

Successful Tribal TANF Financial Management



Key Elements for Success

- Understanding of program possibilities & limitations
- Strong budgeting process
- Trained fiscal staff
- Documented procedures
- Up-to-date records
- Audit trails
- Good communications between fiscal & program offices

Tribal TANF

- The final Tribal TANF regulations hold Tribes accountable for moving families to self-sufficiency while encouraging and supporting flexibility, innovation, and creativity in Tribal programs

Funding

- Funds are awarded and administered by:
The U.S. Department of Health and Human Services (DHHS), through the Administration for Children and Families (ACF), Office of Family Assistance (OFA).
- Notice of Grant Awards
- Terms and Conditions

Budgeting

- Budget needs to be developed prior to start of fiscal year
- Budget should include all funding streams
- Actual expenditures need to be compared with projected budget amounts
- Financial information needs to be shared with program managers and Council

Need to Know!

- Tribal staff need to know what regulations are applicable to each program administered
- Program specific regulations and cross cutting issuances such as the OMB Circulars
- Agreement to abide by these is included in the Tribal plan and the grant terms and conditions

Applicable Regulations, OMB Circulars, and Certifications

45 CFR, Subtitle B, Chapter II (Office of Family Assistance). Part 286.

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:

- 2 CFR 225-Cost Principles for State, Local and Indian Tribal Governments. (Formerly OMB Circular A-87)
- 2 CFR 215- Administrative Requirements (also referred to as the “Common Rule”). (Formerly OMB Circular A-102)
- OMB Circular A-133 for audit requirements.

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:
 - Drug Free Workplace
 - Federal statutes related to nondiscrimination
 - Tobacco Free Workplace Act
 - Debarment

Allowable Costs

- Basic cost principles 2 CFR 225 (OMB Circular A-87).
- Meet one of the four purposes of TANF
- Follow the approved Tribal plan
- Reasonable, necessary, allocable
- Be treated consistently with other awards
- Be adequately documented
- Be appropriately authorized

Unallowable Costs

- Payments to or for ineligible clients (e.g. as defined in plan or past defined timeframe)
- Costs prohibited by 2 CFR 225 (OMB Circular A-87)
- Construction or purchase of facilities, buildings or purchase of land

Additional Unallowable Costs

- Gifts (transfers, donations, and contributions) to non-TANF programs

(Note: this does not preclude tribes from procuring (purchasing) services from other programs to provide needed services to TANF clients)

- Contribute to or subsidize a non-TANF program
- Supplant other programs
- Investment of funds and drawing interest on bank accounts
- Use TANF or MOE funds to satisfy a cost-sharing or match requirement of another Federal program
- Bad debts
- Entertainment cost

Allowability Tests

- Is the cost reasonable and necessary?
- Does it meet statutory requirements such as Federal & State regulations and grant terms?
- Does incurring the cost follow established organizational practices?

Allocable Costs

- Is it incurred specifically for the grant (e.g. **direct cost**)?
- Does it benefit the grant and other projects proportionately (**allocated cost**)?
- Is it necessary to the overall operation of the agency (**indirect cost**)?

Indirect Cost Rate

- Approved by BIA
- A cost which can not be directly or proportionately allocated to a particular program.
- A cost which benefits all programs equally e.g. the Accounting Department, the Human Resource Department, Administrative Staff, etc.
- A cost which is allocated to programs based upon a predetermined and approved percentage.
- Applied to base amount, not to entire grant amount.

Administrative Costs

- ACF will negotiate a limitation on administrative costs with each Tribal TANF grantee on the applicant's justification for its proposed administrative cost.
- The negotiated limit may not exceed 35% in year 1, 30% in year 2, and 25% in year 3 and thereafter. Activities, personnel and related costs that fall within the definition of "administrative cost" in Sec. 286.5 are subject to the limit.
- Indirect Costs based on the rate negotiated by the Tribe with the BIA or, where applicable, the Department of Health and Human Service's Division of Cost Allocation and applied to the administrative portion of the grant are considered part of the total administrative costs. (286.55).

Financial Reporting

- Tribal TANF grantees are required to file quarterly expenditure data for all open grants
- Report due 45 days after quarter is over
- Reconcile 196T report with PMS account. (425 Federal Financial Report)
- Submit 196T reports electronically

Financial Reporting (continued)

Payment Management requires:

- Tribal TANF grantees to submit a quarterly Federal Financial Report (SF-425)
- Disbursements posted quarterly
- Report due 30 days after quarter is over
- Reconcile total expenditures (Line 4) on the ARRA ACF-196T report to your Division of Payment Management account (SF-425)

Basic Administrative Requirements

- Effective and efficient financial management systems are required by Federal regulations (45 CFR 92.20)
- All Federal grantee agencies 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 Administrative Requirements (Cont.)

- Contract and compliance requirements must be fulfilled and grant and contract funds must be expended appropriately
- Accounting records must be maintained
- Assets must be safeguarded
- Internal control systems must be adequate
- Internal policies and procedures must be developed and implemented
- Grantees must have an annual audit

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
- The standards for procurement are found in 45 CFR 92.36 for Tribal governments
- The Federal standards were established to ensure that grantee agencies obtain materials and services paid for with Federal funds in an effective manner and in compliance with Federal laws
- Grantee agencies are directed to use Federal funds to purchase items and services in the most economical way, and to buy only what they need

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

Property Management

- Federal regulations require that grantees have written procedures which document their system for:
- Maintaining control over assets including insurance against loss, theft, damage, etc
- Inventory process which provides for inventory of federal equipment every 2 years
- Inventory records must include the following information for all equipment (e.g. acquisition price of \$5,000 or above)
- Cost; serial number; source; title holder; acquisition date; description; percent of federal dollars used for purchase; current location; condition; disposition data
- See 45 CFR 92.32 for additional details.

Records Retention

- Retention period for grants files is three years
- Retention period can be longer than three years if any litigation, claim, negotiation, audit or other action involving the record has been started before the expiration of the 3-year period
- Retention period starts on the day the final expenditure report is submitted.
- Grant files should be easily identifiable
- All open grant files should be available for review
- See 45 CFR 92.42 for additional details

Audit Requirement A-133

- Defines auditor and auditee requirements
- Summarizes compliance requirements
- Audit report due 9 months after close of fiscal year
- Specific program requirements in Compliance Supplements

Purpose of Audit

- Determine whether the agency's Federal expenditures are accurate
- Determine whether the agency is complying with the terms and conditions of the grant
- Determine whether appropriate financial and administrative procedures and controls have been installed and are operating effectively
- Determine whether the agency is complying with laws, regulations and the provisions of contracts or grant agreement

Audit Process

- Agencies that expend \$500,000 or more in Federal cash are required to have an OMB A-133 audit completed each year
- Completed audit along with the agency corrective action plan sent to the Federal Audit Clearinghouse
- Additional findings may be noted by National External Audit Review Center (NEARC) relating to the income statement and balance sheet
- NEARC sends a management letter to the agency with the additional findings noted. Agency given thirty days to respond. Responses sent to Region IX audit resolution official.
- Region IX resolution official submits recommendations for approval to the Central Office
- Audit extensions are no longer granted.

Sanctions

- Circular A-133 provides the granting agency the following possibilities for sanctions when acceptable audits are not submitted in a timely manner
- Withholding a percentage of awards until the audit is completed satisfactorily
- Withholding or disallowing overhead costs
- Suspending the Federal assistance agreement until the audit is performed and submitted to the Federal Audit Clearinghouse

Tribal TANF Fiscal Contact and Resources

David Madison, Financial Operations Specialist

Phone: 415-437-8455

Fax: 415-437-8436

david.madison@acf.hhs.gov

Tribal TANF Website

<http://www.acf.hhs.gov/programs/dts>

2 CFR 225– Cost Principles (OMB Circular A-87)

http://www.whitehouse.gov/pmb/circulars/087/a87_2004.html

2 CFR 215– Administrative Requirements (OMB Circular A-102)

<http://www.whitehouse.gov/omb/circulars/a102/a102.html>

OMB Circular A-133 – Audit Requirements

<http://www.whitehouse.gov/omb/circulars/a133/a133.html>