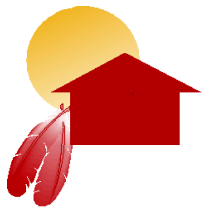
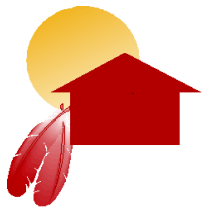


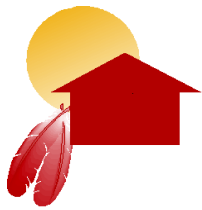
RECIPIENT NAME:	<u>Regulatory/ Statutory Citation</u>	<u>Other Tools</u>	<u>W/P. Pg.</u>	<u>Remarks</u>
APPENDIX 7 - Investments				
I. Purpose				
The purpose of this review is to determine if the recipient complies with the requirements for investing its IHBG funds, 1937 Act carryover funds, or program income.	24 CFR 1000.58 24 CFR 1000.239	PIH Notice 2015-08 (TDHEs) Administrative Requirements for Investing		
II. Pre-Visit Preparation				
A. Audit Findings: Are there any unresolved material financial audit findings or exceptions? If there are material financial audit findings or exceptions, notify GM to remove investment authority.		Most recent annual audit		
B. Investment Policy: Obtain and review the Investment Policy for compliance. (Recipient must have an investment policy.)		PIH Notice 2015-08		
III. On-Site Review				
A. Depository Agreements: Obtain copies of the applicable depository agreements. IHBG: (HUD-52736-A) for banking accounts and (HUD-52736-B) for brokers/dealers.		PIH Notice 2015-08 <u>IHBG Funds</u> - PIH Notice 2014-21		



RECIPIENT NAME:	<u>Regulatory/ Statutory Citation</u>	<u>Other Tools</u>	<u>W/P. Pg.</u>	<u>Remarks</u>
<p><u>Carryover 1937 Act Funds.</u> (HUD 51999) general depository agreement for 1937 Act funds held in reserve accounts. The limit on maturity dates does not apply.</p>		<p><u>Carryover Funds -</u> PIH Notice 2014-21 and PIH Notice 96-33</p>		
<p>1. Compare the account number on the agreements to the banking or brokerage statement. If they do not agree, revised agreements must be executed.</p>				
<p>2. If there are no agreements or the agreements are outdated or inaccurate, a finding should result.</p>				
<p>B. <u>Reconciliation:</u> Verify that the investment account is being periodically reconciled to the general ledger.</p>		<p>PIH Notice 2015-08</p>		
<p>C. <u>Approved Instruments:</u> Verify funds are invested only in approved investment instruments</p>				
<p>D. <u>Co-Mingling:</u> Determine if IHBG funds are held in one or more accounts separate from other funds of the recipient. If not, a finding should result.</p>		<p>PIH Notice 2015-08</p>		
<p>E. <u>Maturity Schedule:</u> A maturity schedule is required. Investments may be for a period no longer than 5 years. The 5-year period starts on the date the recipient draws down funds for investment purposes. The 5-year requirement is the maximum period of time that any amount drawn down for investment can be invested before disbursement on an affordable housing activity.</p>		<p>PIH Notice 2015-08</p>		



RECIPIENT NAME:	<u>Regulatory/ Statutory Citation</u>	<u>Other Tools</u>	<u>W/P. Pg.</u>	<u>Remarks</u>
<p>Verify that IHBG funds have not been invested for more than 5 years. If the IHBG funds have been invested more than 5 years, a finding with questioned costs should result, and interest earned on the investment must be returned to the Treasury and any principle must be returned to LOCCS.</p>				
<p>F. <u>Internal Controls:</u> Determine if internal controls are adequate.</p>				
<p>1. Compare policies to practices.</p>				
<p>2. Determine if there are safekeeping procedures covering security of investment documents.</p>				
<p>3. Determine if there is separation of responsibilities for custody of securities from maintenance of accounting record.</p>				
<p>4. Ensure that the investments are made only in the name of the IHBG recipient.</p>				
<p>5. Ensure that all interest earned is collected, recorded, and credited to appropriate accounts.</p>				
<p>G. <u>Administrative Capacity:</u> If the monitoring review discloses that the recipient does not have administrative capacity, notify GM to remove investment authority.</p>				
<p>H. <u>Investment Tracking:</u> Review investment balance and draw down history.</p>				



RECIPIENT NAME:	<u>Regulatory/ Statutory Citation</u>	<u>Other Tools</u>	<u>W/P. Pg.</u>	<u>Remarks</u>
1. If no or minor draws have been made for investments during the monitoring period, discuss the reason(s) with the recipient.				
IV. Summary				
A. Summarize the results of the review in a work paper. B. Discuss significant issues with Supervisor. C. Develop findings, including questioned costs and corrective actions, as appropriate. D. Develop concerns because they could lead to a violation E. Develop report language, including any findings and concerns. F. If there are any major issues identified in this review and the recipient has approval to invest, determine if a withdrawal of investment authority should be recommended. G. <u>Provide copy of investment records gathered onsite to the assigned GM Specialist.</u>				

Reviewer Name:	
Review Date(s):	