or reviews build upon audits performed in accordance with this part.
- (7) Coordinate a management decision for audit findings that affect the Federal programs of more than one agency.

(8) Coordinate the audit work and reporting responsibilities among auditors to achieve the most cost-effective audit.

(9) For biennial audits permitted under § \_\_\_\_.220, consider auditee requests to qualify as a low-risk auditee under § \_\_\_\_.530(a).

**(b) Oversight agency for audit responsibilities.** An auditee which does not have a designated cognizant agency for audit will be under the general oversight of the Federal agency determined in accordance with § \_\_\_\_.105. The oversight agency for audit:

(1) Shall provide technical advice to auditees and auditors as requested.

(2) May assume all or some of the responsibilities normally performed by a cognizant agency for audit.

**(c) Federal awarding agency responsibilities.** The Federal awarding agency shall perform the following for the Federal awards it makes:

(1) Identify Federal awards made by informing each recipient of the CFDA title and number, award name and number, award year, and if the award is for R&D. When some of this information is not available, the Federal agency shall provide information necessary to clearly describe the Federal award.

(2) Advise recipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements.

(3) Ensure that audits are completed and reports are received in a timely manner and in accordance with the requirements of this part.

(4) Provide technical advice and counsel to auditees and auditors as requested.

(5) Issue a management decision on audit findings within six months after receipt of the audit report and ensure that the recipient takes appropriate and timely corrective action.

(6) Assign a person responsible for providing annual updates of the compliance supplement to OMB.

**(d) Pass-through entity responsibilities.** A pass-through entity shall perform the following for the Federal awards it makes:

(1) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.

(2) Advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity.

(3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

- (4) Ensure that subrecipients expending \$300,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.
- (5) Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.
- (6) Consider whether subrecipient audits necessitate adjustment of the pass-through entity's own records.
- (7) Require each subrecipient to permit the pass-through entity and auditors to have access to the records and financial statements as necessary for the pass-through entity to comply with this part.

#### **§ \_\_.405 Management decision.**

(a) **General.** The management decision shall clearly state whether or not the audit finding is sustained, the reasons for the decision, and the expected auditee action to repay disallowed costs, make financial adjustments, or take other action. If the auditee has not completed corrective action, a timetable for follow-up should be given. Prior to issuing the management decision, the Federal agency or pass-through entity may request

additional information or documentation from the auditee, including a request for auditor assurance related to the documentation, as a way of mitigating disallowed costs. The management decision should describe any appeal process available to the auditee.

(b) **Federal agency.** As provided in § \_\_.400(a)(7), the cognizant agency for audit shall be responsible for coordinating a management decision for audit findings that affect the programs of more than one Federal agency. As provided in § \_\_.400(c)(5), a Federal awarding agency is responsible for issuing a management decision for findings that relate to Federal awards it makes to recipients. Alternate arrangements may be made on a case-by-case basis by agreement among the Federal agencies concerned.

(c) **Pass-through entity.** As provided in § \_\_.400(d)(5), the pass-through entity shall be responsible for making the management decision for audit findings that relate to Federal awards it makes to subrecipients.

(d) **Time requirements.** The entity responsible for making the management decision shall do so within six months of receipt of the audit report. Corrective action should be initiated within six months after receipt of the audit report and proceed as rapidly as possible.

(e) **Reference numbers.** Management decisions shall include the reference numbers the auditor assigned to each audit finding in accordance with § \_\_.510(c).

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#### **Subpart E--Auditors**

#### **§ \_\_.500 Scope of audit.**

(a) **General.** The audit shall be conducted in accordance with GAGAS. The audit shall cover the entire operations of the auditee; or, at the option of the auditee, such audit shall include a series of audits that cover departments, agencies, and other organizational units which expended or otherwise administered Federal awards during such fiscal year, provided that each such audit shall encompass the financial statements and schedule of expenditures of Federal

awards for each such department, agency, and other organizational unit, which shall be considered to be a non-Federal entity. The financial statements and schedule of expenditures of Federal awards shall be for the same fiscal year.

(b) **Financial statements.** The auditor shall determine whether the financial statements of the auditee are presented fairly in all material respects in conformity with generally accepted accounting principles. The auditor shall also determine whether the schedule of expenditures of Federal awards is presented fairly in all material respects in relation to the auditee's financial statements taken as a whole.

(c) **Internal control.** (1) In addition to the requirements of GAGAS, the auditor shall perform procedures to obtain an understanding of internal control over Federal programs sufficient to plan the audit to support a low assessed level of control risk for major programs.

(2) Except as provided in paragraph (c)(3) of this section, the auditor shall:

(i) Plan the testing of internal control over major programs to support a low assessed level of control risk for the assertions relevant to the compliance requirements for each major program; and

(ii) Perform testing of internal control as planned in paragraph (c)(2)(i) of this section.

(3) When internal control over some or all of the compliance requirements for a major program are likely to be ineffective in preventing or detecting noncompliance, the planning and performing of testing described in paragraph (c)(2) of this section are not required for those compliance requirements. However, the auditor shall report a reportable condition (including whether any such condition is a material weakness) in accordance with § \_\_.510, assess the related control risk at the maximum, and consider whether additional compliance tests are required because of ineffective internal control.

(d) **Compliance.** (1) In addition to the requirements of GAGAS, the auditor shall determine whether the auditee has complied with laws, regulations, and the provisions of contracts or grant agreements that may have a direct and material effect on each of its major programs.

(2) The principal compliance requirements applicable to most Federal programs and the compliance requirements of the largest Federal programs are included in the compliance supplement.

(3) For the compliance requirements related to Federal programs contained in the compliance supplement, an audit of these compliance requirements will meet the requirements of this part. Where there have been changes to the compliance requirements and the changes are not reflected in the compliance supplement, the auditor shall determine the current compliance requirements and modify the audit procedures accordingly. For those Federal programs not covered in the compliance supplement, the auditor should use the types of compliance requirements contained in the compliance supplement as guidance for identifying the types of compliance requirements to test, and determine the requirements governing the Federal program by reviewing the provisions of contracts and grant agreements and the laws and regulations referred to in such contracts and grant agreements.

(4) The compliance testing shall include tests of transactions and such other auditing procedures necessary to provide the auditor sufficient evidence to support an opinion on compliance.

(e) **Audit follow-up.** The auditor shall follow-up on prior audit findings, perform procedures to

assess the reasonableness of the summary schedule of prior audit findings prepared by the auditee in accordance with § \_\_\_.315(b), and report, as a current year audit finding, when the auditor concludes that the summary schedule of prior audit findings materially misrepresents the status of any prior audit finding. The auditor shall perform audit follow-up procedures regardless of whether a prior audit finding relates to a major program in the current year.

(f) **Data Collection Form.** As required in § \_\_\_.320(b)(3), the auditor shall complete and sign specified sections of the data collection form.

#### § \_\_\_.505 Audit reporting.

The auditor's report(s) may be in the form of either combined or separate reports and may be organized differently from the manner presented in this section. The auditor's report(s) shall state that the audit was conducted in accordance with this part and include the following:

(a) An opinion (or disclaimer of opinion) as to whether the financial statements are presented fairly in all material respects in conformity with generally accepted accounting principles and an opinion (or disclaimer of opinion) as to whether the schedule of expenditures of Federal awards is presented fairly in all material respects in relation to the financial statements taken as a whole.

(b) A report on internal control related to the financial statements and major programs. This report shall describe the scope of testing of internal control and the results of the tests, and, where applicable, refer to the separate schedule of findings and questioned costs described in paragraph (d) of this section.

(c) A report on compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements. This report shall also include an opinion (or disclaimer of opinion) as to whether the auditee complied with laws, regulations, and the provisions of contracts or grant agreements which could have a direct and material effect on each major program, and, where applicable, refer to the separate schedule of findings and questioned costs described in paragraph (d) of this section.

(d) A schedule of findings and questioned costs which shall include the following three components:

(1) A summary of the auditor's results which shall include:

(i) The type of report the auditor issued on the financial statements of the auditee (i.e., unqualified opinion, qualified opinion, adverse opinion, or disclaimer of opinion);

(ii) Where applicable, a statement that reportable conditions in internal control were disclosed by the audit of the financial statements and whether any such conditions were material weaknesses;

(iii) A statement as to whether the audit disclosed any noncompliance which is material to the financial statements of the auditee;

(iv) Where applicable, a statement that reportable conditions in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses;

(v) The type of report the auditor issued on compliance for major programs (i.e., unqualified

opinion, qualified opinion, adverse opinion, or disclaimer of opinion);

(vi) A statement as to whether the audit disclosed any audit findings which the auditor is required to report under § \_\_.510(a);

(vii) An identification of major programs;

(viii) The dollar threshold used to distinguish between Type A and Type B programs, as described in § \_\_.520(b); and

(ix) A statement as to whether the auditee qualified as a low-risk auditee under § \_\_.530.

(2) Findings relating to the financial statements which are required to be reported in accordance with GAGAS.

(3) Findings and questioned costs for Federal awards which shall include audit findings as defined in § \_\_.510(a).

(i) Audit findings (e.g., internal control findings, compliance findings, questioned costs, or fraud) which relate to the same issue should be presented as a single audit finding. Where practical, audit findings should be organized by Federal agency or pass-through entity.

(ii) Audit findings which relate to both the financial statements and Federal awards, as reported under paragraphs (d)(2) and (d)(3) of this section, respectively, should be reported in both sections of the schedule. However, the reporting in one section of the schedule may be in summary form with a reference to a detailed reporting in the other section of the schedule.

#### § \_\_.510 Audit findings.

(a) **Audit findings reported.** The auditor shall report the following as audit findings in a schedule of findings and questioned costs:

(1) Reportable conditions in internal control over major programs. The auditor's determination of whether a deficiency in internal control is a reportable condition for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program or an audit objective identified in the compliance supplement. The auditor shall identify reportable conditions which are individually or cumulatively material weaknesses.

(2) Material noncompliance with the provisions of laws, regulations, contracts, or grant agreements related to a major program. The auditor's determination of whether a noncompliance with the provisions of laws, regulations, contracts, or grant agreements is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program or an audit objective identified in the compliance supplement.

(3) Known questioned costs which are greater than \$10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor. In evaluating the effect of questioned costs on the opinion on compliance, the auditor considers the best estimate of total costs questioned (likely questioned costs), not just the questioned costs specifically identified (known questioned costs). The auditor shall also report known questioned costs when likely questioned costs are greater than \$10,000 for a type of compliance requirement for a major program. In reporting questioned costs, the auditor shall include information to provide proper perspective for judging the prevalence and consequences of the questioned costs.

(4) Known questioned costs which are greater than \$10,000 for a Federal program which is not audited as a major program. Except for audit follow-up, the auditor is not required under this part to perform audit procedures for such a Federal program; therefore, the auditor will normally not find questioned costs for a program which is not audited as a major program. However, if the auditor does become aware of questioned costs for a Federal program which is not audited as a major program (e.g., as part of audit follow-up or other audit procedures) and the known questioned costs are greater than \$10,000, then the auditor shall report this as an audit finding.

(5) The circumstances concerning why the auditor's report on compliance for major programs is other than an unqualified opinion, unless such circumstances are otherwise reported as audit findings in the schedule of findings and questioned costs for Federal awards.

(6) Known fraud affecting a Federal award, unless such fraud is otherwise reported as an audit finding in the schedule of findings and questioned costs for Federal awards. This paragraph does not require the auditor to make an additional reporting when the auditor confirms that the fraud was reported outside of the auditor's reports under the direct reporting requirements of GAGAS.

(7) Instances where the results of audit follow-up procedures disclosed that the summary schedule of prior audit findings prepared by the auditee in accordance with § \_\_.315(b) materially misrepresents the status of any prior audit finding.

**(b) Audit finding detail.** Audit findings shall be presented in sufficient detail for the auditee to prepare a corrective action plan and take corrective action and for Federal agencies and pass-through entities to arrive at a management decision. The following specific information shall be included, as applicable, in audit findings:

(1) Federal program and specific Federal award identification including the CFDA title and number, Federal award number and year, name of Federal agency, and name of the applicable pass-through entity. When information, such as the CFDA title and number or Federal award number, is not available, the auditor shall provide the best information available to describe the Federal award.

(2) The criteria or specific requirement upon which the audit finding is based, including statutory, regulatory, or other citation.

(3) The condition found, including facts that support the deficiency identified in the audit finding.

(4) Identification of questioned costs and how they were computed.

(5) Information to provide proper perspective for judging the prevalence and consequences of the audit findings, such as whether the audit findings represent an isolated instance or a systemic problem. Where appropriate, instances identified shall be related to the universe and the number of cases examined and be quantified in terms of dollar value.

(6) The possible asserted effect to provide sufficient information to the auditee and Federal agency, or pass-through entity in the case of a subrecipient, to permit them to determine the cause and effect to facilitate prompt and proper corrective action.

(7) Recommendations to prevent future occurrences of the deficiency identified in the audit finding.

(8) Views of responsible officials of the auditee when there is disagreement with the audit findings, to the extent practical.

(c) **Reference numbers.** Each audit finding in the schedule of findings and questioned costs shall include a reference number to allow for easy referencing of the audit findings during follow-up.

#### § \_\_.515 Audit working papers.

(a) **Retention of working papers.** The auditor shall retain working papers and reports for a minimum of three years after the date of issuance of the auditor's report(s) to the auditee, unless the auditor is notified in writing by the cognizant agency for audit, oversight agency for audit, or pass-through entity to extend the retention period. When the auditor is aware that the Federal awarding agency, pass-through entity, or auditee is contesting an audit finding, the auditor shall contact the parties contesting the audit finding for guidance prior to destruction of the working papers and reports.

(b) **Access to working papers.** Audit working papers shall be made available upon request to the cognizant or oversight agency for audit or its designee, a Federal agency providing direct or indirect funding, or GAO at the completion of the audit, as part of a quality review, to resolve audit findings, or to carry out oversight responsibilities consistent with the purposes of this part. Access to working papers includes the right of Federal agencies to obtain copies of working papers, as is reasonable and necessary.

#### § \_\_.520 Major program determination.

(a) **General.** The auditor shall use a risk-based approach to determine which Federal programs are major programs. This risk-based approach shall include consideration of: Current and prior audit experience, oversight by Federal agencies and pass-through entities, and the inherent risk of the Federal program. The process in paragraphs (b) through (i) of this section shall be followed.

(b) **Step 1.** (1) The auditor shall identify the larger Federal programs, which shall be labeled Type A programs. Type A programs are defined as Federal programs with Federal awards expended during the audit period exceeding the larger of:

(i) \$300,000 or three percent (.03) of total Federal awards expended in the case of an auditee for which total Federal awards expended equal or exceed \$300,000 but are less than or equal to \$100 million.

(ii) \$3 million or three-tenths of one percent (.003) of total Federal awards expended in the case of an auditee for which total Federal awards expended exceed \$100 million but are less than or equal to \$10 billion.

(iii) \$30 million or 15 hundredths of one percent (.0015) of total Federal awards expended in the case of an auditee for which total Federal awards expended exceed \$10 billion.

(2) Federal programs not labeled Type A under paragraph (b)(1) of this section shall be labeled Type B programs.

(3) The inclusion of large loan and loan guarantees (loans) should not result in the exclusion of other programs as Type A programs. When a Federal program providing loans significantly affects the number or size of Type A programs, the auditor shall consider this Federal program

as a Type A program and exclude its values in determining other Type A programs.

(4) For biennial audits permitted under § \_\_.220, the determination of Type A and Type B programs shall be based upon the Federal awards expended during the two-year period.

(c) **Step 2.** (1) The auditor shall identify Type A programs which are low-risk. For a Type A program to be considered low-risk, it shall have been audited as a major program in at least one of the two most recent audit periods (in the most recent audit period in the case of a biennial audit), and, in the most recent audit period, it shall have had no audit findings under § \_\_.510 (a). However, the auditor may use judgment and consider that audit findings from questioned costs under § \_\_.510(a)(3) and § \_\_.510(a)(4), fraud under § \_\_.510(a)(6), and audit follow-up for the summary schedule of prior audit findings under § \_\_.510(a)(7) do not preclude the Type A program from being low-risk. The auditor shall consider: the criteria in § \_\_.525(c), § \_\_.525(d)(1), § \_\_.525(d)(2), and § \_\_.525(d)(3); the results of audit follow-up; whether any changes in personnel or systems affecting a Type A program have significantly increased risk; and apply professional judgment in determining whether a Type A program is low-risk.

(2) Notwithstanding paragraph (c)(1) of this section, OMB may approve a Federal awarding agency's request that a Type A program at certain recipients may not be considered low-risk. For example, it may be necessary for a large Type A program to be audited as major each year at particular recipients to allow the Federal agency to comply with the Government Management Reform Act of 1994 (31 U.S.C. 3515). The Federal agency shall notify the recipient and, if known, the auditor at least 180 days prior to the end of the fiscal year to be audited of OMB's approval.

(d) **Step 3.** (1) The auditor shall identify Type B programs which are high-risk using professional judgment and the criteria in § \_\_.525. However, should the auditor select Option 2 under Step 4 (paragraph (e)(2)(i)(B) of this section), the auditor is not required to identify more high-risk Type B programs than the number of low-risk Type A programs. Except for known reportable conditions in internal control or compliance problems as discussed in § \_\_.525(b)(1), § \_\_.525(b)(2), and § \_\_.525(c)(1), a single criteria in § \_\_.525 would seldom cause a Type B program to be considered high-risk.

(2) The auditor is not expected to perform risk assessments on relatively small Federal programs. Therefore, the auditor is only required to perform risk assessments on Type B programs that exceed the larger of:

(i) \$100,000 or three-tenths of one percent (.003) of total Federal awards expended when the auditee has less than or equal to \$100 million in total Federal awards expended.

(ii) \$300,000 or three-hundredths of one percent (.0003) of total Federal awards expended when the auditee has more than \$100 million in total Federal awards expended.

(e) **Step 4.** At a minimum, the auditor shall audit all of the following as major programs:

(1) All Type A programs, except the auditor may exclude any Type A programs identified as low-risk under Step 2 (paragraph (c)(1) of this section).

(2) (i) High-risk Type B programs as identified under either of the following two options:

(A) **Option 1.** At least one half of the Type B programs identified as high-risk under Step 3 (paragraph (d) of this section), except this paragraph (e)(2)(i)(A) does not require the auditor to audit more high-risk Type B programs than the number of low-risk Type A programs identified as low-risk under Step 2.

(B) **Option 2.** One high-risk Type B program for each Type A program identified as low-risk under Step 2.

(ii) When identifying which high-risk Type B programs to audit as major under either Option 1 or 2 in paragraph (e)(2)(i)(A) or (B), the auditor is encouraged to use an approach which provides an opportunity for different high-risk Type B programs to be audited as major over a period of time.

(3) Such additional programs as may be necessary to comply with the percentage of coverage rule discussed in paragraph (f) of this section. This paragraph (e)(3) may require the auditor to audit more programs as major than the number of Type A programs.

(f) **Percentage of coverage rule.** The auditor shall audit as major programs Federal programs with Federal awards expended that, in the aggregate, encompass at least 50 percent of total Federal awards expended. If the auditee meets the criteria in § \_\_.530 for a low-risk auditee, the auditor need only audit as major programs Federal programs with Federal awards expended that, in the aggregate, encompass at least 25 percent of total Federal awards expended.

(g) **Documentation of risk.** The auditor shall document in the working papers the risk analysis process used in determining major programs.

(h) **Auditor's judgment.** When the major program determination was performed and documented in accordance with this part, the auditor's judgment in applying the risk-based approach to determine major programs shall be presumed correct. Challenges by Federal agencies and pass-through entities shall only be for clearly improper use of the guidance in this part. However, Federal agencies and pass-through entities may provide auditors guidance about the risk of a particular Federal program and the auditor shall consider this guidance in determining major programs in audits not yet completed.

(i) **Deviation from use of risk criteria.** For first-year audits, the auditor may elect to determine major programs as all Type A programs plus any Type B programs as necessary to meet the percentage of coverage rule discussed in paragraph (f) of this section. Under this option, the auditor would not be required to perform the procedures discussed in paragraphs (c), (d), and (e) of this section.

(1) A first-year audit is the first year the entity is audited under this part or the first year of a change of auditors.

(2) To ensure that a frequent change of auditors would not preclude audit of high-risk Type B programs, this election for first-year audits may not be used by an auditee more than once in every three years.

#### § \_\_.525 Criteria for Federal program risk.

(a) **General.** The auditor's determination should be based on an overall evaluation of the risk of noncompliance occurring which could be material to the Federal program. The auditor shall use auditor judgment and consider criteria, such as described in paragraphs (b), (c), and (d) of this section, to identify risk in Federal programs. Also, as part of the risk analysis, the auditor may wish to discuss a particular Federal program with auditee management and the Federal agency or pass-through entity.

(b) **Current and prior audit experience.** (1) Weaknesses in internal control over Federal programs would indicate higher risk. Consideration should be given to the control environment

over Federal programs and such factors as the expectation of management's adherence to applicable laws and regulations and the provisions of contracts and grant agreements and the competence and experience of personnel who administer the Federal programs.

(i) A Federal program administered under multiple internal control structures may have higher risk. When assessing risk in a large single audit, the auditor shall consider whether weaknesses are isolated in a single operating unit (e.g., one college campus) or pervasive throughout the entity.

(ii) When significant parts of a Federal program are passed through to subrecipients, a weak system for monitoring subrecipients would indicate higher risk.

(iii) The extent to which computer processing is used to administer Federal programs, as well as the complexity of that processing, should be considered by the auditor in assessing risk. New and recently modified computer systems may also indicate risk.

(2) Prior audit findings would indicate higher risk, particularly when the situations identified in the audit findings could have a significant impact on a Federal program or have not been corrected.

(3) Federal programs not recently audited as major programs may be of higher risk than Federal programs recently audited as major programs without audit findings.

**(c) Oversight exercised by Federal agencies and pass-through entities.** (1) Oversight exercised by Federal agencies or pass-through entities could indicate risk. For example, recent monitoring or other reviews performed by an oversight entity which disclosed no significant problems would indicate lower risk. However, monitoring which disclosed significant problems would indicate higher risk.

(2) Federal agencies, with the concurrence of OMB, may identify Federal programs which are higher risk. OMB plans to provide this identification in the compliance supplement.

**(d) Inherent risk of the Federal program.** (1) The nature of a Federal program may indicate risk. Consideration should be given to the complexity of the program and the extent to which the Federal program contracts for goods and services. For example, Federal programs that disburse funds through third party contracts or have eligibility criteria may be of higher risk. Federal programs primarily involving staff payroll costs may have a high-risk for time and effort reporting, but otherwise be at low-risk.

(2) The phase of a Federal program in its life cycle at the Federal agency may indicate risk. For example, a new Federal program with new or interim regulations may have higher risk than an established program with time-tested regulations. Also, significant changes in Federal programs, laws, regulations, or the provisions of contracts or grant agreements may increase risk.

(3) The phase of a Federal program in its life cycle at the auditee may indicate risk. For example, during the first and last years that an auditee participates in a Federal program, the risk may be higher due to start-up or closeout of program activities and staff.

(4) Type B programs with larger Federal awards expended would be of higher risk than programs with substantially smaller Federal awards expended.

#### §\_\_\_.530 Criteria for a low-risk auditee.

An auditee which meets all of the following conditions for each of the preceding two years (or, in the case of biennial audits, preceding two audit periods) shall qualify as a low-risk auditee and be eligible for reduced audit coverage in accordance with § \_\_\_\_.520:

(a) Single audits were performed on an annual basis in accordance with the provisions of this part. A non-Federal entity that has biennial audits does not qualify as a low-risk auditee, unless agreed to in advance by the cognizant or oversight agency for audit.

(b) The auditor's opinions on the financial statements and the schedule of expenditures of Federal awards were unqualified. However, the cognizant or oversight agency for audit may judge that an opinion qualification does not affect the management of Federal awards and provide a waiver.

(c) There were no deficiencies in internal control which were identified as material weaknesses under the requirements of GAGAS. However, the cognizant or oversight agency for audit may judge that any identified material weaknesses do not affect the management of Federal awards and provide a waiver.

(d) None of the Federal programs had audit findings from any of the following in either of the preceding two years (or, in the case of biennial audits, preceding two audit periods) in which they were classified as Type A programs:

(1) Internal control deficiencies which were identified as material weaknesses;

(2) Noncompliance with the provisions of laws, regulations, contracts, or grant agreements which have a material effect on the Type A program; or(3) Known or likely questioned costs that exceed five percent of the total Federal awards expended for a Type A program during the year.

Appendix A to Part \_\_ - Data Collection Form (Form SF-SAC)  (56KB)

Appendix B to Part \_\_ - Circular A-133 Compliance Supplement

Note: Provisional OMB Circular A-133 Compliance Supplement is available from the Office of Administration, Publications Office, room 2200, New Executive Office Building, Washington, DC 20503.

### **Billing Code 3110-01-P**

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**APPENDIX VI: JOB CREATION AND STAFFING NEEDS  
SAMPLE SPREADSHEETS**



**Appendix VI: Job Creation and Staffing Needs Sample Spreadsheets**

**A Sample Spreadsheet for Job Creation Data, Collected Monthly or Quarterly**

\* You will need 2 separate worksheets—one for permanent jobs and one for temporary jobs.

Source List for Permanent and Temporary Job Data *	Contact Information	Sep	Oct	Nov	Complete for Rest of Fiscal Year...	Total
By Type of Program By Type of Activity		Quarter 1				
Rental Housing Programs— Multifamily Units						
Dwelling cost and equipment						
Acquisition						
Relocation						
Environmental review						
Housing infrastructure						
Rehabilitation / Modernization						
Rental Housing Programs— SRO Units						
Same categories as Multifamily Units						
Rental Housing Programs— Single Family Units						
Same categories as Multifamily Units						
Rental Housing Programs— Attached Units (duplex, triplex)						
Same categories as Multifamily Units						
Rental Housing Programs— Group homes (for persons with special needs or transitional housing)						
Same categories as Multifamily Units						

**Appendix VI: Job Creation and Staffing Needs Sample Spreadsheets**

Source List for Permanent and Temporary Job Data *	Contact Information	Sep	Oct	Nov	Complete for Rest of Fiscal Year. . .	Total
By Type of Program By Type of Activity		Quarter 1				
Homebuyer Assistance Programs						
Acquisition of existing, private housing						
Purchase of Mutual Help unit						
Acquisition of any other type of unit, with or without rehabilitation						
New construction						
Homeowner Rehabilitation Programs						
Rehabilitation (existing, private units)						
Rehabilitation (existing Mutual Help unit)						
Housing Services Programs						
Counseling for rental or homebuyer programs						
Resident management corporation establishment or support						
Energy auditing						
Activities that promote self-sufficiency						
Other services related to participating in eligible housing activities						
Housing Management Services Programs						
Work specification and inspections						
Loan processing						
Management of tenant-based rental assistance						
Management of affordable housing projects						
Crime Prevention Programs						
Safety measures related to protecting residents of affordable housing from crime						
Security measures related to the same						
Law enforcement measures related to the same						
Model Activities Programs						
Housing office space						

**Appendix VI: Job Creation and Staffing Needs Sample Spreadsheets**

Source List for Permanent and Temporary Job Data *	Contact Information	Sep	Oct	Nov	Complete for Rest of Fiscal Year. . .	Total
<b>By Type of Program By Type of Activity</b>		<b>Quarter 1</b>				
Warehouses, maintenance, and storage space						
Day care center for affordable housing participants						
Community buildings/centers						
Pro-ration of costs						

**Appendix VI: Job Creation and Staffing Needs Sample Spreadsheets**

**A Sample Spreadsheet for Staffing Needs Data, Collected Monthly or Quarterly**

Staffing Activity List	Contact Information	Sep	Oct	Nov	Complete for Rest of Fiscal Year...	Total
		Quarter 1				
Apply for IHBG						
Develop IHP						
Coordinate with TDHE						
Monitor Activities and Program— Rental Programs						
Monitor Activities and Program— Homebuyer Programs						
Coordinate the audit						
Gather, record, and respond to public comments						
Track job creation and staffing needs						
Manage and run staff meetings						
Complete APRs						



**APPENDIX VII: RESOURCES – WHERE TO FIND  
ADDITIONAL APR INFORMATION**



## Appendix VII: Resources

### WEB SITES

#### HUD/ONAP Sites

- Code Talk ([www.codetalk.fed.us](http://www.codetalk.fed.us)) is a federal inter-agency Native American website that provides information relevant to Native American communities. Code Talk is hosted by ONAP.
- Information pertaining specifically to the Department of Housing and Urban Development, Office of Native American Programs (ONAP) can be found through Code Talk at [http://www.codetalk.fed.us/HUD\\_ONAP.html](http://www.codetalk.fed.us/HUD_ONAP.html).
- NAHASDA Home Page (<http://www-domino.hud.gov/ihp/newhome.nsf?>) includes basic information on NAHASDA – reference information, discussion forums, and frequently asked questions.
- ONAP operates and maintains a Housing Resource Center (which can be found at [http://www.codetalk.fed.us/Housing\\_Resource\\_Center.html](http://www.codetalk.fed.us/Housing_Resource_Center.html)) whose purpose is to assist tribes, TDHEs, business, non-profits, and any other interested parties in developing housing and promoting economic growth on tribal lands. The Resource Center contains publications, databases, reports, videos, and pamphlets on a variety of topics, including construction management, development, environment, homelessness, and legislative affairs. Users can access information by visiting the National ONAP Service Center in Denver or by sending requests via telephone, fax, e-mail, mail and by visiting Code Talk.
- Native eDGE (<http://nativeedge.hud.gov/>) (economic Development Guidance and Empowerment) is an interagency initiative of the Federal Government to facilitate sustainable economic development within American Indian and Alaska Native communities. Native eDGE includes a telephone call center, a publications clearinghouse, the web site, and a technical assistance information center. The web site links seventeen federal agencies, educational institutions, and organizations through a single portal so that tribes, Native Americans, lending institutions, and private businesses can collaborate to promote economic growth.
- The FY2000 Indian Housing Block Grant (IHBG) amounts are available on-line ([www.codetalk.fed.us/Formula.html](http://www.codetalk.fed.us/Formula.html)) for each tribe or TDHE nation-wide. Grantees are organized by ONAP Area Office.
- Native American Housing Assistance Self Determination Act (NAHASDA) Guidance Bulletins (<http://www.codetalk.fed.us/guidance.html>). These bulletins provide guidance to NAHASDA grantees.
- A Calendar of Events is also available at <http://www.codetalk.fed.us/Calendar.html>. This calendar includes conferences, trainings, and other events of interest to Indian housing professionals.
- The Tribal Technical Assistance and Training Center (TTAT Center), available through Code Talk at [http://www.codetalk.fed.us/TTAT\\_main.html](http://www.codetalk.fed.us/TTAT_main.html), is a central resource for tribes and TDHEs to request technical assistance in program planning, development, and

## Appendix VII: Resources

management. The TTAT Center provides activities such as training, guidebooks, and technical assistance materials.

- Information pertaining to FY2000 Income Limits and Fair Market Rents can be found on-line at <http://www.huduser.org/datasets/il/fmr00/index.html>.
- HUDCLIPS (HUD Client Information and Policy System) is a searchable online database containing the entire inventory of official HUD policies. With full text search and retrieval capabilities, you can search on any date, word, or document number and quickly retrieve relevant documents. Subscribers have access to valuable online information, including: HUD handbooks, letters, and notices, HUD Federal Register announcements, Code of Federal Regulations 24, United States Codes for Titles 12 and 42, Federal Travel Regulations, and all HUD-related laws at <http://www.hudclips.org/cgi/index.cgi>.

### Other Federal Sites

- The Federal Register ([http://www.access.gpo.gov/su\\_docs/aces/aces140.html](http://www.access.gpo.gov/su_docs/aces/aces140.html)) offers a wide variety of information related to every federal agency, including HUD.
- The list of parties excluded from Federal procurement and non-procurement programs can be found on-line at <http://epls.arnet.gov>.
- The audit compliance supplements for OMB Circular A-133 can also be found on-line at [http://www.whitehouse.gov/OMB/circulars/a133\\_compliance/00toc.html](http://www.whitehouse.gov/OMB/circulars/a133_compliance/00toc.html).
- The Department of the Interior, Bureau of Indian Affairs (BIA) (<http://www.doi.gov/bureau-indian-affairs.html>) mission is to enhance the quality of life, to promote economic opportunity, and to carry out the responsibility to protect and improve the trust assets of American Indians, Indian tribes and Alaska Natives.
- The Department of Health and Human Services, Indian Health Service (IHS) is responsible for providing federal health services to American Indians and Alaska Natives. Information on IHS can be found at <http://www.ihs.gov/>.
- The Code of Federal Regulations (<http://www.access.gpo.gov/nara/cfr/cfr-table-search.html>) is available on-line in a searchable format.
- The Office of Management and Budget (<http://www.whitehouse.gov/OMB/>)
- The Catalog of Federal Domestic Assistance (CFDA) (<http://aspe.os.dhhs.gov/cfda/>) is a government-wide compilation of all 1,425 Federal programs, projects, services, and activities that provide assistance or benefits to the American public. These programs provide grants, loans, loan guarantees, services, information, scholarships, training, insurance, etc., to millions of Americans every day.

### Other Sites

- The National American Indian Housing Council (NAIHC) is a national membership organization that promotes, supports, and upholds tribes and tribal housing agencies in their

## **Appendix VII: Resources**

efforts to provide culturally-relevant, decent, safe, sanitary, and affordable housing for native people. The site can be found at <http://naihc.indian.com/>.

- The National Congress of American Indians (NCAI) (<http://www.ncai.org/>).provides their membership of American Indian and Alaska Native governments with information on issues in Indian country.
- Indian Country Today Online (<http://www.indiancountry.com/>) features daily news on matters affecting Native American communities across the nation.

## **ORGANIZATIONS**

- National American Indian Housing Council**  
900 Second Street, NE Suite 305  
Washington, D.C. 20002  
Telephone: 202-789-1754 or 800-284-9165  
Fax: 202-789-1758  
E-mail: [housing@naihc.net](mailto:housing@naihc.net)
- National Congress of American Indians**  
1301 Connecticut Ave. N.W.  
Suite 200  
Washington D.C. 20036  
Telephone: (202) 466-7767  
Fax: (202) 466-7797  
E-mail: [www.ncai.org](http://www.ncai.org).
- National Training and Information Center**  
810 North Milwaukee Avenue  
Chicago, IL 60622-0410  
Telephone: 312-243-3035  
Fax: 312-243-7044
- Center for Community Change**  
1000 Wisconsin Avenue, N.W.  
Suite B  
Washington, DC 20007  
Telephone: 202-342-0519  
Fax: 202-342-1132
- Program for Community Problem Solving**  
1319 F Street, N.W.  
Suite 204  
Washington, DC 20004-0110  
Telephone: 202-783-2961  
Fax: 202-347-2161

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- American Planning Association**  
1776 Massachusetts Avenue, N.W., Suite 400  
Washington, DC 20036  
Telephone: 202-872-0611  
Fax: 202-872-0643
  
- National Housing Institute**  
439 Main Street  
Orange, NJ 07050  
Telephone: 973-678-9060
  
- National Association for Community Leadership**  
200 South Meridian Street, Suite 340  
Indianapolis, IN 46225  
Telephone: 317-637-7408  
Fax: 317-637-7413
  
- The Community Leadership Association**  
200 S. Meridian Street, Suite 250  
Indianapolis, IN 46225  
Telephone: 317-637-7408  
Fax: 317-637-7413



## **APPENDIX VIII: GLOSSARY**



## **Appendix VIII: Glossary**

### **PART 1 – TERMS IN PARTICIPANT NOTEBOOK**

**1937 Act:** The United States Housing Act of 1937, as amended. The Act provided financial and technical assistance to States and political subdivisions to remedy unsafe and unsanitary housing conditions and the acute shortage of decent, safe and sanitary dwellings for families of lower income and to vest in local public housing agencies the maximum amount of responsibility in the administration of their housing programs.

**Affordable housing activities:** Activities identified in section 202 of NAHASDA (Indian housing assistance, development, housing services, housing management services, crime prevention and safety activities, and model activities).

**Affordable Housing:** For the purposes of NAHASDA and the APR, affordable housing means housing that complies with the requirements for affordable housing under Title II of NAHASDA. It includes permanent housing for homeless persons with disabilities, transitional housing, and single room occupancy (SRO) housing.

**Board of Commissioners:** Governing body of an IHA that is appointed in accordance with tribal ordinance or state law.

**Family:** The term family includes, but is not limited to, a family with or without children, an elderly family, a near-elderly family, a disabled family, a single person, as determined by the Indian tribe.

**Field office:** The designated Office of Native American Programs having responsibility for delivery of HUD resources and services to a specific and identified group of Indian tribes or areas.

**Formula Current Assisted Stock (FCAS):** Consists of housing units owned or operated pursuant to an annual contributions contract. This includes all low rent, Mutual Help, and Turnkey III housing units under management as of September 30, 1997. Also included are 1937 Housing Act units in the development pipeline when they become owned or operated by the recipient and are under management and Section 8 units when their current contract expires and the tribe continues to manage the assistance in a manner similar to the Section 8 program.

**HUD:** The U.S. Department of Housing and Urban Development

**IHA:** SEE INDIAN HOUSING AUTHORITY.

**IHBG:** Indian Housing Block Grant.

**Indian:** Any person who is a member of an Indian tribe.

**Indian area:** The area within which an Indian tribe or a tribally designated housing entity, as authorized by one or more Indian tribes, provides assistance under this Act for affordable housing.

**Indian Housing Authority (IHA):** An entity that is authorized to engage in or assist in the development or operation of low-income housing for Indians under the 1937 Act and is established either by: (1) exercise of the power of self-government of an Indian tribe

## **Appendix VIII: Glossary**

independent of State law; or (2) operation of State law providing specifically for housing authorities for Indians, including regional housing authorities in the State of Alaska.

**Indian Housing Plan (IHP):** For the purposes of NAHASDA and the APR, the IHP is a plan under Section 102 of NAHASDA.

### **Indian tribe:**

(A) IN GENERAL - The term 'Indian tribe' means a tribe that is a federally recognized tribe or a State recognized tribe.

(B) FEDERALLY RECOGNIZED TRIBE - The term 'federally recognized tribe' means any Indian tribe, band, nation, or other organized group or community of Indians, including any Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act, that is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians pursuant to the Indian Self-Determination and Education Assistance Act of 1975.

### (C) STATE RECOGNIZED TRIBE –

(i) IN GENERAL - The term 'State recognized tribe' means any tribe, band, nation, pueblo, village, or community --

(I) that has been recognized as an Indian tribe by any State; and

(II) for which an Indian Housing Authority has, before the effective date under section 705 of NAHASDA, entered into a contract with the Secretary pursuant to the United States Housing Act of 1937 for housing for Indian families and has received funding pursuant to such contract within the 5-year period ending upon such effective date.

(ii) CONDITIONS - Notwithstanding clause (i) –

(I) the allocation formula under section 302 of NAHASDA shall be determined for a State recognized tribe under tribal membership eligibility criteria in existence on the date of the enactment of this Act; and

(II) nothing in this paragraph shall be construed to confer upon a State recognized tribe any rights, privileges, responsibilities, or obligations otherwise accorded groups recognized as Indian tribes by the United States for other purposes.

**Low-income family:** A family whose income does not exceed 80 percent of the median income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 80 percent of the median for the area on the basis of the findings of the Secretary or the agency that such variations are necessary because of prevailing levels of construction costs or unusually high or low family incomes.

**Low Rent:** The rental housing program of the 1937 Act under which IHAs developed and rented housing units to low-income families.

## **Appendix VIII: Glossary**

**Median income:** The definition of median income, with respect to an Indian area, is the greater of the median income for the Indian area, which the Secretary shall determine, or the median income for the United States.

**Mutual Help:** Mutual Help Homeownership Opportunities Program (under the 1937 Act), whereby families are given an opportunity to purchase their housing unit.

**NAHASDA:** Native American Housing Assistance and Self-Determination Act of 1996. NAHASDA reorganizes the system of Federal housing assistance to Native Americans by eliminating several separate programs of assistance and replacing them with a single block grant program. In addition to simplifying the process of providing housing assistance, the purpose of NAHASDA is to provide Federal assistance for Indian tribes in a manner that recognizes the right of Indian self-determination and tribal self-governance. The primary objectives of NAHASDA are:

- (a) To assist and promote affordable housing activities to develop, maintain and operate affordable housing in safe and healthy environments on Indian reservations and in other Indian areas for occupancy by low-income Indian families;
- (b) To ensure better access to private mortgage markets for Indian tribes and their members and to promote self-sufficiency of Indian tribes and their members;
- (c) To coordinate activities to provide housing for Indian tribes and their members and to promote self-sufficiency of Indian tribes and their members;
- (d) To plan for and integrate infrastructure resources for Indian tribes with housing development for Indian tribes; and
- (e) To promote the development of private capital markets in Indian country and to allow such markets to operate and grow, thereby benefiting Indian communities.

**ONAP:** SEE OFFICE OF NATIVE AMERICAN PROGRAMS.

**Office of Native American Programs:** The office within HUD that has been delegated authority to administer NAHASDA.

**Recipient:** The tribe or entity for one or more Indian tribes that is authorized to received grant amounts under NAHASDA on behalf of the tribe or tribes.

**Subrecipient:** The government or other legal entity to which a sub-grant is awarded and which is accountable to the recipient for the use of the funds provided.

**TDHE:** SEE TRIBALLY DESIGNATED HOUSING ENTITY.

**Tribally designated housing entity:**

- (1) Existing Indian Housing Authorities with respect to any Indian tribe that has not taken action to identify another housing entity and for which an Indian Housing Authority

## **Appendix VIII: Glossary**

(a) was established for purposes of the Housing Act of 1937 before the date of enactment of NAHASDA that meets the requirements under the Housing Act of 1937,

(b) is acting upon such date of enactment as the Indian Housing Authority for the tribe, and

(c) is not an Indian tribe for purposes of NAHASDA;

(2) Other Entities with respect to any Indian tribe that according to NAHASDA authorize an entity other than the tribal government to receive grant amounts and provide assistance under NAHASDA for affordable housing for Indians, which entity is established

(a) by exercise of the power of self-government of one or more Indian tribes independent of State law, or

(b) by operation of State law providing specifically for housing authorities or housing entities for Indians, including regional housing authorities in the State of Alaska.

## **PART 2 – OTHER USEFUL TERMS**

**Annual income** has one of the following meanings, as determined by the Indian tribe:

- (1) “Annual income” as defined for HUD’s Section 8 programs in 24 CFR part 5, subpart F (except when determining the income of a homebuyer for an owner-occupied rehabilitation project, the value of the homeowner’s principal residence may be excluded from the calculation of Net Family assets); or
- (2) Annual income as reported under the Census long-form for the most recent available decennial Census. This definition includes:
  - (i) Wages, salaries, tips, commissions, etc.;
  - (ii) Self-employment income;
  - (iii) Farm self-employment income;
  - (iv) Interest, dividends, net rental income, or income from estates or trusts;
  - (v) Social security or railroad retirement;
  - (vi) Supplemental Security Income, Aid to Families with Dependent Children, or other public assistance or public welfare programs;
  - (vii) Retirement, survivor, or disability pensions; and
  - (viii) Any other sources of income received regularly, including Veterans’ (VA) payments, unemployment compensation, and alimony; or
- (3) Adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for individual Federal annual income tax purposes.

## **Appendix VIII: Glossary**

**Adjusted Income:** ADJUSTED INCOME - The term 'adjusted income' means the annual income that remains after excluding the following amounts:

(A) YOUTHS, STUDENTS, AND PERSONS WITH DISABILITIES - \$480 for each member of the family residing in the household (other than the head of the household or the spouse of the head of the household) --

(i) who is under 18 years of age; or

(ii) who is --

(I) 18 years of age or older; and

(II) a person with disabilities or a full-time student.

(B) ELDERLY AND DISABLED FAMILIES - \$400 for an elderly or disabled family.

(C) MEDICAL AND ATTENDANT EXPENSES - The amount by which 3 percent of the annual income of the family is exceeded by the aggregate of --

(i) medical expenses, in the case of an elderly or disabled family; and

(ii) reasonable attendant care and auxiliary apparatus expenses for each family member who is a person with disabilities, to the extent necessary to enable any member of the family (including a member who is a person with disabilities) to be employed.

(D) CHILD CARE EXPENSES - Child care expenses, to the extent necessary to enable another member of the family to be employed or to further his or her education.

(E) EARNED INCOME OF MINORS - The amount of any earned income of any member of the family who is less than 18 years of age.

(F) TRAVEL EXPENSES - Excessive travel expenses, not to exceed \$25 per family per week, for employment - or education-related travel.

(G) OTHER AMOUNTS - Such other amounts as may be provided in the Indian housing plan for an Indian tribe.

**BIA:** Bureau of Indian Affairs in the Department of the Interior.

**CDBG:** SEE INDIAN COMMUNITY DEVELOPMENT BLOCK GRANT.

**College housing:** College housing is housing, the primary purpose of which is to provide housing for students who are attending post high school educational facilities.

**Comprehensive Grant Program (CGP):** A program under the 1937 Housing Act for housing authorities that own or operate a total of 250 or more units of public housing to enable them to improve the physical condition and to upgrade the management and operations of existing public housing developments to assure their continued availability for low-income families.

## **Appendix VIII: Glossary**

**Comprehensive Improvement Assistance Program (CIAP):** A program under the 1937 Housing Act for housing authorities that own or operate a total of 249 or less units of public housing to improve the physical condition and upgrade the management and operation of existing public housing projects to assure that such projects continue to be available to serve lower income families.

**Conversion:** Conversion of dwelling units from one program to another, i.e., Low Rent to Mutual Help.

**Demolition:** The razing in whole, or in part, of one or more permanent buildings of an Indian housing project.

**Development:** The entire undertaking of a new construction or acquisition project including all real and personal property, funds, and reserves, rights, interests, and obligations, and related activities.

**Dilapidated housing:** A dilapidated housing unit is a unit that does not provide safe and adequate shelter, and in its present condition endangers the health, safety, or well-being of a family; or a unit that has one or more critical defects, or a combination of intermediate defects in sufficient number or extent to require considerable repair or rebuilding. The defects may involve original construction or they may result from continued neglect of repair or from serious damage to the structure.

**Disposition:** The conveyance or other transfer by the IHA, by sale or other transaction, of any interest in the real estate of an Indian housing development.

**Elderly family:** A family whose head (or his or her spouse), or whose sole member, is an elderly person (at least 62 years of age). This includes two or more elderly persons living together, and one or more such persons living with one or more persons determined under the Indian housing plan for the agency to be essential to their care or well-being.

**Fannie Mae:** Federal National Mortgage Association, a federally-chartered, stockholder-owned corporation which provides a secondary market for both conventional mortgages and mortgages insured by Federal Housing Administration (FHA) and guaranteed by the Veterans Administration (VA).

**Federal Home Loan Bank:** This system is a privately capitalized, cooperative government-sponsored enterprise created by Congress to support residential mortgage lending and related community development lending by its member-shareholders.

**Freddie Mac:** Federal Home Loan Mortgage Corporation, a federally-chartered, stockholder-owned corporation which supports the secondary market for conventional mortgages.

**HOME Program:** Home Investment Partnerships Program. A block grant program that provided grants to State and local governments and Indian tribes to help them develop and support affordable housing for low- and very low-income residents.

**Homeless family:** A family who is without safe, sanitary and affordable housing even though it may have temporary shelter provided by the community, or a family who is homeless as determined by the Indian tribe.

## **Appendix VIII: Glossary**

**Homeless housing:** Homeless housing is any facility, the primary purpose of which is to provide temporary or transitional shelter for the homeless in general or for specific populations of the homeless.

**ICDBG:** SEE INDIAN COMMUNITY DEVELOPMENT BLOCK GRANT.

**IHS:** The Indian Health Service in the Department of Health and Human Services.

**Income:** SEE ANNUAL INCOME.

**Indian Community Development Block Grant (ICDBG):** A competitive grant program for which all federally-recognized tribes and Alaskan Villages are eligible to participate. The program's objective is the development of viable communities including decent housing, a suitable living environment and economic opportunities, principally for persons of low- and moderate-income.

**Indian Loan Guarantee Program:** Authorized by the Housing and Community Development Act of 1992 and amended by Title VII of NAHASDA. The program provides access to sources of private financing to Indian families, Tribes, Indian Housing Authorities and Tribally Designated Housing Entities who otherwise could not acquire housing financing and can be used to guarantee loans for construction, acquisition or rehabilitation of 1-4 dwellings.

**Near-elderly family:** The term near-elderly family means a family whose head (or his or her spouse), or whose sole member, is a near-elderly person (at least 55 years of age and less than 62 years of age). Such terms include two or more near-elderly persons living together, and one or more such persons living with one or more persons determined under the Indian housing plan for the agency to be essential to their care or well-being.

**Overcrowded conditions:** Overcrowded means households with more than 1.01 persons per room.

**Persons with disabilities:** A person who has a disability as defined in section 223 of the Social Security Act 942 U.S.C. 423; who has a development disability as defined in section 102 of the Developmental Disabilities Assistance and Bill of Rights Act; or who has a physical, mental or emotional impairment which is expected to be of long-continued or indefinite duration, substantially impedes his/her ability to live independently, and is of such a nature that such ability could be improved by more suitable housing conditions.

**Resident groups:** Democratically elected resident groups such as IHA-wide resident groups, area-wide resident groups, single development resident groups or resident management corporations.

**Substandard housing:** Substandard housing is housing that is dilapidated; does not have operable indoor plumbing; does not have a usable flush toilet inside the unit for the exclusive use of a family; does not have a usable bathtub or shower inside the unit for the exclusive use of a family; does not have electricity, or has inadequate or unsafe electrical service; does not have a safe or adequate source of heat; should, but does not, have a kitchen; or has been declared unfit for habitation by an agency or unit of government.

## **Appendix VIII: Glossary**

**Supportive service housing:** Supportive service housing is housing, including housing units and group quarters, that has a supportive environment and includes a planned supportive service component. A planned supportive service component includes services provided to residents of supportive service housing for the purpose of facilitating the independence of residents. Examples of services include case management, medical or psychological counseling and supervision, child care, transportation, and job training.

**Transitional housing:** Transitional housing is housing, the purpose of which is to facilitate the movement of homeless individuals and families to permanent housing within 24 months.

**Turnkey III:** The Turnkey III Homeownership program of the 1937 Act which provided homeownership opportunities to eligible low-income families through a lease-purchase arrangement.

**Units needing rehabilitation:** Units which fail to meet the tribe's/TDHE's housing quality standards (HQS). The tribe's/TDHE's HQS must be at least as stringent as those used for the Section 8 program (see 24 CFR 982.401) unless the Area ONAP approves less stringent standards based on a determination that local conditions make the use of the Section 8 standards infeasible. Any less stringent standards must still, however, provide:

1. That the house is safe, in physically sound condition with all systems performing their intended design functions.
2. A livable home environment.
3. An energy efficient building and systems which incorporate energy conservation measures.
4. Adequate space and privacy for all intended household members.