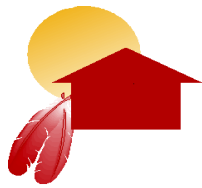
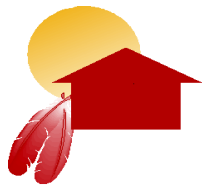


Table of Contents

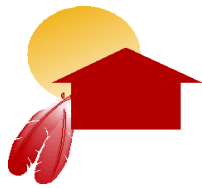
| | | |
|------|-----------------------------|----|
| I. | Purpose | 2 |
| II. | Pre-Visit Preparation | 3 |
| III. | On-Site Review | 6 |
| IV. | Summary | 10 |



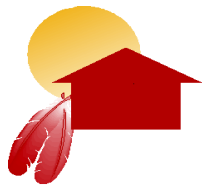
| RECIPIENT NAME: | <u>Regulatory/ Statutory Citation</u> | <u>Other Tools</u> | <u>Ref. Pg.</u> | <u>Remarks</u> |
|--|---|---------------------------|----------------------------|-----------------------|
| I. Purpose | | | | |
| <p>The purpose of this review is to determine the recipient's compliance with program financial and fiscal requirements by testing the financial management systems to ensure they meet the standards for financial reporting, accounting records, internal control, allowable costs, source documentation, cash management, record retention, and budget control.</p> <p>Note: This is the basic financial review. During the monitoring strategy, it will be determined whether any or all of the appendices will be used.</p> | <p>24 CFR 1000.26, 1000.544, 1003.501, 2 CFR Part 200 2 CFR Part 225; 2 CFR 200.501</p> | | | |



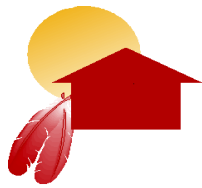
| RECIPIENT NAME: | <u>Regulatory/ Statutory Citation</u> | <u>Other Tools</u> | <u>Ref. Pg.</u> | <u>Remarks</u> |
|---|--|---------------------------|----------------------------|-----------------------|
| II. Pre-Visit Preparation A. Obtain and review the following: | | | | |
| 1. Financial audits for the monitoring review period. Review the latest audit and identify any open findings or control weakness related to the accounting system. List any areas requiring on-site review. | 2 CFR 200.501 | | | |
| 2. Auditor Working Papers. Request a copy of the audit program and working papers of the most recent financial audit. Reduce the scope of the monitoring review based on the adequacy of the auditor's work. | | | | |
| 3. OIG Reviews – Review to determine if any follow-up is required. | | | | |
| 4. Other review reports. Request copies of reports from any other reviews performed by or for the recipient that relate to the accounting system. (prior monitoring reviews, self-monitoring reviews, internal audits, other external audits.) | | | | |



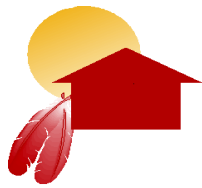
| RECIPIENT NAME: | <u>Regulatory/ Statutory Citation</u> | <u>Other Tools</u> | <u>Ref. Pg.</u> | <u>Remarks</u> |
|---|--|---------------------------|----------------------------|-----------------------|
| 5. Determine any additional testing or reduce scope of monitoring based on these reports. | | | | |
| 6. Financial Cash Transactions Reports and Financial Status Reports. Review the HUD-425s to determine if the reports were filed timely and agree with the recipient's accounting records. | | | | |
| 7. Accounting system policies and procedures. Review accounting system policies and procedures for adequacy and list any areas that will be tested on site. | | | | |
| 8. Listings of all HUD grants. Identify all HUD grants that were open in the last three years. | | | | |
| 9. ONAP files – Tribal issues and concerns or Complaint File. Determine if there are any complaints related to financial issues. If there are, design review step to determine if a finding or concern exists. | | ONAP Files | | |
| 10. Chart of accounts. Obtain a copy to assist in selection of accounts to review. | | | | |



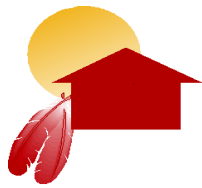
| RECIPIENT NAME: | <u>Regulatory/ Statutory Citation</u> | <u>Other Tools</u> | <u>Ref. Pg.</u> | <u>Remarks</u> |
|--|--|---------------------------|----------------------------|-----------------------|
| 11. Recipient organization chart. Obtain a copy to assist in identifying employees, job duties, and any reporting or segregation of duty issues. | | | | |
| 12. Reconciliation of the APR. Request a copy (preferably an electronic copy) of the reconciliation of the APR to the financial records and most recently audited financial statements. If the recipient has not performed reconciliation, request that one be completed prior to the on-site visit. The reconciliation should cover all APRs with expenditures during the review period. | | | | |
| 13. Trial Balance. Request copies of the trial balances for years under review. | | | | |
| 14. Investments. (ONAP files) If the recipient has been approved for investments, review HUD's investment approval letter and the recipient's investment policies. | | | | |



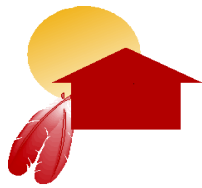
| RECIPIENT NAME: | <u>Regulatory/ Statutory Citation</u> | <u>Other Tools</u> | <u>Ref. Pg.</u> | <u>Remarks</u> |
|--|--|---------------------------|----------------------------|-----------------------|
| III. On-Site Review | | | | |
| A. Interview accounting personnel for a description of the overall accounting system transaction flow including data input, data processing, data output, and related internal controls. | 2 CFR Part 200 | | | |
| B. Compare practices to policies and procedures. Document any discrepancies. Note whether the policies and procedures or the practices comply with the applicable requirements. | | | | |
| C. Reconcile the APR - If not completed prior to onsite, review the reconciliation of the APR to the financial records and most recently audited financial statements. The reconciliation should cover all APRs with expenditures during the review period. The IHBG expenditures shown in the APR are cumulative, so annual expenditures in the audits and the financial reports will have to be totaled and compared to the APR amounts reported. | | | | |
| 1. Review the latest APR to determine the total amount reported as expended. | | | | |



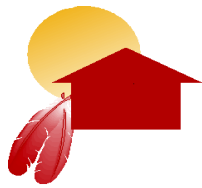
| RECIPIENT NAME: | <u>Regulatory/ Statutory Citation</u> | <u>Other Tools</u> | <u>Ref. Pg.</u> | <u>Remarks</u> |
|--|--|---------------------------|----------------------------|-----------------------|
| 2. Interview staff who prepared the APR and request copies of the financial reports used to develop the APR. Request that staff walk you through the APR preparation process. | | | | |
| 3. Tie the amounts in the APR to the financial reports provided. | | | | |
| 4. Compare the total amounts from the audits to the amounts reported in the APR. | | | | |
| 5. Discuss discrepancies with staff and request that the discrepancies be resolved. | | | | |
| 6. If the APRs cannot be reasonably reconciled to the financial records and/or the SEFAs, a finding should be developed and included in the report. | NAHASDA Section 405(b)(1)(B) 2 CFR Part 200 | | | |
| D. Transaction Testing: Verify that grant expenditures were allowable, allocable, and reasonable, in accordance with 2 CFR Part 225 (A-87). In addition, the expenditures must meet the program eligibility requirements. | 2 CFR Part 225 | | | |



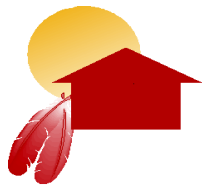
| RECIPIENT NAME: | <u>Regulatory/ Statutory Citation</u> | <u>Other Tools</u> | <u>Ref. Pg.</u> | <u>Remarks</u> |
|--|--|---------------------------|----------------------------|-----------------------|
| 1. Review the trial balances and charts of account to determine which accounts to test. When selecting accounts to review, consideration should be given to materiality, prior findings and inherent risk areas such as: | | | | |
| a. Travel | | | | |
| b. Employee Morale | | | | |
| c. Gifts | | | | |
| d. Christmas parties | | | | |
| e. Food | | | | |
| f. BOC/Tribal Council expenses | | | | |
| g. Consulting services | | | | |
| h. Stipends | | | | |
| i. Salaries (appropriate allocation to the program) | | | | |
| j. Misc. | | | | |
| 2. For accounts selected for further review, request the detailed general ledger to select individual transactions. | | | | |
| 3. Transactions may be judgmentally selected based on: | | | | |



| RECIPIENT NAME: | <u>Regulatory/ Statutory Citation</u> | <u>Other Tools</u> | <u>Ref. Pg.</u> | <u>Remarks</u> |
|--|--|---------------------------|----------------------------|-----------------------|
| a. High dollar amounts | | | | |
| b. Review of the account names | | | | |
| c. Expenditure descriptions | | | | |
| d. Random sampling | | | | |
| 4. Obtain (on site) source documentation for the transactions selected for testing from the recipient. (Source documents include purchase orders, receiving reports, invoices, vouchers, etc.) | | | | |
| 5. Review source documents for appropriate authorizations, amounts, and allocation. Invoices should be original, marked paid, and be coded with the grant being charged. | | | | |
| 6. Verify that the expenditures are allowable in accordance with 2 CFR Part 225 (A-87) and eligible in accordance with program requirements. | 2 CFR Part 225 | | | |
| 7. Note exceptions and obtain documentation to support the review. Unsupported or unallowable costs should be questioned in the monitoring. | | | | |



| RECIPIENT NAME: | <u>Regulatory/ Statutory Citation</u> | <u>Other Tools</u> | <u>Ref. Pg.</u> | <u>Remarks</u> |
|--|--|---------------------------|----------------------------|-----------------------|
| E. Draw Downs and 425s- To ensure that funds drawn from LOCCS are: supported by adequate documentation, are expended within 3 days of deposit, and agree with the SF-425s. If recipient invests 100% of its IHBGs, skip this step. | 2 CFR Part 200.302(a) | | | |
| 1. Interview employees to determine draw down practices and security procedures. | | | | |
| 2. Obtain the documentation used to support the selected draws. | | | | |
| 3. Request an accounting system report that shows the date the funds were expended. If expenditures were made consistently or systematically late for a reasonable amount of time after the LOCCS draws, this should be identified as a finding. | | | | |
| 4. Select a sample of SF-425s and compare amounts reported to financial records. | | | | |
| IV. Summary | | | | |
| A. Summarize the results of the review in a work paper. | | | | |



| RECIPIENT NAME: | <u>Regulatory/ Statutory Citation</u> | <u>Other Tools</u> | <u>Ref. Pg.</u> | <u>Remarks</u> |
|---|--|---------------------------|----------------------------|-----------------------|
| B. Discuss significant issues with staff. 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. | | | | |

| | |
|------------------------|--|
| Reviewer Name: | |
| Review Date(s): | |