Tribal TANF and CCDF Guide to

Financial Management, Grants Administration, and Program Accountability

and

Tribal TANF Audit Supplement Guide

Overview of Programs

Child Care and Development Fund for Tribal Grantees (CCDF)

- The Child Care and Development Block Grant was enacted in 1990 to provide child care assistance to low income working families.

- The CCDF assists low-income families, families receiving temporary public assistance, and those transitioning from public assistance in obtaining child care so they can work or attend training/education.

Overview of Programs

Tribal Temporary Assistance for Needy Family (TANF)

The 1996 welfare reform law, giving federally recognized Indian Tribes, or consortia of such Tribes, authority to operate their own Temporary Assistance for Needy Families (TANF) program. The Tribal TANF Program moves families to self-sufficiency while encouraging and supporting flexibility, innovation, and creativity in tribal programs.

Applicable Regulations, OMB Circulars, and Certifications

Code of Federal Regulations

The *Code of Federal Regulations (CFR)* is a systematic collection of the rules by the executive departments and agencies of the Federal government.

Title 45

- Part 74, *Uniform Administrative Requirements for Awards and Subawards to Institutions of Higher Education, Hospitals, Other Non-Profit Organizations, and Commercial Organizations.*

- Part 92, *Uniform Administrative Requirements for Grants and Cooperation Agreements to State and Local Governments including Indian Tribal Governments.*

- Part 98, Child Care and Development Fund Regulations

- Part 99, Procedures for Hearings for the Child Care and Development Fund

- Part 286, Tribal Temporary Assistance for Needy Families (TANF) Regulations

45 CFR Part 98 is divided into ten subparts:

- Subpart A – Goals, Purposes and Definitions
- Subpart B – General Application Procedures
- Subpart C – Eligibility for Services
- Subpart D – Program Operations (Child Care Services) Parental Rights and Responsibilities
- Subpart E – Program Operations (Child Care Services) Lead Agency and Provider Requirements
- Subpart F – Use of Child Care and Development Funds
- Subpart G – Financial Management
- Subpart H – Program Reporting Requirements
- Subpart I – Indian Tribes
- Subpart J – Monitoring, Non-Compliance and Complaints

45 CFR Part 286 is divided into five subparts:

- Subpart A – General Tribal TANF Provisions
- Subpart B – Tribal TANF Funding
- Subpart C – Tribal TANF Plan Content and Processing
- Subpart D – Accountability and Penalties
- Subpart E – Data Collection and Reporting Requirements

Office of Management and Budget (OMB) Circulars

Tribal governments follow these circulars:

- A-87 Cost Principles;

- A-102 Administrative Requirements (also referred to as the "Common Rule"); and

- A-133 Audit Requirements.

Policies

- Legislation and regulations represent the first two levels of rulemaking. The third level of rulemaking is referred to as *policy*. Policies are developed to guide the implementation of a regulation.

- Policies are generally issued in the form of a Policy Announcement (PA), Information Memorandum (IM), or Program Instruction (PI).

Certifications

When a grantee accepts Federal funding, they are asked to certify that they will adhere to certain cross-cutting requirements. These include, but are not limited to:

- Certification regarding debarment (includes definitions for use with the certification of debarment);
- DHHS certification regarding drug-free workplace requirements;
- Certification of compliance with the Pro-Child Act of 1994;
- Assurance of compliance with Title VI of the Civil Rights Act of 1964 (CCDF only); and
- Assurance – Non-Construction Programs (TANF only).

Basic Grants Management Principles

Allowable Cost Determination

- Costs must be reasonable, necessary, and conform to limitations set forth in legislation, regulation, or circulars.

- Costs must be consistent with the grantee's policies and procedures such as agency procurement policies.

- Grantees are required to determine and adequately document costs in accordance with Generally Accepted Accounting Principles (GAAP).

- Costs must also be "allocable" to a program to be allowable. Costs can be allocated in one of three ways:

    – Directly charged.

    – Proportionately charged

    – Indirect cost.

Recipient/Subrecipient/Vendor Status

- There is a distinction between the status of recipient, subrecipient, and vendor. Federal awards expended as recipient or subrecipient are subject to audit under OMB Circular A-133. In contrast, a vendor supplies either goods or services.

- Payment for goods and services received by a vendor are when the organization:

  - Provides the goods and services within normal business operations;

  - Provides similar goods/services to many different purchasers;

  - Operates in a competitive environment; and

  - Provides goods or services that are ancillary to the operation of the Federal program.

Basic Grants Management Principles (cont.)

Obligation and Liquid Periods

CCDF:

The Tribal Child Care (CCDF) program grantees have a two-year obligation period with an additional one-year liquidation period, with the exception of construction awards which have a three-year obligation/liquidation period.

TANF:

Tribal TANF funds do not need to be obligated by the end of the funding period. A Tribe may reserve amounts awarded to it, without fiscal year limitation, to provide assistance under the Tribal TANF program. It may expend funds beyond the fiscal year in which awarded only on benefits that meet the definition of assistance at Sec. 286.10 and administrative costs directly associated with providing that assistance. Under current rules, Tribal TANF grantees need to obligate current year funds on non-assistance activities before the end of that current fiscal year. Current year funds that are obligated by the end of the current fiscal year may be carried into the immediately succeeding fiscal year to pay for those non-assistance activities. These obligations must be liquidated by September 30 of the immediately succeeding Federal fiscal year. Any unliquidated amounts that remain will become unobligated funds, which would be carried into the following year fiscal year to use for assistance and associated administrative costs.

Basic Grants Management Principles (cont.)

Five TANF penalties can be imposed on Tribal grantees. They are as follows:

- A penalty of the amount by which a Tribe's grant was used in violation of part IV-A of the Act, including providing assistance beyond the Tribe's negotiated time limit, as determined by findings from a single audit;

- In addition to the amount misused, a penalty of five percent of the TANF grant as a result of audit findings which show that the Tribe intended to violate a provision of the Act;

- A penalty in the amount of the outstanding loan plus interest owed on the outstanding amount for failure to repay a federal loan;

- A penalty for failure to satisfy the minimum work participation rates; and

- A penalty of no more than two percent plus the amount a Tribe failed to expend of its own funds to replace the reduction in its grant due to the assessment of a penalty.

Basic Grants Management Principles (cont.)

Administrative Costs

The Tribal TANF and Tribal Child Care programs both limit the amount of administrative cost that can be charged.

Administrative costs include the organization-wide management functions of accounting;

- Budgeting
- Coordination
- Direction
- Planning
- Payroll
- Personnel
- Property management
- Purchasing

Basic Grants Management Principles (cont.)

CCDF:

Tribal Child Care funding is broken down into three parts:
- *Mandatory*
- *Discretionary*
- Discretionary Funds *base amount* of $20,000

Of total mandatory and discretionary expenditures, no more than 15% can be administrative

TANF:

Administrative costs cannot exceed
- 35% in year 1
- 30% in year 2
- 25% in year 3

Penalties and Disallowances

Tribal TANF grantees face financial penalties if Federal funds are used in violation of the Act.

Basic Grants Management Principles (cont.)

Required Financial Reporting

Tribal Child Care programs must submit the ACF-696T financial reporting form annually.

Cost categories on the report include:

- Child care services;
- Child care administration;
- Non direct services;
- Quality activities; and
- Construction/renovation expenditures.

Tribal TANF grantees are required to file quarterly expenditure data on a form prescribed by ACF. Tribes receiving direct funds (non-102-477) must use the SF-269 form until the Tribal TANF 196 form is approved. 102-477 Tribes must report on the 102-477 Tribal TANF report as a part of their 102-477 annual report.

Basic Financial Management Principles: Federal Financial Management Requirements

Financial Systems

Federal grantees are required to have financial management systems that provide for timely, accurate, current, and complete disclosure of financial information while providing for oversight and protection of Federal funds.

Basic Financial Management Principles: Federal Financial Management Requirements (cont.)

Common financial management requirements include:

- Contract and compliance requirements fulfilled and grant and contract funds expended appropriately

- Accounting records maintained

- Assets safeguarded

- Internal control systems adequate

- Internal policies and procedures developed and implemented

- Costs allocated to the correct program based upon a cost allocation plan in cases where costs are shared by programs

- Annual audit performed if the Tribe receives over $500,000 from all federal funding sources

Internal controls

Internal controls are the systems established by a grantee agency's governing body and/or administrative staff that are designed to provide reasonable assurance regarding the achievement of objectives

Basic Financial Management Principles: Federal Financial Management Requirements (cont.)

Internal controls address the following six areas:

- Effectiveness and efficiency of operations;

- Control of assets and records of the Tribe to protect against loss, theft, or misuse;

- Compliance with applicable laws and regulations;

- Appropriate oversight by the governing body;

- Adherence to the Tribe's policies and procedures; and

- Reliability of financial reporting.

Accounting Systems

The accounting department is responsible for the accounting records.

The end products of the accounting process are the financial statements that summarize all financial transactions of the Tribe and the program for the period.

Cash Management

Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used.

Basic Grants Management Principles: Federal Financial Management Requirements (cont.)

Audits

Agencies that expend more than $500,000 in Federal cash are required under OMB A-133 to have an audit completed each year.

A financial audit is the process for testing the accuracy and completeness of information presented in the financial statements as well as evaluating the financial systems.

Procurement/Property Requirements

Federal Procurement Requirements

Federal grantee agencies are required to establish their own written procedures based on Federal standards for purchasing services, supplies, and other expendable property, equipment, and real property.

Procurement/Property Requirements (cont.)

Grantees shall have in place written procurement policies which ensure:

- Procurement need is legitimate;
- Open and free competition;
- Clear specifications for bids;
- Efforts to use small and minority owned businesses;
- Price comparisons/cost analysis;
- Invoices are checked against purchase orders and receiving reports;
- Goods/services are received prior to payment; and
- Contractors comply with the terms of contracts.

Code of Conduct

Grantee agencies must maintain written standards of conduct governing the performance of employees who are involved in the award or administration of procurement contracts.

Competition

- All procurement transactions, regardless of amount, must be conducted in a manner that provides, to the maximum extent practical, open and free competition.

- Grantee agencies must, whenever possible, make positive efforts to use small businesses, minority-owned firms, and women's business enterprises.

Contract Requirements

A contract is defined as a legally binding agreement entered into by two parties for the purpose of purchasing goods or services. Federal regulations found at 45 CFR 92.36(i) detail provisions which must be included in all contracts which require payment by Federal funds. Grantees must have a contract administration system in place to monitor contractor adherence to contract terms, specifications, and conditions.

Procurement/Property Requirements (cont.)

Property Management

Grantees must have written procedures which document their system for:
- Maintaining control over assets including assurance against loss, theft, damage, etc.;
- Separation of duties, e.g., control of assets vs. control of records; and
- Inventory process which provides for inventory of Federal equipment every 2 years.

Inventory records must include the following information for all equipment:
- cost;
- serial number;
- source;
- title holder;
- acquisition date;
- description;
- percent of Federal dollars used for purchase;
- current location;
- condition; and
- disposition data.

Other Administrative Requirements/Options

Record-Keeping and Record Retention

Grantee financial records, supporting documents, statistical records, and all other records pertaining to the grant award must be retained for a period of at least three years from the date of submission of the annual financial report (45 CFR 92.42, or 45 CFR 98.90). Exceptions to this are:

- If any litigation, claim, financial management review, or audit is started before the expiration of the three-year period

- Records for real property and equipment acquired with Federal grant funds must be retained for three years beyond the date of final disposition.

Tribal TANF programs, the three-year record-keeping requirement in 45 CFR 92.42 has been interpreted in TANF-ACF-PI- 2003-1, dated January 28, 2003.

Program Administration Option: Indian Employment, Training and Related Services Demonstration Act (102-477)

Public Law 102-477 permits tribal governments to consolidate a number of Federal programs to integrate their federally funded employment, training, and related services programs into a single, coordinated comprehensive program. The TANF and CCDF programs may be consolidated under P.L. 102-477.

Tribal TANF Supplement Guide

For each common audit finding, the Guide is organized as follows:

- **Common Finding**: The auditor's funding is stated.

- **Federal Regulation**: The federal regulation with which the grantee has not complied is stated.

- **Recommendation**: A stated recommendation which will bring the grantee into compliance.

- **Basis for the Recommendation**: The basis for the recommendation is given.

- **Action Steps**: The action steps to implement the recommendation.

- **Additional Information**: The additional information provides supplemental information to assist grantees in implementing the action steps.

Administrative Expenditures

Common Finding: Grantee did not have adequate financial policies and procedures to allow the program to determine the amount of administrative expenditures.

Recommendation: The program shall establish a procedure for the monitoring of the administrative expenditures of the program.

Administrative Expenditures

Action Steps:

- Identify program staff responsible for monitoring program expenditures.

- Establish a monthly log that details total program expenditures and total administrative expenditures.

- Calculate cumulative administrative expenses as a percentage of cumulative total expenses on a monthly basis.

- Develop a corrective action plan if administrative expenses exceed the allowable limit.

- Develop a program procedure for monitoring administrative expenses.

Compliance with Reporting Requirements

Common Finding: Grantee is not adhering to the federal requirements for data collection and/or financial reporting applicable to Tribal TANF programs.

Recommendation: The program establish procedures for the timely preparation and submission of quarterly and annual reports.

Compliance with Reporting Requirements

Action Steps:

- Identify the program staff responsible for coordinating reporting activities with the Tribal government's fiscal office.

- Establish a master calendar of the dates reports are due.

- The program staff person responsible notify the TANF Director of the date each report is submitted.

Contract Management

Common Finding: Grantee is not monitoring and evaluating contractor's performance to ensure adherence to all provisions of the contract or agreement.

Recommendation: The program establish contract management procedures.

Contract Management

Action Steps:

1. Develop an internal program procedure that supports the Tribal government's procedure for contract management.

2. Identify program staff responsible for monitoring and evaluating program contracts.

3. Develop a program form for documenting reviews of contractor activities and expenditures prior to authorization of payments to contractor.

4. Develop a program form for use in evaluating contractor performance on a scheduled basis.

5. Establish contractor files for maintaining records of periodic reviews of contractor activities and performance.

Participant Expenditures

Common Finding: Grantee did not have a case management system in place to monitor eligibility of participants at the time of payments to participants.

Recommendation: The program establish procedures for the following two purposes:

- To ensure that eligibility of all participants is reviewed at the periodic interval established in the approved Tribal Family Assistance Plan.
- To ensure the eligibility of participants prior to authorization of payments to participants.

Participant Expenditures

Action Steps:

- Identify program staff responsible for performing internal audits of participant files on a periodic basis to ensure that determinations of both initial eligibility and continuing eligibility are performed as planned.

- Maintain a master control list of eligible participants for use by the program staff designated to approve participant payments prior to submission to the Tribal fiscal office.

- Develop a procedure that specifies the program staff and timeframes for performing internal audits of participant eligibility.

Participant Records

Common Finding: Grantee is not maintaining complete, accurate, and current information on participant eligibility and participant activities in all participant files.

Recommendation: Program maintain participant files that include source documentation which verifies compliance with federal regulations and adherence to approved Tribal Family Assistance Plan.

Participant Records

Action Steps:

- Develop an internal program procedure for management of participant records which incorporates the following:
    - Master Control Log listing all required forms and information required for the record
    - Eligibility and payment documentation
    - Re-determination of eligibility on scheduled periodic basis (recommended no less frequently than annually)
    - Participant activities
- Identify the program staff responsible for establishing the participant file, ensuring all required information is included in the file, and signing off on the Master Control Log, certifying that all required information is in the participant file.
- Identify the program staff responsible for performing an internal review of all participant files on a periodic basis and signing off on the Master Control Log, certifying that all required information is in the participant file.

Procurement

Common Finding: Grantee is not adhering to the federal requirements for procurement of goods and services.

Recommendation: Program develop and implement policies and procedures which requires the program to document its procurement process.

Procurement

Action Steps:

- Review the Tribal government's procurement policies and procedures.
- Develop a program procurement policy that supports the Tribal government's procurement policy.
- Develop a program procurement procedure that includes but is not limited to the following:
    - Program staff authorized to initiate purchases.
    - Coordination activities with Tribal purchasing and program staff responsible for performing procurement activities.
    - Records that must be maintained in each procurement file, including but not limited to method of procurement, type of contract to be awarded, justification of contractor selection, and basis for the contract price.
    - The program staff person responsible for maintaining the program procurement records.
    - Schedule for review of each procurement file.
- Review Tribal Family Assistance Plan and budget, identify goods and services to be purchased for the program year, and schedule procurement activities as per program procurement procedure.
- Review procurement files for completeness as per the schedule established in the program procurement procedures.

Property and Equipment Management

Common Finding: Grantee is not adhering to the federal requirements for the management of property and equipment.

Recommendation: Program maintain property and equipment records and conduct a physical reconciliation of property and equipment acquired under each individual program.

Property and Equipment Management

Action Steps:

- Develop an internal program procedure that supports the Tribal government's procedure for management of property and equipment.
- Identify all property and equipment with an acquisition cost of $5,000 or more (or Tribal threshold if less than $5,000).
- Develop an individual record for all property and each piece of equipment that includes the following information:
    - Description of the Property/Equipment
    - Serial Number or Other Identification Number
    - Holder of Title to the Property/Equipment
    - Acquisition Date
    - Acquisition Cost
    - Percent of Federal Participation in the Cost of the Property/Equipment
    - Source of Property/Equipment
    - Location of Property/Equipment
    - Use of Property/Equipment
    - Condition of Property/Equipment
- Tag all property and equipment.
- Conduct a physical inventory of all property and equipment at a specific time each year.
- Document the physical inventory and have an authorized individual sign the physical inventory.
- Make appropriate adjustments to the inventory as needed.

Source Documentation

Common Finding: Grantee does not have documentation that supports and authorizes the expenditure of grant funds.

Recommendation: Program develop and implement an internal process for review of supporting documentation and authorization of expenditures prior to submission to accounting for payment.

Source Documentation

Action Steps:

- Develop an internal program procedure that supports the Tribal government's procedure for authorization of expenditures.

- Identify one program staff member to perform a secondary review of time and attendance records to ensure:

  - Attendance records are received from all program staff.
  - Attendance records are signed and dated by employee.
  - Attendance records are signed and dated by supervisor.

- Identify one program staff member to receive all goods, maintain a log of all goods received, and issue reports of all goods received.

- Program Director review all invoices for services and maintain a log of all invoices for services submitted to the Tribal fiscal office for payment.

- Program Director monitor all program expenditures through a monthly review of the program general ledger.

Intake Packet Review

Intake Packet Review

Tuesday, January 11, 2005

Applicant Name: _____   Eligibility Date: _____
Component & Activity: _____   Area Office: _____

REQUIRED INTAKE DOCUMENTATION	Missing	In File	N/A	Verification Source(s)
Primary Intake Date: 45-days out:				
SSP Application:				
Rules, Rights & Responsibilities:				
Standard ROI:				
Resident Verification:				
Collateral Statement:				
Applicant Statement:				
SED Packet:				
Birth Certificate(s):				
Indian Heritage:				
Birth date & age:				
Social Security Card(s):				
Income Verification:				
Public Assistance:				
UI Compensation/ROI:				
Selective Service Registration:				
State Employment Work History:				
Federal or Other Assistance:				
Medical Release /Handicapped Status:				
Court/ICW/SCF Child Placement:				
Foster Child Payments:				
Proof of Enrollment of school age children:				
Education Status(GED, HS Diploma:				
LON: Missing Documentation (TSA):				
PRIOR TO PROGRAM ENROLLMENT				
Appointment w/TSS:				
TSS Signed ROI(s):				
Home Visit completed (Cash Grant only):				Date & Time:
LON: Eligibility (TSS):				
Case Plan:				
CRT Contract w/class schedule:				
WEX Contract w/job description:				
Work-site Master Agreement on file:				
OJT Contract w/job description:				
W-4 and/or W-5:				
I-9:				

Key:
CRT Class Room Training
LON Letter of Notification
ROI Release of Information
SED Child Support Packet

SSP Self Sufficiency Program
TSA Tribal Service Assistant
TSS Tribal Service Specialist

The example was provided by the Confederated Tribes of Siletz Indians

Sample Property Record

Description of Property:	
Serial Number:	Title Holder:
Acquisition Date:	Acquisition Cost:
Percent of Federal Participation:	Source:
Location:	Use:
Condition:	Other:

Self Assessment Tool

Administrative Costs

		YES	NO
1.	Is there a written procedure in place for management of administrative costs? If not, what can your program do to establish the procedure?	☐	☐

_____.
_____.

		YES	NO
2.	Have accounting principles been applied on a consistent basis? If not, what can your program do to strengthen your system?	☐	☐

_____.
_____.

		YES	NO
3.	Are administrative costs checked monthly for compliance with limitations? If not, what can your program do to strengthen your system?	☐	☐

_____.
_____.

Federal Reporting

		YES	NO
4.	Are specific individuals responsible for preparing the program and financial report? If not, what can your program do to strengthen your system?	☐	☐

_____.
_____.

		YES	NO
5.	Are specific individuals responsible for reviewing the reports and ensuring they are submitted in a timely manner? If not, what can your program do to strengthen your system?	☐	☐

_____.
_____.

Contract Management

		YES	NO
6.	Does the program have a written procedure for management of contracts? If not, what can your program do to strengthen your system?	☐	☐

_____.
_____.

		YES	NO
7.	Does the procedure conform to the Tribal government's procedure? If not, what can your program do to strengthen your system?	☐	☐

_____.
_____.

		YES	NO
8.	Are all contractors and vendors evaluated on a periodic basis? If not, what can your program do to strengthen your system?	☐	☐

_____.
_____.

Self Assessment Tool (cont.)

Participant Expenditures

		YES	NO
9.	Is a periodic internal audit done on all participant files?	☐	☐

If not, what can your program do to strengthen your system?
_____.
_____.

		YES	NO
10.	Is there a written procedure that specifies staff responsible and timeframes for the internal audit of participant files?	☐	☐

If not, what can your program do to strengthen your system?
_____.
_____.

		YES	NO
11.	Is there a staff person assigned to verify participant eligibility prior to authorization of an expenditure?	☐	☐

If not, what can your program do to strengthen your system?
_____.
_____.

Procurement

		YES	NO
12.	Does the program have procurement procedures governing all program staff?	☐	☐

If not, what can your program do to strengthen your procedure?
_____.
_____.

		YES	NO
13.	Is the policy consistent with the Tribal Government's procedure?	☐	☐

If not, what changes can be made to strengthen the procedure?
_____.
_____.

		YES	NO
14.	Does the procedure include records management for each procurement?	☐	☐

If not, what would include for records management?
_____.
_____.

Property and Equipment

		YES	NO
15.	Are records maintained in accordance with government regulations?	☐	☐

If not, what can your program do to strengthen your system?
_____.
_____.

		YES	NO
16.	Was a physical inventory taken of all property and equipment?	☐	☐

If not, what can your program do to strengthen your system?
_____.
_____.

Self Assessment Tool (cont.)

Source Documentation and Internal Control

		YES	NO
17.	Are records maintained in accordance with government regulations?	☐	☐

If not, what can your program do to strengthen your system?

_____.
_____.

		YES	NO
18.	Are purchases and expenses classified properly?	☐	☐

If not, what can your program do to strengthen your system?

_____.
_____.

		YES	NO
19.	Are all expenditures supported by source documentation?	☐	☐

If not, what can your program do to strengthen your system?

_____.
_____.

		YES	NO
20.	Do the financial statements accurately reflect the purchases and expenses?	☐	☐

If not, what can your program do to strengthen your system?

_____.
_____.

		YES	NO
21.	Is there a review of expenditures to ensure that the costs are allowable and allocated to the proper funding source?	☐	☐

If not, what can your program do to strengthen your system?

_____.
_____.

		YES	NO
22.	Is there a control to ensure that all goods and services have been received prior to payment?	☐	☐

If not, what can your program do to strengthen your system?

_____.
_____.