NORTHERN CHEYENNE TRIBE

FINANCIAL MANAGEMENT MANUAL

Adopted on March 25. 2020 by the Northern Cheyenne Tribal Council

FINANCIAL MANAGEMENT MANUAL

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SECTION 1 - GENERAL

A. Identification of the Tribes Responsibilities

Acceptance of a federally funded program by the Northern Cheyenne Tribe brings with it the acceptance of the requirements for accountability which are established in the terms, conditions, regulations, federal agency guidance, or the scope of work. Federal programs are not awarded to individuals within the organization but to the organization itself. Therefore acceptance of a program means that the Northern Cheyenne Tribe, not any single individual, accepts full legal responsibility for the program with all the attendant conditions. Acceptance of the award means that Northern Cheyenne Tribe is bound by the terms of the agreement and the conditions, including any enforcement procedures, imposed on the agreement.

Included in the conditions which the organization accepts with each program are financial management system requirements and responsibilities.

B. Responsibilities of the Accounting/Finance Department

Financial responsibilities are specified either in the regulations implementing a federal program or in the terms and conditions attached to the award of a federal program. Each program brings with it certain requirements. While these may be similar, there may be unique aspects to each program. It is therefore important that the finance department maintain on file copies of the relevant statutes, regulations, and terms and conditions for each program. In addition, the finance department should also maintain copies of circulars published by the Office of Management and Budget (OMB). These circulars are incorporated by reference into the program award.

The responsibilities of the personnel in the finance department are many and varied. These responsibilities are categorized in the functional areas shown below.

Finance Department Responsibilities

Planning

- Develop financial management policies which insure effective management and compliance with the federal guidelines.
- Insure that the organization has a sound financial management system with adequate internal controls, including systems for budgeting, accounting, record keeping, reporting, financial control, and payroll and timekeeping procedures.
- Integrate and interface with fiscal support systems including procurement, property management, cash management.

Budgeting

- Perform cost analysis.
- Estimate cash flow needs.
- Develop and use an indirect cost rate.
- Prepare budget analysis to determine needs and guard against misuse.

Implementation (Direction)

- Implement management controls including checklists, systems, and records.
- Obtain needed prior approvals.
- Process payment request as needed.
- Prepare necessary reports.

Control (Monitoring and Evaluation)

- Compare actual accomplishments to established standards.
- Use a strong accounting reporting system which compares actual accomplishments to targets. Analyze and justify deviations and make appropriate corrections.
- Perform or use internal and external audits and reviews.

C. Compliance with Federal Administrative Guidelines - Overview

1. Policy: The Finance Department shall maintain on file copies of all outstanding grant and contract award documents with attached terms and conditions.

2. Policy: The Finance Department shall maintain on files copies of all relevant federal, state or other guidelines, regulations, and statutes.

D. Federal Standards for Financial Management System

3. Policy: Northern Cheyenne Tribe shall use an encumbrance accounting system to record purchase obligations and shall prepare accounting records on a modified accrual basis for reporting purposes.

4. Policy: Northern Cheyenne Tribe shall use a multi-fund fund accounting system which will identify governmental funds including unrestricted, special revenue (grants, contracts and indirect cost funds), proprietary funds, and endowment funds. The fund accounting system shall have the capability to identify interfund transfers and to recognize multiple fiscal years as well as the application of program funds.

5. Policy: Northern Cheyenne Tribe shall utilize internal control procedures to safeguard all assets of the Tribe and to insure that they are used solely for program purposes and not for personal use.

6. Policy: Northern Cheyenne Tribe shall utilize a budgetary fund accounting system and shall require all personnel to be responsible for budget preparation, submission, negotiation and management of program budgets.

7. Policy: The Northern Cheyenne Tribe finance department shall be responsible for processing payment requests based on program cash flow forecasting estimates.

8. Policy: The Finance department shall be responsible for determining allowability of program expenditures in accordance with applicable federal law and other relevant standards.

9. Policy: The Finance department shall document all aspects of the significant history of all financial transactions.

10. Policy: The Finance department shall insure that all activities of the Northern Cheyenne Tribe are audited in accordance with applicable federal and accounting standards.

E. Manual Maintenance

Persons to whom a Finance Manual is distributed are responsible for maintaining their Manual in up-to-date condition by inserting new pages as they are issued by the Treasurer, and by advising the Finance department of exceptions or required changes.

Procedure:

At least one Manual shall be issued to each program. The Treasurer is responsible for maintaining a list of persons to whom Manuals are distributed.

11. Policy: All changes to the Finance Manual shall be approved by the Budget and Finance Committee, and shall be distributed to all persons to whom a Finance Manual is assigned.

Procedure:

The Finance Manual is intended to be a "user's manual." It provides a description of policies, procedures, forms, and financial transactions to assist tribal program directors and bookkeepers in initiating, monitoring, and analyzing various financial procedures, transactions, and reports. So that the Manual will provide the intended assistance, it is essential that users be sufficiently involved in the development of Manual content.

New or changed Procedures may be recommended to the Treasurer. Preliminary discussions with the Accounting personnel will normally occur. Eventually a written recommendation should be made to the Senior Staff Accountant setting forth the problems or circumstances giving rise to the need for changed or new procedures and recommending measures to be taken. Dialogue should be encouraged among staff accountants, accounting personnel and the Treasurer to develop policies and procedures that are realistic and that meet needs for expediency and control.

When warranted in the judgment of the Treasurer, changes to the Finance Manual may be circulated to all Manual users prior to the effective date of the change, in order to provide an opportunity for review of changes prior to their effective date.

F. Attachments to this Manual

Copies of appropriate federal guidelines are included by citation as attachments to this manual and are to be used by Northern Cheyenne Tribe personnel in insuring compliance with relevant federal guidelines.

G. Definition of Terms

The terms and definitions contained in this glossary provide a reference for terms used in the text of the Financial Manual, and in everyday accounting work. This glossary can be referenced to clarify terms, policies, or procedures in other parts of the Manual.

"**Accountant**" means one who records financial information and maintains a set of books which represent the tribe's financial history.

"**Accounts payable**" means money owed to a person or entity by the tribe.

"**Accrued expenditure**" means the charge incurred by the grantee during a given period requiring the provision of funds for:

(1) Goods and other tangible property received;

(2) services performed by employees, contractors, subgrantees, subcontractors, and other payees; and

(3) other amounts becoming owed under programs for which no current services or performance is required, such as annuities, insurance claims, and other benefit payments.

"**Accrued liabilities**" means liabilities which the tribe has generated in the current period but will not pay until the following period. For example, payroll which is for the last week of the month and the first week of the next month. The payroll for the last week of the current month is accrued payroll.

"**Acquisition cost**" of an item of purchased equipment means the net invoice unit price of the property including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired. Other charges such as the cost of installation, transportation, taxes, duty or protective in-transit insurance, shall be included or excluded from the unit acquisition cost in accordance with the grantee's regular accounting practices.

"**Administrative**" requirements mean those matters common to grants in general, such as financial management, kinds and frequency of reports, and retention of records. These are distinguished from "programmatic" requirements, which concern matters that can be treated only on a program-by-program or grant-by-grant basis, such as kinds of activities that can be supported by grants under a particular program.

"**Administrative Directive**" - A directive issued by Tribal Administration to implement the ordinances and resolutions of the Tribal Council. Such directives shall be in conformance with the Ordinance or Resolution. If conflicts exist between such Administrative Directives and Council Ordinance or Resolution, the Ordinance or Resolution shall take precedence.

"**Advance**" means to supply or furnish money in advance of actual expenses or scheduled payment, e.g., travel advance, pay advance.

"**Allowable cost**" costs which are approved by tribal council budget or resolution.

"**Amortization**" means the allocation of costs over a period of time for limited-life-intangible assets.

"**Appropriation**" means authorization to expend funds in the future for a specific purpose. It is not an expenditure or an obligation. Since appropriations are made by the tribal council, the council can subsequently reverse its action and return appropriated, but unspent and unobligated funds to the tribes' treasury.

"**Assets**" means properties of value that are owned by the tribe.

"**Assets**, **fixed**" means assets with a life expectancy of over 1 year. Among these are land, buildings, and equipment.

"**Audit**" means a series of procedures followed by an experienced, professional accountant to test on a selective basis, transactions and internal controls, and form an opinion on the adequacy of the accounting system. It provides a basis for judging how securely and completely the records are kept and the degree of reliance that can be placed on the internal controls.

"**Audit, external**" means an independent examination of the financial statements and their supporting records and a study of the tribe's accounting policies and practices which will be thorough enough to express an informed, independent opinion on the accuracy of the statements. While the external audit is not primarily designed to detect irregularities, it can be expected to disclose significant weaknesses of internal controls.

“**Audit, internal**” means an in-house managerial control, to measure and evaluate the effectiveness of other financial controls and practices. It is designed to assist all members of management in the effective discharge of their responsibilities by furnishing them with objective analysis, appraisals, and recommendations for remedial action.

“**Auditor**” means one who tests the tribe's accounting system and policies to attest to reliability and fairness.

“**Audit trail**” means documentation from which any tribal transaction can be reconstructed. Includes all source or original documents used to support disbursements.

“**Award**” means grants, cost reimbursement contracts and other agreements between a State, local and Indian tribal government and the Federal Government.

“**Awarding agency**” means (a) with respect to a grant, cooperative agreement, or cost reimbursement contract, the Federal agency, and (b) with respect to a subaward, the party that awarded the subaward.

“**Balance sheet**” means a finance statement showing the tribe's assets, liabilities, and equity at a given time.

“**Budget**” means a statement of goals and objectives with a detailed breakdown of funds needed to accomplish the goals and objectives.

“**Capital Item**” means assets having a purchase value of $5000 or useful life expectancy of more than 1 year.

“**Cash Flow**” means all of the tribe's cash receipts versus the cash disbursements.

“**Cash Receipts Journal**” is used to record all cash received by the organization. Minimizes the number of postings to the General Ledger cash account. In addition, indicates the common sources of revenues.

“**Central service cost allocation plan**” means the documentation identifying, accumulating, and allocating or developing billing rates based on the allowable costs of services provided by a governmental unit on a centralized basis to its departments and agencies. The costs of these services may be allocated or billed to users.

“**Certified Public Accountant**” (CPA) means person licensed by the state after passing a rigorous examination, meeting certain educational requirements, and in most states, working for another CPA for a period of time.

“**Chart of Accounts**” means the document that organizes the bookkeeping and accounting system for Northern Cheyenne Tribe. This chart assigns a coded number to each account in the accounting system. The chart of accounts is essential for establishing an audit trail and provides a basis for classifying the business transactions for internal and external reporting.

“**Checks Outstanding**” means checks drawn by the depositor and deducted on the depositor's records, which have not cleared the bank and have not been recorded in the bank's records.

“**Claim**” means a written demand or written assertion by the governmental unit or grantor seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of award terms, or other relief arising under or relating to the award. A voucher, invoice or other routine request for payment that is not a dispute when submitted is not a claim. Appeals, such as those filed by a governmental unit in response to questioned audit costs, are not considered claims until a final management decision is made by the Federal awarding agency.

“**Cognizant agency**” means the Federal agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals developed under this Circular on behalf of all Federal agencies.

OMB publishes a listing of cognizant agencies.

“**Common Rule**” means (2 CFR 200). Other common rules will be referred to by their specific titles.

“**Contract**” means a mutually binding legal relationship obligating the seller to furnish the supplies or services (including construction) and the buyer to pay for them. It includes all types of commitments that obligate the government to an expenditure of appropriated funds and that, except as otherwise authorized, are in writing. In addition to bilateral instruments, contracts include (but are not limited to): awards and notices of awards; job orders or task orders issued under basic ordering agreements; letter contracts; orders, such as purchase orders, under which the contract becomes effective by written acceptance or performance; and, bilateral contract modifications. Contracts do not include grants and cooperative agreements covered by 31 U.S.C. 6301 et seq.

“**Cost**” means an amount as determined on a cash, accrual, or other basis acceptable to the Federal awarding or cognizant agency. It does not include transfers to a general or similar fund.

“**Cost Accounting**” means procedure used to distribute costs to various programs or activities responsible for a share of these costs.

“**Cost allocation plan**” means central service cost allocation plan, public assistance cost allocation plan, and indirect cost rate proposal. Each of these terms are further defined in this section.

“**Cost objective**” means a function, organizational subdivision, contract, grant, or other activity for which cost data are needed and for which costs are incurred.

"**Cost sharing**" means the value of the third party in-kind contributions and the portion of the costs of a federally assisted project or program not borne by the Federal Government.

“**Credit**” means (See debit) the offsetting side of a debit entry in a double entry accounting system.

“**Debit**” means (see credit) in the double entry system, there are always two sides of a transaction. These transactions are recorded in columns. The left side of the column is always the debit side. Assets and expenses normally have "debit" balances.

“**Depreciation**” means a system of accounting which distributes the cost or other basic value of tangible capital assets, less salvage, over the estimated useful life of the asset.

“**Double-Entry Accounting**” means a system of recording financial transactions in which each transaction affects two of the five major categories of accounts - assets, liabilities, income, expense, equity. (See "single entry")

“**Encumbrance**” means charges to an account which are recorded at the time a purchase order or other commitment is issued, and prior to cash payments. Recognition in the accounting system and software is made of a commitment by the Northern Cheyenne Tribe to order goods or services from a vendor. Commitment shall be recognized upon issuance of a Purchase Order. Purchase is prepare based on obtaining quotations from vendors pursuant to an identification of need as expressed in a Purchase Requisition.

"**Equipment**" means tangible, nonexpendable, personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit.

“**Equity**” means the difference between the assets of an entity and its liabilities. Also termed "net worth” or “net position”.

“**Expenditure**” means payment in exchange for receipt of goods or services.

“**Expense**” means charges which represent decreases in assets or increases in liabilities recognized and measured with generally accepted accounting principles that result from activity that can change equity.

“**Fixed Assets**” means see "assets, fixed.”

“**Fund Accounting**” means an accountability or stewardship concept, used principally by nonprofit and governmental organizations that are legally responsible for seeing that funds or assets are used only for the specific purposes for which they are authorized by the governing body.

“**Fund Balance**” means the net worth of a fund or account. This term is similar in meaning to equity. When used in the accounting equation it appears assets = liabilities-+ fund balance.

“**General Ledger**” means all of the accounts that comprise the books of an organization with a Double-Entry accounting system. General ledger accounts all fall within one of 5 account categories means assets, liabilities, equity, revenue, or expense.

"**Grant**" means an award of financial assistance, including cooperative agreements, in the form of money, or property in lieu of money, by the Federal Government to an eligible grantee. The term does not include technical assistance which provides services instead of money, or other assistance in the form of revenue sharing, loans, loan guarantees, interest subsidies, insurance, or direct appropriations. Also, the term does not include assistance, such as a fellowship or other lump sum award, which the grantee is not required to account for.

"**Grantee**" means the government (Northern Cheyenne Tribe) to which a grant is awarded and which is accountable for the use of the funds provided. The grantee is the entire legal entity even if only a particular component of the entity is designated in the grant award document.

“**Hardware**” means computer equipment such as central processor, printer, card reader, etc. indirect cost means cost which is incurred for the joint or common benefit of a grant or contract and other programs of the tribe. Examples include maintenance and administrative services such as data processing, accounting.

“**Indirect Cost Contribution**” means the product of the indirect cost rate multiplied by direct salaries and wages.

“**Indirect Cost Rate**” means percentage relationship of indirect costs to direct costs. This rate is reviewed by the cognizant agency each year.

“**Indirect Cost Rate Proposal**” means the documentation prepared by a governmental unit or component thereof to substantiate its request for the establishment of an indirect cost rate as described in 2 CFR 200.

“**Inter-fund Transfer**” means a transfer of assets, usually cash in return for services provided, between two funds or programs. Inter-fund transfers are processed by the preparation of a journal voucher.

“**Internal Control**” means the system and procedures adopted by the tribe to control its financial operations, and to assure financial accountability.

“**Journal Voucher**” means document that transfers funds from one account fund or program to another.

“**Letter of Credit**” means a letter addressed by a banker to a correspondent certifying that the person or organization named thereon is entitled to draw on him or his credit up to a certain maximum amount.

“**Liability**” means something for which one is liable; financial obligations.

“**Loss**” means the condition existing when expenses exceed income or revenue during a fiscal period.

"**Obligations**" means the amounts of orders placed, contracts and sub grants awarded, goods and services received, and similar transactions during a given period that will require payment by the grantee during the same or a future period.

"**OMB**" means the United States Office of Management and Budget.

“**Outlays**” (expenditures) mean charges made to the project or program. They may be reported on a cash or accrual basis. For reports prepared on a cash basis, outlays are the sum of actual cash disbursement for direct charges for goods and services, the amount of indirect expense incurred, the value of in-kind contributions applied, and the amount of cash advances and payments made to contractors and subgrantees. For reports prepared on an accrued expenditure basis, outlays are the sum of actual cash disbursements, the amount of indirect expense incurred, the value of in kind contributions applied, and the new increase (or decrease) in the amounts owed by the grantee for goods and other property received, for services performed by employees, contractors, subgrantees, subcontractors, and other payees, and other amounts becoming owed under programs for which no current services or performance are required, such as annuities, insurance claims, and other benefit payments.

“**Payroll**” - Procedures implemented by the Northern Cheyenne Tribe to comply with the statutes and regulations of the Internal Revenue Service (and where applicable the State of Montana) concerning the tax liability of the Tribe and the tax withholdings which are to be deducted from each employee pay check.

“**Payroll Journal**” is used to record the payroll activities of the organization and shows salaries, deductions, and tax obligations for the tribal organization. It also helps distribute the wage and salary data into the various components of the tribal government.

“**Petty Cash**” means a systematic approach used for making small expenditures in cash which would be too costly and time consuming to make by check.

"**Prior approval**" means documentation evidencing consent prior to incurring specific cost.

"**Real property**" means land, including land improvements, structures and appurtenances thereto, excluding movable machinery and equipment.

“**Reconciliation**” means the process of comparing two records that document the same activity, and correcting any errors or discrepancies existing in either record.

“**Reserve**” means money or its equivalent set aside to pay for anticipated liabilities.

“**Revenue**” means proceeds received to finance an organization's operations.

“**Service Charge**” means a deduction from an account for services rendered.

"**Share**", when referring to the awarding agency's portion of real property, equipment or supplies, means the same percentage as the awarding agency's portion of the acquiring party's total costs under the grant to which the acquisition costs under the grant to which the acquisition cost of the property was charged. Only costs are to be counted-not the value of third-party in-kind contributions.

“**Single Entry**” means shows transactions entered to records affecting only one account. (See "double entry")

“**Software**” means the entire set of programs, procedures and related documentation associated with a system, especially a computer system; see "hardware.”

“**Source Document**” means an original document or primary reference work that provides the authorization for a financial transaction to occur.

"**Sub grant**" means 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 subgrantee. The term includes financial assistance when provided by contractual legal agreement, but does not include procurement purchases, nor does it include any form of assistance which is excluded from the definition of "grant” in this part.

"**Subgrantee**" means the government or other legal entity to which a sub grant is awarded and which is accountable to the grantee for the use of the funds provided.

"**Supplies**" means all tangible personal property other than "equipment” as defined in this part

“**Subsidiary Ledger**” means a separate set of records for recording detail transactions such as a payroll register.

"**Third party in-kind contributions**" mean property or services which benefit a federally assisted project or program and which are contributed by Non-federal third parties without charge to the grantee, or a cost-type contractor under the grant agreement.

“**Trial Balance**” means working paper prepared after all the regular entries, but before the adjusting entries showing a listing of the accounts in the general ledger and their respective debit or credit balances.

"**Unobligated balance**" means the portion of the funds authorized by the Federal agency that has not been obligated by the grantee and is determined by deducting the cumulative obligations from the cumulative funds authorized.

SECTION 2 - BUDGETING AND BUDGET MANAGEMENT

A. Annual Tribal Budget

Policy: Program Directors shall permit the expenditure of funds only from accounts and for purposes authorized by Tribal Council resolution, according to the procedures of this section.

Procedure:

Budget Calendar.

The budget calendar of the Annual Tribal Budget begins October 1. In order to provide sufficient time to prepare, review, and adopt of the annual budget, the below schedule of dates and activities should be followed.

DATES	ACTIVITIES
April	Tribal Council adopts Capital Improvement Plan (See Capital Improvement Budgeting).
May	Tribal Council issues policy statement on goals and objectives for upcoming FY to provide guidelines for Tribal staff for preparing FY budget requests.
May	Tribal Administration issues an administrative directive on Manual of Instructions to all programs for budget requirements and submission
May-June	Program Directors prepare program budget requests.
June	Staff Accountants & President or Designee review and submit requests to Budget and Finance Committee. 638 re-contracting documents due to BIA/IHS no later than June 30.
July	Budget and Finance Committee review program budget request for approval.
July August	Tribal Council passes and adopts Annual Tribal Budgets.
October 1	Tribe begins operations for FY.
During FY	Budget status reports (see Financial Reports) issued monthly to Program Directors and President or designee. Budget revisions requested and approved by Budget and Finance Committee and Tribal Council.

Budget Preparation.

The “Manual of Instructions” for preparing the Annual Tribal Budget is issued by the Comptroller each year. The “Manual of Instructions” provides the guidelines, policies, and format that are unique to the budgets prepared each year which supplement the information contained in this section.

The "Manual of Instructions" is utilized in conjunction with this section to provide instructions for Tribal staff in preparing budget requests. Normally, the "Manual of Instructions" will contain policy (goals and objectives) guidelines promulgated by the Tribal Council and Finance; detailed schedule, dates and activities for preparing the budget; responsibility assignments for preparing program budget requests; a copy of the Tribes' pay plan; an equipment and materials price list; and budget forms.

The Tribal Administration may decide to assign or detail budget personnel from certain successful Tribal Programs to provide technical budgeting assistance to other programs who lack the necessary technical expertise or resources necessary to compile an accurate and appropriate budget. Any staff detailed to provide technical assistance in preparing an initial annual budget request shall be paid their current active rate and the costs associated with their time shall be allocated to the program receiving the benefit. If resources are unavailable from any program receiving technical assistance, the Tribal Administration must identify General Funds for that purpose. Once a budget under these terms is adopted, the Program Director shall assume full responsibility for the budget and the execution of expenditures under that budget.

Detailed Procedure for budget or budget revision processing is as follows.

Budget Processing Procedure.

Policy: The Budget and Finance Committee will establish a standardized budget procedure for all federal, state, tribal and other budgets, as required by Resolution No. 141 (97). This procedure applies to the submission of all budget proposals and budget revisions that do not meet minor revision criteria. Budgets will be effective only when approved and signed by an officer of the Budget and Finance Committee and the Tribal President. The Budget and Finance Committee will conduct regular meetings on the 2nd and 4th Thursday of each month. Budget submission must be in accordance with funding agency requirements as to specificity and content. Performance measures should be included based on quarterly program activity so that the Tribe can measure the progress of program goals and objectives. Program Directors must be responsible to submit the budget in a timely manner.

Procedure:

Responsible Person	Action
Program Director	Meets with the Staff Accountant to retrieve information related to the budget year (i.e. balance sheet, award documents, etc.) and to discuss any specific funding agency requirements related to the annual program budget.
Program Director	Obtains the budget disc or "manual of instructions" from the Comptroller and prepares the budget documents.
Program Director	Submits the budget document to Central Finance for financial review by staff accountants who then forward the document to the Program Administrator for administrative review. Directors should be prepared to entertain any administrative questions related to the budget documents.
Program Administrator	Approves/signs the budget and transmits the budget documents to the Finance Office Manager.
Finance Office Manager	Updates tracking log. Prepares copies of proposed budgets for presentation at next meeting of the Budget and Finance Committee. Returns unapproved budgets to Program Directors for corrections or adjustment.
Treasurer/Comptroller	Presents proposed budget to the Budget and Finance Committee.
Budget and Finance Comm.	Reviews proposed budget, or budget revision. Votes for approval or disapproval. Approved: Chairperson, or designate, signs required original documents. Disapproved: Documents are returned to—Program Directors with notes for correction or adjustment.

Finance Office Manager	Receives approved, or disapproved, documents that were reviewed by the Budget and Finance Committee. Updates tracking log.
Finance Office Manager	Obtains signature of Tribal President on required original documents for approved budgets and prepares a draft resolution for council adoption. Returns disapproved budgets to Program Directors. Copies and distributes documents for approved budgets or revisions as follows: Original: Staff Accountants for inclusion in program file. Note: original documents that need to be filed with the funding agency will be returned to the Program Director for processing. Copy: Program Director.

Budget Review.

Budget review occurs on three levels: Central Finance, Tribal Administration, and Tribal Council. There is time allocated (see Budget Calendar) and specific purposes served by the review at each level.

<u>Central Finance Review.</u> Staff Accountants review the budget requests of the divisions and programs operating within each office. A check list is followed to determine that each budget request is accurate, that funds are available, and that proposed expenses are allowable and allocable to the respective award. Staff Accountants will ensure that budgets are financially sound before they are reviewed by the Tribal Administration and may provide notes for administrative review.

<u>Tribal Administration Review.</u> Tribal Administration is responsible for assembling division/program budget requests in a consolidated tribal budget document that is presented to the Tribal Council as the "proposed annual tribal budget." In the course of its review, Tribal Administration is also responsible for analyzing revenue source requirements and availability, and for identifying areas of possible duplication or conflict among budget requests of programs and divisions. Also, Tribal Administration reviews budget requests to assure that they are consistent with adopted personnel and financial management policies, as well as award specific policies of each awarding agency.

<u>Tribal Council Review.</u> The Budget and Finance Committee of the Tribal Council reviews the budget documents. The Budget and Finance Committee advises the Tribal Council regarding budget requests of programs under their jurisdiction, and Tribal Administration advises the Tribal Council of any pertinent information regarding program or division budget requests. The Tribal Council, in addition, may consult with program directors, division administrators, other tribal staff, or other persons during deliberations on the proposed budget.

Budget Adoption.

After its review of the proposed budget, the Tribal Council adopts the budget by resolution. The adopted budget may be the same as the proposed budget for a program, or the budget may be less or greater than the one proposed. The dollar amount of the budget adopted by resolution for a program establishes the maximum amount that can be spent by a program during the 12 month period of the fiscal year. Only if the Tribal Council later approves (by resolution) a budget amendment for additional budget authorization can a program spend more during a fiscal year than is approved by Tribal Council in the initial resolution adopting the Annual Tribal Budget.

Budget Status Reporting.

The responsibility for budget compliance (i.e., assuring that actual expenditures never exceed authorized budget) is the responsibility of the program director of the program for which the budget is approved. To assist program directors with this responsibility, the Central Accounting Office is responsible for issuing monthly budget status reports. These reports provide for each program director a line item-by-line item comparison of approved budget amount expenditures to date, encumbrances, and unspent budget remaining. The status reports enable program directors to accurately monitor the financial position of programs on a continuous basis while still pursuing program goals and objectives.
When it appears that the authorized budget allocation for a program is insufficient to complete operations for a fiscal period, a program director should immediately consult his or her supervisor, to determine the appropriate course of action. Possible courses of action may include postponement of certain expenditures, curtailment of program functions or services, increasing the authorized budget, or a combination of 2 or more of these actions. In the event that an increase in the authorized budget is justified, the increase is not effective until it has been requested on a Budget Revision form and approved by Tribal Council Resolution.

Budget Revision.

When a change in amount of budget authorization is necessary, a Budget Revision form is used to illustrate the requested changes. The Budget Revision form will also document the request and approval for the revision. A Budget Revision will be required to go through the entire budget process described above when any of the following circumstances apply:

- The current approved budget amount authorized by Tribal Council increases;
- Changes are made to salaries to increase or decrease expected costs; or
- More than 10% of the authorized budget is re-allocated between non-salary line items.

<u>Minor Revisions.</u> Budget revisions that do not meet the criteria above can be approved through signature by the President or designee and are not required to be submitted to the Budget and Finance Committee or to Tribal Council for resolution. Minor revisions can be completed using the Budget Revision form and submitted to Central Finance with the President's approval. Program Directors must also be ready to meet budget requirements specific to an award or funding agency. These considerations are described in the Budget Analysis section below.

<u>Recording Budget Revision on Financial Reports.</u> When the Central Finance Office receives the original copy of the Budget Revision form, the budgeted amounts for each affected account are adjusted to the authorized revised budget figure. Future financial status reports then reflect the revised budget figure.

B. Capital Improvement Budgeting

Policy:

Each year the Treasurer shall present to the Budget and Finance Committee a proposed five-year Capital Improvement Program which shall be utilized as a plan for budgeting for capital expenditures in the Annual Tribal Budget.

Purpose and Use.

The purpose of developing a five-year Capital Improvement Plan is to define the Northern Cheyenne Tribe's needs for major capital improvements or acquisitions during each year of the immediate five-year future; and to identify realistic funding sources, and strategies for obtaining funding, for major capital improvements. The five-year Capital Improvement Plan is a document that provides guidelines for budgeting and appropriating funds for capital items in the annual tribal budget. The five-year Capital Improvement Plan is updated each year, taking into consideration improvements actually accomplished through annual budget appropriations made by the Tribal Council.

Only capital improvements or acquisitions of significant (normally more than $25,000) dollar values are budgeted in the five-year Capital Improvement Plan. Examples of capital items budgeted in the Plan are:

Land: acquisition of land for parks, agriculture or enterprise use, or for use in locating houses, schools, offices, or other structures. Also, land improvements, such as irrigation systems, drainage systems, or roads.

Buildings: Construction or acquisition of buildings such as schools, offices, houses, clinics, garages, or farm use buildings. Also, improvements to be made to existing buildings.

Motor Vehicles: Acquisition of tractors, trucks, farm machinery, or other rolling stock exceeding $25,000 in value.

Every acquisition of a major capital item cannot be anticipated for each year of the five-year Plan, because changing needs and conditions cannot always be anticipated. However, the five-year Capital Improvement Plan provides a blueprint of major capital needs, and strategies for acquiring major capital items, that the Tribal Council and Tribal Staff can utilize for appropriating funds in the Annual Tribal Budget.

Responsibility for Preparation.

The Treasurer is responsible for preparing the proposed five-year Capital Improvement Plan each year, prior to presentation of the Annual Tribal Budget. After the Capital Improvement Plan is adopted in principal by the Tribal Council, it is used as a guide in budgeting for capital items in the Annual Tribal Budget. The following schedule is intended as a model for scheduling preparation of the Capital Improvement Program and Annual Tribal Budget.

DATES	ACTIVITIES
January	Division Administrators submit major capital projects, dollar estimates, and funding source requirements/prospects to Administrative Director.
February-March	Treasurer assembles proposed capital improvement program for the five year period, showing year-by-year dollar estimates for each improvement, and probable funding sources.
April	Tribal Council reviews proposed Capital Improvement Plan for the five year period, makes adjustments, and adopts Plan.
May-June	Tribal Staff utilizes the Capital Improvement Plan budgeting for scheduled projects in the proposed annual Tribal Budget.
July-August	Tribal Council reviews, modifies and adopts annual Tribal Budget.
October 1	Fiscal year operations begin.
January	Division Administrators, considering the capital projects implemented in the Annual Budget, submit to Administrative Director major capital projects, dollar estimates, and funding source prospects for the five year time period.

Each year, the Capital Improvement Plan is updated and extended one year into the future. The process is repeated each year-.

Contents of Capital Improvement Plan.

The contents of the five-year Capital Improvement Plan are designed to provide a long term (five-year) perspective of capital improvement needs and funding availability Following is a model for the Table of Contents of the five-year Plan:

Transmittal Letter from Administrative Director

Summary Tables:

Capital Improvement Projects by Year
Capital Improvement Projects by Division
Capital Improvement Projects by Funding Source
Capital Improvement Projects by Functional Category

Plan Narrative:

Analysis of Needs
Priority Considerations and Methodology
Narrative Description of Projects
Narrative Description of Completion or Changes in Past Priority Projects
Impact on Projects by Funding Prospects
Low Priority Projects Not Included

C. Budget Analysis/Budget Monitoring Techniques

Variance Analysis

The most common budget analysis technique to be used by the Northern Cheyenne Tribe is calculation of the variances for key selected, sensitive elements within the Northern Cheyenne Tribe's budget. The organization should calculate the variances for the original budget compared to actual cost, and for an adjusted budget or flexible budget which reflects the actual levels of activity that the organization has incurred with the estimated cost parameters for that activity. The program manager will be given an actual cost breakdown by line item from the accounting department. This is the starting point for the variance analysis.

The variance analysis requires the Program Manager to subtract the actual year-to-date expenditures from the original total budget. This is the most common budget analysis technique. The difference between the budget and the actual expenditures may be either favorable or unfavorable. If the expenditures exceed the original budget, then the variance is an unfavorable variance. If the budget exceeds the expenditures, then the variance is a favorable variance. Variance analysis should be applied to those line items which are dependent on the volume of activity incurred by the Northern Cheyenne Tribe. Thus, such line items as salaries, travel, supplies and telephone and postage costs should be analyzed since these components are subject to discretionary control by management.

At a more sophisticated level, Program Managers can calculate a flexible budget and compare the flexible budget to the actual expenses. The flexible budget incorporates changes in the total budgeted costs on the basis of changes in usage or services provided to clients. Suppose, for example, that a tribal program budgeted meal services for 500 clients. If instead of 500 clients, the organization provided services to 580 clients, this would have an impact on the budget.

If the organization had an original budget of $150,000 for meals for 500 people, this is a cost of $3.00 per meal. Since the organization has provided services to 580 clients, if we calculate a flexible budget, this would mean that the budgeted cost for the meals to 580 clients would be $3.00 times 580 or $174,000. Thus, we have an increase in the original budget from $150,000 to the flexed budget figure of $174,000. This is an unfavorable usage variance of $24,000 due to the increase in the number of clients served. Now we can also calculate what the comparison between the flexible budget is compared to the actual expenses. For example, suppose that the actual incurred expenses were $191,400. If we were to compare this to the flexed budget of $174,000, we would have an unfavorable cost variance of $17,400. Between the two variances, we have a total of $41,400 in unfavorable variances. Part of this ($24,000) is an unfavorable usage variance. The other part ($17,400) is an unfavorable cost variance.

The variance that has been calculated above could be the product or result of a poorly prepared budget. Thus, the manager may decide that the actual expenditures are realistic and use those expenditures as a means for forecasting the actual expenditures for the coming budgetary period. This is based on the assumption that last year's expenses will serve as a good measure for predicting what is going to happen in the upcoming budget period.

Favorable variances could lead to a downward adjustment in the budgeting figures.

Often, tribal administrators may elect to re-allocate expenses to offset overspending in one area by allocating excess expenses to another area. This is, in effect, trading off variances and is a type of reaction to the analysis of the budget variances. Re-allocating expenses require that the costs being re-allocated meet the objectives of the award accepting those costs. Additionally, the Northern Cheyenne Tribe may need to receive approval from the funding agency before initiation. Furthermore, the tribal administrator must be cognizant of the negative impact such tradeoffs may have on employee morale or client services under any particular award.

Calculation of variances, both on the basis of a flexible budget and the original budget can be done using the year to date expenditures, or using periodic expenditures incurred by the organization. Calculation of variances on a monthly or quarterly basis may allow the tribal administrator to identify problems before they become of crisis nature.

Percentage of Completion Technique

Another technique which is easy to perform is calculation of the percentage of completion for those line items that are sensitive to program activities. The percentage of completion is a comparison between the percentages of dollars spent over a period of time to the amount of time that has elapsed using the assumption of uniform spending patterns. The comparison of the percentage of dollars spent would realistically be equal to the percentage of time that has elapsed if the organization is not going to overspend or underspend the projected budget for the forthcoming period. Thus, for example, if the organization has completed six months out of a twelve month program, it is reasonable to expect that 50% of the line item components which are sensitive to program activities should also have been spent. Thus, salaries, travel and client-based costs or line items which are dependent on program activities should also have incurred 50% expenditure patterns.

For example, suppose that the Northern Cheyenne Tribe has a program for adult vocational training and that the organization is to provide funds to tribal members to receive training during the year from various vocational institutions. Although such training may be seasonal, it is realistic to expect that after six months have elapsed, the funds provided to training participants would also have been 50% spent. For another example, if the Northern Cheyenne Tribe had a $70,000 budget for grant stipends to participants and at the six month point the organization had spent $25,000, this is perhaps indicative that the organization has had difficulty in placing participants with the training institutions or that the organization has difficulty in contacting potential participants.

This technique can be used as a means of gauging the level of activities during the program year in comparison to the amount of time which has elapsed. For those budget components which are variable or semi-variable in nature, this is a valid technique to analyze level of performance, and for the Program Manager to make decisions which affect the operation of the organization.

Projected Expenditures Technique

The projected expenditures technique attempts to calculate the forthcoming expenditures for the Northern Cheyenne Tribe based on the actual expenditure pattern during program operations. In effect, this treats the organization as continuing the level of services or activities which have taken place over the previous program period. It attempts to impact the program budget through incorporation of a flexible budget parameter by including the changes in usage level which have occurred throughout the organization. By comparing the projected expenditures to the balance of funds left in those line items which are sensitive to program activities, the tribal administrators can get an indication of the ability of the program to meet its goals in the remaining program period.

The formula for calculating the projected expenditures is:

Projected Expenditures =

$$\frac{\text{Total Expenditures (year to date)}}{\text{Number of Months Elapsed}} \times \text{Number of Months Remaining}$$

This figure will then be compared to the unspent funds in various line item components within the program budget. If a favorable variance exists, this money can be used to meet other objectives for the program or can be reprogrammed to offset unfavorable variances which exist elsewhere in the program operations as identified by the projected expenditures technique.

Cost Benefit Analysis Technique

The Federal awarding agency may require the Northern Cheyenne Tribe to use OMB-approved government wide standard information collections when providing financial and performance information. As appropriate and in accordance with above mentioned information collections, the Federal awarding agency may require the Northern Cheyenne Tribe to relate financial data to performance accomplishments of the Federal award. Also, in accordance with above mentioned government wide standard information collections, and when applicable, Northern Cheyenne Tribe must also provide cost information to demonstrate cost effective practices (e.g., through unit cost data). The Northern Cheyenne Tribe’s performance should be measured in a way that will help the Federal awarding agency and other non-Federal entities to improve program outcomes, share lessons learned, and spread the adoption of promising practices. The Federal awarding agency will provide the Northern Cheyenne Tribe with clear performance goals, indicators, and milestones in the Federal award. Performance reporting frequency and content will be established in the award.

Federal administrators will require reporting of the cost benefit provided by the expenditures for the tribal programs. At the outset of the program, the Northern Cheyenne Tribe has indicated that it will perform a certain level of effort for a specific level of cost. These two figures become the basis for a budgeted cost benefit ratio.

After operation of the program for a period of time, the Northern Cheyenne Tribe has incurred a level of expenditures and has provided services to a number of clients. By comparing these two figures, the Northern Cheyenne Tribe can calculate an actual cost benefit ratio. By comparing the budgeted cost benefit ratio to the actual cost benefit ratio, the Northern Cheyenne Tribe can get an indication of the efficiency of the program.

$$\frac{\text{Actual Expenditures}}{\text{Actual Clients Served}} \quad \text{versus} \quad \frac{\text{Budgeted Expenditures}}{\text{Budgeted Clients}}$$

The Northern Cheyenne Tribe should exercise care to select only those costs parameters which are affected by the level of activity within the organization. Thus, it would be inappropriate to include facilities costs and other fixed or non-variable expenses in the calculation of the cost benefit ratio. The tribal administrator should use only those costs which are sensitive to the level of program activities or which are seasonal in nature, in calculating either the budgeted cost benefit ratio or the actual cost benefit ratio.

If the comparison between the budgeted and the actual cost benefit ratios indicates that the actual ratio is higher than the budgeted ratio, this might indicate that the Northern Cheyenne Tribe is less efficient than originally anticipated. However, it might also indicate that the original forecast was inappropriate and that the actual cost benefit ratio should be used as a forecasting technique for forthcoming program operations. If in future years a continued rise in cost benefit ratios over previous years continues, this might indicate poor efficiency within the tribal program operations. Ideally, Program Managers should strive to minimize or reduce the costs per client served throughout the program, i.e., to minimize the cost benefit ratio.

While each of the techniques described above provide guidance on budget analysis, Program Directors are required to be responsible in their actions to properly budget and manage the expenses of each program they have been assigned. Failure by Program Directors to accurately manage program budgets in conjunction with chronic overspending is grounds for termination from a position of management.

D. Budget Revision Requirements

The budget analysis techniques discussed above may provide the Program Manager with the rationale to make a budget revision. Such budget revisions can occur in one of several ways. The Program Manager may request that the funding agency provide additional funds to the program to meet anticipated needs. Alternatively, the Program Manager may request that the funding agency permit monies, which will not be able to be spent during the forthcoming program period to be carried over to a subsequent program year; or for this year's program to be extended. Finally, the tribal Program Manager may request a transfer of funds from one component within the program to another component.

Northern Cheyenne Tribes that receive funds from federal funding agencies are constrained in their authority to make such budget revisions by federal regulatory guidelines. Each funding agency provides guidance to the Northern Cheyenne Tribe for budget revision or modification. Often, the funding agencies prescribe the forms or format on which such budget revisions shall be requested (use of the standard form 424 or standard form 30 are for budget revisions). See 2 CFR 200 or program terms and conditions for guidance.

These budget revision guidelines typically indicate that prior approval is necessary from the funding agency before a budget revision can be made for the following types of actions:

- Revisions which result in changes in the scope of work.
- Revisions which require additional funding.
- Revisions which transfer funds from indirect cost to direct costs.
- Addition of new line items to the program.
- A transfer of funds from one component to another component which cumulatively exceed X% of the total program cost.

Federal agencies which provide such guidance require that the Northern Cheyenne Tribe receive prior written approval before initiating such revisions. This written approval will be given to the Northern Cheyenne Tribe on a signed budget modification from the funding agency.

SECTION 3 - ACCOUNTING AND ACCOUNTING PROCEDURES

A. Identifying Source and Application of funds - Account Classification

> ***#4.** Policy: Northern Cheyenne Tribe shall use a multi-fund fund accounting system which will identify governmental funds including unrestricted, special revenue (grants, contracts and indirect cost funds), proprietary funds, and endowment funds. The fund accounting system shall have the capability to identify interfund transfers and to recognize multiple fiscal years as well as the application of program funds.*

Responsibility for the design, development and maintenance of a chart of accounts and classification of the account codes shall be done by the Treasurer in conjunction with the Comptroller and the System Manager.

A request for an account code may be initiated by a Program Director and shall be communicated through a Staff Accountant.

Account Code revision shall be done by the Treasurer in conjunction with the Comptroller and the System Manager.

Northern Cheyenne Tribe shall segregate each program which the tribal organization receives and shall maintain integrity between the transactions which affect each program. The integrity is accomplished by establishing within the chart of accounts and general ledger a separate set of accounts or coding system for each program (fund code).

The following conventional guidelines are to be followed in the design, development and revision of the account code structure.

1. Determine needs while considering--
   a. government reporting requirements
   b. funding agency reporting requirements
   c. additional information needed

2. Integrate the reporting needs into a comprehensive list including--
   a. all asset accounts
   b. all liability accounts
   c. fund balance accounts
   d. revenue and expense accounts required for reporting

3. Enumerate all accounts for reference; for example: assets - 1000 to 1999; liabilities - 2000 to 2999, etc.

4. Establish statement formats--
   a. balance sheet
   b. statement of revenues, expenses and changes in fund balance
   c. statement of functional expenses

5. Determine what records are needed to collect information--
   a. ascertain the various documents required
   b. ascertain the different journals needed
   c. create a separate ledger for each account

Points to use when designing the chart of accounts include:

- Group similar accounts together.

- Leave room for accounts which shall be added later.
- Accounts of the same type shall be numbered consecutively.
- Expenses typically require more than one set of numbers.
- The code (number of digits) is rarely too big but it is a major problem if it is too small.

Two additional conventions are used to code a chart of accounts: subaccount codes and designating codes. Subaccount codes shall be used when many individualized records are needed in one main account.

When developing an account coding structure, the tribal organization shall classify the account according to the function, the organizational unit, the activity, the character and the principal object classes. These terms are defined below.

> Function means the purpose for which a group of activities is carried out, such as tribal court.
>
> The organizational unit might be a department or division of the tribal structure. Each organizational unit is responsible for carrying out one or more activities.
>
> The character of expenditures refers to the difference between assets, liabilities or fund balance. It also refers to the difference between revenues and expenses.
>
> The object refers to the specific article or services purchased or obtained, such as supplies, postage or equipment.

The fund and organizational unit shall be identified by using the fund code designator.

Object Class Code (General Ledger Code)

The expenditures and the codes which are utilized to describe those activities are called the Object Codes or the Detailed Account Codes. The Detailed Account Code or Object Code shall be uniform for all activities within Northern Cheyenne Tribe.

The Detailed Account Code shall offer flexibility for growth and to consider all activities the tribe may become involved in. The Detailed Account Code, however, shall also portray a consistent examination of all activities. The Detailed Account Code is used for all programs, although not all programs will use all accounts within the Detailed Account Code.

The first digit of the General Ledger Code indicates the character of the account. The character refers to the differentiation of each major accounting category. Generally, the character designator shall begin with: 1xxx for assets; 2xxx for liabilities; 3xxx for fund balance, 5xxx for revenues/resources applied; and, 6xxx-9xxx for expenses.

Generally speaking, the assets always begin with 1, liabilities begin with 2, fund balance with 3, revenues with 5, and expenditures with 6 or more.

Fund Codes or Cost Objective Codes

Fund accounting requires that the tribal organization establish an account coding system capable of segregating the activities of the organization into the major fund accounts. This requires that the organization have fund code designations which apply to the General fund, restricted funds, the Proprietary funds and Endowment funds. Northern Cheyenne Tribe shall also have sub-fund account codes. Sub-fund accounts designate the type of funding agency which the tribe is dealing with or the type of activity which a funding agency provides. Thus, within the category of restricted funds the tribe shall have account code designators which specify federal fund sources, state funding, foundation funding and other funds. The tribal organization shall also identify the many different agencies of the federal government federal funding agency that the tribe has relationships with.

The Northern Cheyenne Tribe assigns each grant or contract a **cost objective fund code number**. While this grant is active or open, and until the final audit is completed and the program is closed, this number would remain assigned to that grant or contract. On completion of final audit and closeout of the program, the number may be reassigned. The tribal organization shall group the cost objective codes according to the primary funding entity which the tribe deals with. Thus, each funding agency would be grouped with a certain block of cost objective codes.

Within a program, there may be several activities which are distinguishable from one another. It may be necessary, therefore, to create department sub-code to identify the program activities within a particular program.

Since Northern Cheyenne Tribe is required to segregate general and administrative expenditures from those of program expenditures, it is also necessary to assign a cost objective code for general and administrative expenses. This is the indirect cost pool. Thus, Northern Cheyenne Tribe shall use a cost objective code to specify the general and administrative functions of the tribe funded through indirect charges against all programs.

Northern Cheyenne Tribe

Fund Number Listing

From	To	Description
001	001	Payroll Fund
002	049	Clearing, Fixed Asset and Debt Funds
050	199	General Tribal Programs and Indirect Cost Funds
200	249	Department of Interior (P.L. 93-638)
250	299	Department of Interior (Other)
300	349	Department of Health and Human Services (P.L. 93-638)
350	399	Department of Health and Human Services (Other)
400	424	Department of Agriculture
425	449	Department of Commerce
450	474	Department of Education
475	499	Department of Energy
500	524	Department of Housing and Urban Development
525	549	Department of Justice
550	574	Department of Labor
575	599	Environmental Protection Agency
600	624	Equal Employment Opportunity Commission
625	899	Open
900	924	Foundation Funding
925	949	Enterprise Funds
950	999	Open

B. Classification of Financial Transactions

Staff accountants shall be responsible for classifying all financial transactions. When analyzing a transaction, the staff accountant shall ask:

- What is the major category which is affected by each transaction?
- What cost objective or fund is affected?

- What is the name of the detailed account within that category which is affected by the transaction?

- Does the value of that detailed account increase or decrease?

After having answered these questions, the staff accountant shall code the entry onto a journal voucher, then make the entry into the Books of Record (computer).

C. Account Codes

The Chart of Accounts is designed to provide a standard list from which the appropriate Accounts for any financial transaction can be assigned.

Introduction to Account Numbering System.

Each account number contains 8 digits. Beginning with the first digit of the account number are five "fields," or groups of digits, that provide different kinds of information about the account. Following is a description of the information contained in each field of an account number.

Field Digits Information (Established by Accounting)

```
        Fund   Object
---------  ---------
x x x x    x x x x

1  2   3  4    5
```

Field Group	# Digits	Information
1	2	Fund/Cost Objective Group. The accounting fund is indicated by the following numbers:

Number	Fund
0	Clearing and Endowment (including fixed asset) Funds
1	General and Indirect Cost Funds
2	Interior (DOI) Funds
3	Health & Human Services (HHS) Funds
4	Labor (DOL) Funds
5	Justice (DOJ) funds
6	Agriculture (USDA) funds
7	Commerce (DOC) funds
8	Transportation (DOT) funds
9	Proprietary/Enterprise funds

Field Group	# Digits	Information
2	1	Program/Cost Objective Code. These numbers are assigned by the Accounting Office and are used during the time a program or activity is in existence.
3	1	Department/Function. An Alphabetic code or Letter (A,B,C) assigned by Staff Accountant to track activities within a program/cost objective.
4	1	Account Type. The account type is indicated by the following numbers:

Number	Type
1	Assets
2	Liabilities
3	Equity
5	Revenues
6, 7, 8 or 9	Expenditures

5	3	Line Item. The three digit line item number provides the specific account within the account type.

Field Group 1 and 2

Fund group and Program/cost objective numbers by fund are designated by the first three digits of the account number (Fields 1 and 2, discussed above). Below are listed the program/activity numbers assigned.

* The Fund Code Chart of Accounts in shown in the appendices.

Field Group 4 and 5 Accounts

Balance Sheet Accounts.

Balance Sheet accounts contain three categories of accounts indicated by a "1", "2", or a "3" designation in the 5th digit (Field 4) of the account number. Accounts with "1" designation in the 5th digit of the account number are assets; the "2" designation is for liabilities; and "3" designates equity or fund balance. The following lists provide the Balance Sheet Accounts currently utilized, and the numbers in Field 5 assigned to them.

• Asset Accounts

* Balance sheet object codes are shown in the appendices.

• Liability Accounts

* Balance sheet object codes are shown in the appendices.

• Fund Balance Accounts

* Balance sheet object codes are shown in the appendices.

Revenue and Expenditure Accounts

Revenue accounts, designated with a"5"in the 5th digit (Field 4) of the account number, are utilized to record the receipt, or the anticipation of receipt, of income or revenue. Expenditure accounts, designated with a"6, 7, or 8",are utilized to record payment for services, materials, supplies, or to record obligations for later payment by setting up an encumbrance.

• Revenue Accounts

* Revenue object codes are shown in the appendices.

• Expenditure Accounts

* Expenditure object codes are shown in the appendices.

Guidelines for Charges to Expenditure Accounts.

For federally funded programs, OMB Super Circular 2 CFR 200 provides guidelines for permissible expenditures utilizing Federal funds. When there is a question whether an expenditure is allowable, OMB Super Circular 2 CFR 200 should be consulted.

In order to provide for consistency in the types of expenditures that are charged to a cost codes, brief descriptions are provided below for cost codes frequently used by various programs. It should be stressed, however, that charges to a cost code may be made only if budgeted funds are available, and in the case of Federally-funded programs, only if grant or contract terms, Federal regulations, and OMB Super Circular 2 CFR 200 permit.

6000-6099	Salaries	The cost of personnel compensation in tribal administration and program activities.
6100-6199	Employer Taxes	The cost to the Northern Cheyenne Tribe for employer tax and insurance obligations relating to the staff and their compensation.
6200-6299	Fringe Benefits	The cost of employee fringe benefits paid by the Northern Cheyenne Tribe.
7000-7099	Travel	Expenses incurred in the course of moving the, personal possessions and family of an employee required because of employment with the Tribe. Meals consumed by employees while on travel status. Hotel accommodations for employee on travel status. Employee air travel on a commercial scheduled or chartered carrier. Employee ground travel by means of commercial taxi or bus. Reimbursement at a per mile rate to employee for use of a personal vehicle for business purpose. Miscellaneous small expenses that cannot be classified in other travel accounts. Reimbursement to employee for food and lodging while on travel status, calculated on basis of an authorized dollar amount per day.
7100-7199	Building	Purchase of furnishings for offices. Examples: desks, chairs, tables, file cabinets. Monthly telephone service charges, long distance charges, and telegraph fees. Rental fees for Buildings. Construction of Tribally-owned buildings and attendant costs. Examples: building materials, construction labor, architect and engineering fees.
7200-7299	Utilities	Cost of contract labor, materials, and supplies used in janitorial functions. Cost of fuel, oil or service charges for heating buildings. Utility charges for electrical service. Utility charges for water service. Charges for trash pickup or landfill fees.
7300-7399	Supplies	Expendable supplies utilized in day-to-day operation of a program. Examples: stationary, note pads, pencils, pens, staples, paper clips.
7400-7499	Equipment	Tribal automobiles, trucks, buses, or other licensed vehicles. Cost of radios, transmitters, receivers, and other equipment utilized in electronic communications. Purchase of equipment utilized in office environment. Examples: typewriters, adding machines, calculators. Dictaphones, transcribers. Purchase of equipment or machinery that does not fit within the definitions of other cost codes. Purchase of equipment utilized in recreational activities. Examples: universal gym, playground hardware, soccer goal. Items having an extended life but a relatively low minor equipment (under $50) value. Examples: hammers, saws, pencil sharpeners, staplers, wrenches. Rental fees for the use of office equipment.

		Examples: typewriters, adding machines, desks, chairs, tables. Rental Fees for machinery and equipment. Rental and lease fees for cars and trucks. Materials, parts, and labor consumed in maintenance and repair of Tribal-owned vehicles. Gasoline purchased for use in Tribally owned vehicles. Repairs and maintenance of equipment other than vehicles. License fees and other miscellaneous expenses associated with operation of Tribal vehicles.
7500-7599	Prof. Services	Services by consultants and contracted agencies contracted to perform specified work. Services performed by outside firms or service bureaus in performing specified accounting or audit work. Tuition and books associated with employee attendance at educational institutions. Tuition or participation fee associated with employee attendance at conferences, meetings, and training sessions
7600-7799	Contr. Services	Services by contracted agencies contracted to perform specified work. Services performed by outside firms or service bureaus in performing specified accounting or audit work.
7900-7999	Insurance	Cost of insurance other than insurance associated with employee fringe benefits.
8000-8299	Other Expense	Small expendable items that are not accommodated by other cost codes. For example: Expenses incurred in promotional activities - employee awards, banquets, magazine advertisements. Transportation of materials, supplies, or equipment by commercial carrier. Expenses associated with the preparation and copying of reports and other documents. U.S. Postage, Federal Express, or other mail service. Periodical, books, magazines, and other periodic published material. Charges in connection with employee membership or organizational membership in other organizations. Technical or specialized reference publications.
8500-8599	Gaming Expenses	Costs associated with the operation of Northern Cheyenne Tribe gaming activities.
8600-8699	Scholarships	Scholarships, awards, education, achievements.
8700-8799	In-kind Contrib.	Costs associated with matching requirements.
8800-8999	General Fund	Costs incurred against the general fund and the activities incurred by those paid from the general fund.
9000	Indirect Costs	Charges for Tribal indirect Cost Pool for administrative overhead costs.

Maintenance of the Chart of Accounts.

The responsibility for maintenance of the Chart of Accounts rests primarily with the Treasurer. However, this responsibility is shared with the Comptroller and the System Manager as well as other persons who utilize the Chart of Accounts. Following is a brief discussion of various aspects of Chart of Accounts maintenance.

Assignment of New Program or Activity Account Numbers. A new program or activity account number may be necessitated by the development of a new organizational unit to provide services or by the expansion or reorganization of an existing program or activity. The Program Director or other person responsible for the program or activity should discuss the need for a new account number with the Staff Accountant, and the

Staff Accountant will request the number and make other arrangements for use of the new number.

Utilization of Identifier. Most programs will not require a breakdown of detail which can be provided by using the line item identifier (Field 5). However, when it is felt that a more detailed level of cost accounting information is required, identifier numbers will be assigned.

Removal of Program/Activity Account Numbers. When program or activity account numbers are no longer needed they will be removed from the Chart of Accounts by the Comptroller.

Reassignment of Account Numbers. Periodically, the Comptroller will reassign account numbers to provide for a more orderly and complete listing of accounts. The Comptroller will notify affected programs and staff in the event of account number reassignments.
Update of Finance Policy. At least once a year, and more frequently if necessary, the Comptroller will record changes to the Chart of Accounts and communicate them to the Treasurer, who will update Finance Procedure and issue modified replacement pages to persons holding copies of the Finance Manual.

D. Books of Record - Documentation, Journalization and Ledgers

> ***#9** Policy: The Finance department shall document all aspects of the significant history of all financial transactions.*

Every financial transaction shall be supported by a document. The documents shall be gathered and filed according to a logical system. The types of documents which the Northern Cheyenne Tribe uses are such items as: purchase order documents, check documents, billing documents, incoming check documents and time sheets.

Generally, these documents are established and transmitted from outside the Central Finance department. Certain transactions, however, require that the finance department make entries into the Books of Record for which there are no externally generated documents. These transactions require a Journal Entry voucher (JE) to be prepared. The Northern Cheyenne Tribe may wish to use Journal Entry vouchers for all transactions even though the document provided by the outside entity is sufficient. This further supports the transaction and identifies that the authorizations have been received for making the entry.

Once the documents are identified for each transaction, the transaction shall be recorded. The initial recording of a transaction is made in the computerized fund accounting software selected by Northern Cheyenne Tribe. The modules which the Northern Cheyenne Tribe shall use include: General Ledger, Cash Receipts, Payroll, Accounts Receivable, Accounts Payable, and if necessary, Fixed Assets. The Systems Manager shall be responsible for maintaining the fund accounting software.

Opening and closing transactions and unique or nonrecurring specialized transactions shall be supported by Journal Entry Vouchers.

The documentation for the cash receipts journal shall be a receipt and a deposit slip. The information to be recorded is the date of receipt, the source of the funds, the amount of the funds received, and the account code to which the receipt is applied.

The documentation for all disbursements is the vendor’s invoice or purchase order, or other receipts normally received by the Northern Cheyenne Tribe. The information recorded includes the date of disbursement, the payee, the check number and the disbursement amount. The account to which the disbursement is recorded is also identified in the transaction.

The payroll journal contains the complete payroll records for all employees. These include the gross wages, any deductions and the net pay. The journal also provides the date, the check number and the name of the individual to whom the check has been issued. The payroll account identifies the appropriate payroll and deduction accounts to which the expenditures are to be charged. Documentation shall include the Employee action notice, the activity report, work hour documentation.

E. Payroll Procedures

All tribal programs shall utilize prescribed forms, follow established procedures, and observe established time deadlines when initiating and processing all payroll transactions.

Introduction.

The responsibility for maintaining, reporting, and checking payroll transactions rests primarily with each program. The Program Director is responsible to ensure this procedure is followed at the program level. Accounting has responsibility for advising programs on correct reporting formats and consistent application of policies and procedures, and for preparing pay checks and reports for use by programs in checking and monitoring payroll.

Payroll Update Procedures.

This section addresses the procedures for establishing or changing the "information base" on which an employee's pay is computed. The information contained in the employee’s payroll information base include, employee name, address, social security number, date and terms of employment, position classification, pay rate, program assignment, deductions from gross pay and other related information. Once the information base is established and entered in the computerized payroll program file, only the number and type of hours for each pay period are reported (see Calculating and Reporting Time and Attendance), and the employee's paycheck is automatically computed and written.

"Payroll Update" includes the initial appointment of an employee, and any action that effects the computation of any aspect of an employee's pay. Payroll update may be initiated by the employee's supervisor, or by the Personnel Manager, depending on the specific change to be made to the payroll information base. Payroll updates are initiated through use of an "Employee Action Notice"(EAN) form.

The Program Director is responsible to ensure that an Employee Action Notice is accurate and supported by an approved budget prior to submitting the EAN to the Personnel Department. When a new hire occurs, the Program Director will include the hire letter with the EAN and review the documents with the accountant to ensure that all information is correct including but not limited to: Rate of Pay, Fund Number, Job Title, and effective date. These notices, along with other required documentation, must be submitted by the Program Director to the Personnel Department before 12:00 p.m. on the Wednesday prior to payroll processing week.

Submission of an Employee Action Notice to the Finance Department by the deadline does not meet the timeliness criteria and therefore shall be processed the following pay period.

Documents which contain errors, or that require a budget modification before expenditures can be made, will not be processed until such items are resolved. This may delay processing until subsequent payroll periods.

Employee Action Notice.

Processing Procedure

> *Policy: Personnel Department will enter data contained in Employee Action Notices into the financial computer system. Personnel Director will verify the accuracy of data placed in the system this is to include accurate calculation of all employee benefits.*

It is the policy of the Northern Cheyenne Tribe that Program Directors adhere to the strict deadlines contained in this procedure, failure to meet deadlines may result in disciplinary action.

Procedure for New Employee or Changes to Existing Employee:

Program Manager	Prepares Employee Action Notice and submits to Personnel Department. Deadline of 12:00 p.m. on Tuesday before pay week. The Program Manager will attach a letter of hire with the Employee Action Notice. Salary and Fringe Benefit form shall be completed by the Program Manager for budgeting purposes.
Personnel Department	Personnel shall attach a W-4, I-9 and an Indian Certification to the Employee Action Notice. Personnel and the Employee shall complete the Cafeteria Plan Election form, the Compensation Reduction Agreement, the Breakdown of Fringe Benefits forms, Health Benefit and the Life Insurance form. Personnel staff will hand deliver the compiled Employee Action Notices under confidential cover to the Finance Office Manager by Wednesday at 12:00 p.m. to be stamped with date and time, and distributed to the applicable staff accountant. NOTE: Program Manager may choose to meet with their accountant to verify fund and budget line item information prior to submitting the Employee Action Notice to the Personnel Department. However, this does not relieve the Program Director of the responsibility of submitting the Employee Action Notice to the Personnel Department by the established deadline.
Staff Accountant	Review Employee Action Notice, Hire Letter, and Budget availability per fund and general ledger. Accountant will approve and deliver back to the Personnel Department by Thursday 12:00 p.m., prior to the payroll week. In the event there is an error, staff accountant will notify Program Director/Program Personnel immediately, and return the Employee Action Notice with documentation to the Personnel Department. The Personnel Department will work with the Program Director to determine the appropriate action to be taken.
Personnel Department	Accurately enter all information from employee action notice to the financial computer system (This includes **but is not limited to**, employee name, address, tax status, membership status, fund code, pay rate, pay codes, benefit codes and amounts, deduction codes and amounts, and substitute salary information.) **All data entry must be completed by Friday 12:00 p.m. prior to pay week**.
Personnel Department	Send copy of Employee Action Notice to Payroll Department to complete the process. **Deadline of 8:30 a.m. on Monday of pay week**.
Personnel Dept.	Prints copy of "Employee Information Report" and returns for placement in the permanent file of the employee.
Payroll Department	Data entry for time sheets start **no later than 8:30 am Monday**.

Procedure for Deactivation of Employee:

Program Manager	Prepare Employee Action Notice and submits to Personnel Department prior to

	the last payroll under which the employee will be paid. **Deadline of 12:00 p.m. on Tuesday before pay week**.
Personnel Department	Forwards a photocopy of Employee Action Notice to the Payroll Department as notification of upcoming deactivation.
Personnel Department	Holds original Employee Action Notice until after last paycheck has been issued.
Personnel Department	Change employee status in the financial computer system to Inactive. Place zero dollar amounts in all earnings and deduction categories.
Personnel Department	Send copy of Employee Action Notice to Payroll for files.
Payroll Department	Files copy of verified report in payroll file of individual employee.
Personnel Department	Prints copy of "Employee Information Report" for files.

Employee Activity Reports.

Federal regulations require that activity reports (time distribution sheets) be kept for each employee, or elected official. These requirements are outlined in OMB Super Circular 2 CFR 200 and apply to all tribal employees who receive a portion of their salary from either a federal program or the indirect cost budget. (This requirement does not apply to employees who receive 100 percent of their salary from only one program.)

Employees who are paid from more than one program will be required to submit an activity report with their time sheets each pay period. These reports will document the amount of their time spent on work for each program from which they are paid. These forms are required and failure to submit them with the appropriate time sheets will result in payroll to the employee being withheld until the activity reports have been received.

There are two forms that are to be used to report employee activity. One form provides space for a split of employee time between two cost centers, the other allows a split for up to four cost centers. If an employee receives payment from more than four cost centers, then additional forms should be utilized. In the column titled “Federal-State Activity", identify the program which the employee is providing services for.

The activity reports will be audited on a regular basis. The findings of these audits will be used to adjust charges to programs based on the actual hours documented.

Sign in and out Form.

Each employee shall prepare a sign-in/out form for each day worked. The form shall reflect the actual, total time worked and shall be prepared on an after-the-fact basis. Each employee shall sign and certify the accuracy and completeness of the form. The form shall be countersigned by the employee’s supervisor. The supervisor shall not adjust the time without the concurrence of the employee, payroll and Personnel. The Sign-in/out form shall be submitted by the Program along with the Pay Cover Sheet, the Time Sheet, and any Leave forms to Payroll. Payroll shall be responsible for review, verification, and adjustment. One copy of the Pay Cover Sheet, the Time Sheet and the Sign-in/out form shall be transmitted by Payroll to Personnel for calculation of annual leave, sick leave and compensatory time. Alternatives to the sign in and out form include punch clocks and digital fingerprint systems.

Calculating and Reporting Time and Attendance.

This section is a discussion of the methods, forms, and procedures involved with reporting employee time and attendance for the purposes of calculating gross pay, deduction amounts, net pay, and account distribution for each pay period. Once the information base is established according to the procedures, the guidelines provided in this section will help assure that proper and accurate information is submitted on a timely basis for the computation of payroll.

The Time Sheet, Leave Slips, and Activity Reports are essential to the reporting of hours worked, and most of the discussion in this section is directly related to information appearing on these Reports.

Normally, there are 26 pay periods per year; every 10-12 years, there are 27. The pay periods are 2 weeks in duration, beginning and ending at 12 Midnight Saturday. Pay checks are issued on the 1st Thursday following the end of a pay period.

- Deadline for Submission of Time Sheets, Leave Slips, and Activity Report. The deadline for submission of Time Sheet, Leave Slips, and Activity Reports to the Payroll Department is 12:00 p.m. on Friday prior to the pay week. If that Friday is a holiday, Time Sheets, Leave Slips, and Activity Reports are due in Payroll at 12:00 p.m. on the Thursday before the holiday; or such other time as directed by the Treasurer by issuing an administrative directive. Late time sheets and leave slips shall be processed for the next payroll period.

- Internal Program Record Keeping. Some programs because of their size, geographical locations, number of employees, and type of work performed, or funding source requirements will require that supplemental time and attendance records be maintained to assure the accuracy of time and attendance information that is submitted to Payroll. While this policy does not attempt to address specific special requirements for forms or procedures that are unique to the internal management of some programs, there are several specifications for keeping time and attendance records that every program's management should be structured to meet. They are:

    - Assignment of Responsibility for Certification to Supervisor. Employee time and attendance reported to Payroll should be certified in writing by the employee's supervisor. This is a central responsibility of all supervisors.

    - Maintenance of Audit Trail in Program Files. Each program should maintain a file for each program employee. Each employee file should contain a copy of each Time and Activity Report submitted to Payroll, certifications of hours worked, approvals for leave taken, and any other supplemental records required to support time and attendance reported to Payroll. The employee file should also contain copies of all payroll updates.

- Time and Activity Report. The Time and Activity Report, is completed for each employee for each pay period. The information reported on the Report forms the basis for calculation of the employee's gross pay for the pay period, utilized, and one-time deductions.

Salary Advances.

Three salary advances will be allowed per fiscal year as follows:

- one advance must be for ceremonial purposes as allowed by Resolution; and,

- two advances may be granted at the employee's written request.

Salary advances up to 75% shall be only against net salary already earned. The amount of any payroll advance will not exceed the accrued net pay earned by an employee as of the date on which the advance is issued. The employee shall submit a copy of the approved time sheet. The entire amount of the salary advance shall be deducted from the employees' pay in the pay period in which the advance is given with no other consideration of repayment.

An advance may be granted as set forth above, and only if it is approved in advance by the Program Director, President or designee, and the Treasurer or his designee. **No office, including the Tribal Administration, shall grant additional requests beyond the three salary advances allowed under this section**. A salary advance request containing those approvals should be hand-delivered to the Payroll Department for calculation, eligibility and processing.

Payroll Follow-Up.

Follow-up refers to the measures which should be taken by the program to review payroll transactions to assure accuracy and correct cost distribution. Follow-up measures primarily entail comparison of source documents retained by the program with reports on payroll transactions that are issued by Accounting. The following table provides a checklist of follow-up measures to be taken by each program. If these follow-up measures are done routinely and at the frequencies suggested, the accuracy of payroll transactions, paychecks, and reports will be assured.

Follow-Up Activity	Frequency	Comments
Audit pay-checks for accuracy.	Every pay period.	The check stub of the pay distribution check can be compared with T & A Reports. Net pay amounts can be scrutinized and any amount appearing inordinately low or high can be investigated.
File T & A Reports and payroll update forms in employee file.	Every pay period.	Payroll updates can be filed in a temporary "abeyance" file and utilized as a checklist for reviewing the changes affecting the Payroll Register. After this audit function is performed, the payroll updates and T & A Reports should be filed in the employee file.
Reconcile Pay Register.	Every pay period.	Compare the credit to the program's cash account with the total gross pay and employer contributions. They should be equal.
Compare accumulated Y-T-D Leave Report.	Every pay period.	Reconcile the manually computed leave on time sheets to the computerized Leave Report. The Y-T-D accumulated leave should be the same on each.

Fringe Benefits - Section 125 Cafeteria Plan

An employer contribution of 18% of the employee's salary will be made on behalf of each permanent full-time or part-time employee on a monthly basis pro-rata each fiscal year. The employer contribution can be used to pay for flexible spending accounts (such as health insurance premiums, medical care expenses or day care expenses), or taken as a cash option or deferred to a tax-sheltered annuity.

Each eligible employee must sign an election form in the Personnel department before September 30th before the beginning of a new fiscal year. The Plan year will begin October 1 and end September 30. These election forms will list each employee's amount of employer contributions, employee redirection, and type of account.

At the end of the plan year, all contributions forfeited will be distributed to all plan members in equal amounts; this does not include the employees who received a 100% cash option or a tax sheltered annuity.

Late Approved Time Sheets and Approved Leave Slips

Payment will be granted for payroll where the approved time sheet/leave slip is late through no fault of the employee as determined by the program supervisor in a written memo.

The approved time sheet/leave slip shall be processed through the established payroll department if the payroll period is open. If the payroll period is closed, the no fault employee shall request 75 percent of the earned amounts as an advance. The approved time sheet/leave slip and the advance shall be processed in the next payroll period to collect the advance.

If the employee is at fault for the late approved time sheet/leave slip as determined by the program supervisor in a written memo, it shall be processed in the next payroll period and no advance shall be authorized, The late time sheets/leave slip shall be subject to the affected program during the current grant period or current fiscal year, fund availability, verification of leave, appropriate documentation, and approval from their respective program supervisor. The approved payment of late time sheet/leave slip shall be processed through the regular established payroll procedure. If the employee has previously been paid for the dates and times requested in the late time sheet/leave slip the payment will be denied.

F. Financial Reports - Internal

Financial report formats shall be developed by the Comptroller.; Reports shall be issued by Central Accounting to Programs and Divisions. Program Directors, and designees shall utilize financial reports for reviewing and analyzing financial status, auditing and monitoring transactions, evaluating program operations, and planning for future operations.

Introduction

Financial reports provide information to Program Directors and bookkeepers, and other program personnel, to monitor all financial transactions that affect program operations. They are designed to provide Program personnel with an organized record of financial transactions that can be referred to when needed, and that can be spot checked periodically. The following discussion provides program personnel with a working knowledge of the reports and how they are designed, their content, and practical operational and management uses of the reports.

The type and frequency of utilization of the various financial reports will depend on the specific needs or each program, determined by size and complexity of budget, funding source, reporting requirements, number of employees, and types of services provided. Program Directors and other program management personnel should make conscious efforts to become familiar with the financial reports and to explore ways they can be utilized in planning and controlling program operations.

General Ledger Reports.

The General Ledger Report is prepared monthly to show financial activity occurring during the month. One general ledger report is issued each month– with a Budget Summary with Statement of Revenues and Expenditures.

• Budget Summary. This report provides a summary of some of the information from the General Ledger. Only expenditure accounts are listed on the Budget Summary. Each expenditure account number and title is listed, as well as the budgeted amount, year-to-date expenditures, account balance (budget minus year-to-date expenditures), encumbrances, and unencumbered balance (balance minus encumbrances). This report should be utilized by the Program Director monthly for reviewing, budget vs. actual expenditures.

• Other Reports. Other reports that are prepared by Accounting are not distributed regularly to programs.

However, they are available for use if the need arises.

G. Financial Reporting - External

The Tribe is required to report the financial condition of federally assisted programs. The Tribe is required to periodically provide information to the federal agencies to allow the federal agency to determine the use of such federal funds and the efficiency and effectiveness with which such funds are being applied. The tribe uses several standard financial reporting forms. These are:

- Federal Financial Report -- SF 425
- Federal Cash Transactions Report -- SF 272
- Request for Advance or Reimbursement -- SF 270

The tribe is required to submit the original and two copies of any of the above reports. Each report contains instructions on the reverse side.

Federal Financial Report (SF 425)

The federal financial report is submitted by the tribe receiving grants from federal funding agencies. This report provides a means for the federal agency to check the financial progress of the program. It shows the status of the grant and provides data by budget period about cost sharing, program income, and unobligated balances. The form does not disclose the obligation of federal monies by object class. The financial report shall be submitted no more often than quarterly and no less often than annually. If the report is required on a quarterly basis, it is due thirty days after the close of the quarter. In addition, a final report is due within ninety days following the end of the program year. If the tribe has a multi-year grant the report is required to be submitted annually as well as at the close of the program.

Federal Cash Transactions Report (SF 272)

The federal cash transactions report is required for all grants where such grants are reimbursed under letters of credit or automatic advance payment mechanisms. The report contains data on the amount of funds advanced by the federal government, the balance of such federal funds held by the tribe and the disbursements for each grant. Although the financial status report and the federal cash transactions report do overlap, they are required for substantially different purposes. The federal cash transactions report serves as a basis for the federal funding agencies accounting system entries. The federal cash transactions report is therefore required promptly within thirty working days after the end of each quarter. The report form allows the federal government to determine if the tribal grantee has excess funds on hand which create idle balances.

Request for Advance or Reimbursement (SF 270)

The request for advance or reimbursement is used for grants under a treasury check advance which has been requested by the reimbursement mechanism. The tribe may submit the form at least once per month and more often if so desired by the organization.

Sample copies of these forms are shown in the attachments.

H. Journal Voucher

A Journal Voucher shall be used in lieu of a check to transfer funds between programs; to record the payment by one program to another for services rendered; or to correct expenditure distributions by transferring amounts among accounts within one program.

A Journal Voucher is a notification and authorization to Accounting to make a journal entry in order to record a financial transaction between programs or to adjust the accounts of one program.

Completing the Journal Voucher.

If the Journal Voucher is prepared to transfer amounts among accounts within a Tribal program, the same information is provided except the detailed account numbers and titles are provided in addition to the affected program account.

I. Cash Flow Management

> ***#7** Policy: The Northern Cheyenne Tribe finance department shall be responsible for processing payment requests based on program cash flow forecasting estimates.*

Cash flow management refers to the activities of the tribe regarding the timing of cash advances and payments, the amount of cash to have on hand, and the procedures and policies governing the level of funds to be maintained. The term working capital refers to the liquid assets that the organization can use for meeting its current obligations. Cash flow management refers then to the activities of the Northern Cheyenne Tribe to minimize the problems attendant with the receipt of federal programs and to optimize the level of cash held in the Northern Cheyenne Tribe's bank accounts and fund resources.

The Northern Cheyenne Tribe prefers to maintain a large amount of funds on hand to avoid using tribal general funds to meet program obligations, and to avoid shortages due to unplanned expenditures. However, Federal funding agencies require that the Northern Cheyenne Tribe restrict funds on hand to the minimum amount necessary for immediate disbursements. The Northern Cheyenne Tribe shall maximize cash flow where permitted by Federal requirements.

Each program director is responsible for informing the Finance Department of the programs cash requirements in a timely manner. The Program Director shall prepare a cash flow forecast to project expenditures for a future period and to estimate the receipts during that same period to calculate advance funding requirements. A sample format for calculating the cash flow forecast is shown in the following page.

CASH FLOW ANALYSIS CHART

	1	2	3	4	5	6	7	8	9	10	11	12
Cash Balance at beginning of month												
Payments Received												
-Other Cash Income												
Total Available												
Operating Expenses:												
-Salaries												
-Rent												
-Supplies												
-Equipment												
-Travel												
-Indirect												
-Other												
Total Operating Expenses												
Ending Cash Position												

MONTHS

Where required by the grant proposal guidelines, each program Director shall also prepare cash flow forecasts for submission to the funding agency after review by the Budget and Finance Committee. The Program Director shall choose one of the following options where applicable to insure that the organization receives an adequate supply of working capital at the outset of the program. Six possible alternatives include:

- Deferred program period.
- Automatic initial payment.
- Deferred program period combined with automatic initial payment.
- Automatic payment coupled with automatic new letter of credit authorization.
- Working capital advance.
- Permission for assignments.

These alternatives provide the Northern Cheyenne Tribe with an opportunity to obtain needed working capital or a new program without having to use tribal general funds or to use other federal funds until the program begins. Disbursement of federal funds from one project to pay for costs of start-up in another project is an illegal expenditure. Program Directors shall initiate one of these alternatives by requesting such in the grant proposal.

Deferred Program Period

A deferred program period means that the Northern Cheyenne Tribe does not commence operation for the new program on the date of award. Directors should be aware that the signature on the award document is the effective date even if the award specifies an effective date which is prior to the date of signature. If the federal agency signifies on the award document that the effective date is before the date of signature, this represents action taken by the federal government which is not permitted by the General Accounting Office. However, the federal agency can make the effective date of the award after the date of signature. For example, the federal officer could sign, date and mail the award document on March 1 and show that the program begins on April 1. Alternatively, the Northern Cheyenne Tribe could request a date later than the date of signature. This permits the Northern Cheyenne Tribe to initiate actions to obtain needed funds, acquire personnel, and obtain facilities and other resources by the deferred start date. This ensures that program activities will commence on the actual beginning of the program and that a full twelve months of activity can be performed.

Automatic Initial Payments

A second alternative is the use of automatic initial payments. The Northern Cheyenne Tribe can request that the federal government process an automatic payment without a specific written request from the organization. Such payment would be received automatically after the award of the program at the beginning of the program. Generally the payment would be made within two to three weeks after the award is signed. All subsequent payments would be requested by the Northern Cheyenne Tribe.

Automatic Initial Payment Combined with Deferred Program Period

This automatic initial payment could be combined with the Northern Cheyenne Tribe's cash flow forecast in the application for award. Since the automatic initial payment does take a certain amount of time to process, the combination of the deferred payment period with automatic initial payment may prove to be more advantageous to the Northern Cheyenne Tribe. This would insure that funds would be received on the start-up date and would not require that the Northern Cheyenne Tribe initiate any further requests other than those noted in the application itself.

Automatic Initial Payment and New Letter of Credit

The Northern Cheyenne Tribe upon receiving a Notice of Award from a federal agency is required to have such an award added to their existing letter of credit with that federal agency. The modification of the letter of credit requires that certain paperwork be processed. The funding agency shall inform the Treasury Department that the new award has been issued. Such paperwork takes time. If the Northern Cheyenne Tribe were to request an automatic initial payment combined with an issuance of a new letter of credit, this would alleviate the problem associated with getting the letter of credit modified later. The automatic initial payment would insure that the Northern Cheyenne Tribe has adequate working capital until the new letter of credit has been processed. The Northern Cheyenne Tribe could then request funds under such letter of credit.

Working Capital Advance

The working capital advance option is utilized when organizations are not eligible to receive a letter of credit or when funds will not be made available under an advance system in a timely manner. This would permit the Northern Cheyenne Tribe to receive a set amount of money to cover the organization's estimated cash needs for a fixed period of time, normally 30 days.

Assignment

A final option available to the Northern Cheyenne Tribe receiving federal funds is an assignment. Assignments represent an agreement between the Northern Cheyenne Tribe and the funding agency which permits the Northern Cheyenne Tribe to assign any receivables which are forthcoming to a commercial lending institution, i.e., a bank. The assignment of such receivables permits the bank to lend funds for immediate cash needs. Any federal funds received after this by the Northern Cheyenne Tribe would be assigned to the lending institution in payment of the note given by the bank. The federal funding agency shall process such an assignment agreement, and processing is a lengthy process.

J. Federal Payment Policies

Methods of Payment

There are three methods of payment to grantees under Office of Management and Budget (OMB) government-wide requirements. Payment under a grant award may be advanced, reimbursed or made on a working capital advance basis. The payment methods used by federal agencies typically are based on a Tribe’s ability to manage cash in accordance with applicable federal rules.

Advanced Payment Method

When providing cash advances to grantees, federal agencies generally use payment procedures established by the Treasury Department and the Office of Management and Budget (OMB).

As long as they meet certain conditions, grantees must be paid in advance by their federal awarding agency for expenditures. Those conditions include written procedures that minimize the time elapsing between the transfer of funds and disbursement by the recipient and financial management systems that meet the OMB's standards for fund control, as well as accountability. Similar provisions on advanced payment are covered in the grants management common rule, *2 CFR 200*.

Advanced payment mechanisms are governed by Treasury regulations (31 C.F.R. Part 205). Requests for advanced payments must be submitted on SF-270, Request for Advance or Reimbursement, unless advance payments are made automatically through the use of predetermined payment schedules or if precluded by special federal awarding agency instructions for electronic funds transfer (EFT).

Reimbursement Method

When a grantee cannot meet requirements for advanced payment, the reimbursement method is often used. Federal agencies also may use this method on any construction agreement or if the major portion of the construction project is completed through private market financial or federal loans and federal grants are funding a minor portion of the project. When making a request for reimbursement by EFT, grantees may not have to submit SF-270, depending on agency policy.

A federal agency has 30 days after receipt of billing to make payments to the grantee, unless the billing is improper. Grantees may submit reimbursement requests at least monthly unless payments are made electronically.

Working Capital Advance Method

If a grantee cannot meet advance payment criteria but the reimbursement method is not feasible due to insufficient working capital, a federal funding agency may decide to give cash in advance to cover estimated disbursement needs for the start-up period, the timing of which is generally geared to the grantee's disbursing cycle (e.g., weekly, monthly, quarterly). Once the grantee's program or project is up and running, the federal agency will reimburse the grantee for its actual cash disbursements.

Electronic Funds Transfer

All payments are made electronically, regardless of which method is used. Direct Treasury checks were phased out as a result of the Debt Collection Improvement Act of 1996 (P.L. 104-134) and Treasury's implementing regulations (31 C.F.R. Part 208). As of Jan. 1, 1999, all federal payments, including grants and loans, are made by EFT. Some grantees may qualify for an exemption, but such cases are infrequent. Subrecipients that only receive federal awards via passthrough primary grantees are not subject to the EFT regulations.

EFT technology is the delivery of federal funds by means other than cash, check or similar paper instrument (e.g., letter of credit) through systems such as:

Automated Standard Application for Payment (ASAP) - an electronic payment and information system **(http://www.fms.treas.gov/asap/index.html)** through which grantees receiving federal funds on a continuing basis may draw from accounts pre-authorized by their federal funding agencies;

Payment Management System (PMS) - a comprehensive electronic payment and reporting system commonly used to request and deliver funds over the Internet **(http://www.psc.gov)** to grantees that have a continuing, relationship with the federal government;

Fedwire - an electronic network used to make large dollar, small volume grant payments that are time-sensitive such as those to state and local governments and educational institutions by connecting the U.S. Treasury and Federal Reserve banks and other federal agencies to which many depository financial institutions have access;

Clearing House Interbank Payments System (CHIPS) - a nationwide electronic payment and information system commonly used for large dollar funds transfer;

Automated Clearing House (ACH) - a privately operated payment and collection network used to facilitate electronic funds transfers (i.e., debits and credits) within the financial community (federal participation is governed by Treasury regulations at 31 C.F.R. Part 210); and

Automated teller machines (ATM) or point-of-sale terminals - used mostly by beneficiaries at banks and retail store cash registers to access state-administered benefits such as welfare assistance or Food Stamp benefits.

Most grantees already receive federal funds electronically, but payments by Treasury check still may be made to grantees that qualify for a waiver. For further information on EFT, grantees can visit Treasury's related Internet site at **http://www.fms.treas.gov/eft/.**

Benefits of EFT

EFT payments can include grants, loans, overpayment reimbursements, expense reimbursements or individual benefits. The benefits of EFT include:

- *faster delivery* - funds are available on a predetermined settlement date, while checks have to be mailed and then cashed;

- *cheaper processing* - the federal government will reportedly save more than $ 100 million annually if all payments are made electronically;

- *easier resolution of problems regarding payment* - due to instantaneous tracking, a dispute usually is resolved within 24 hours, versus two weeks on paper;

- *safer funds transmission* - it is harder to forge, alter, steal or counterfeit electronic transmissions',

- *more convenient access to funds* - recipients and beneficiaries do not have to go to the bank to cash checks;

- *improved cash management and audit capabilities* - funds may be expended within hours of receipt, thereby reducing the time on hand, and an electronic trail provides simultaneous evidence of transactions for audit; and

- *enhanced customer service* - making receipt and administration of federal funds easier for grantees and individual beneficiaries.

Processing EFT Payments

The federal government is the largest single user of the Automated Clearing House (ACH) system. ACH is a privately operated network used to facilitate EFT transactions within the financial community. Treasury regulations (31 C.F.R. Part 210) governing ACH transactions, including the rights, responsibilities and liabilities of participants, went into effect May 9, 1999.

The rule was amended in the April 7, 2000, *Federal Register,* pages 18866-18869. For more information about ACH, see Treasury's Internet site **at http://www.fms.treas.gov/ach/ index.html#other.**

Grantees can transmit payment requests electronically to their federal awarding agencies (or payment offices under contract with federal agencies). One of the primary EFT payment systems used by a cross-section of federal agencies is the Payment Management System, operated by the U.S. Department of Health and Human Services' (HHS) Division of Payment Management. Another is the Treasury Department's Automated Standard Application for Payment system.

Federal agencies enrolled with PMS or ASAP set up accounts for their grantees in accordance with program needs and schedules. Grantees initiate payment requests through one of the two payment systems or, until 2002, another agency-specific payment system to meet immediate cash needs, primarily through online or batch processes. If a financial institution is acting as an agent of the grantee organization, a request for funds can be made via the Federal Reserve's Fedwire system. Approved requests for next day or future day (up to 32 calendar days from the date of the payment request) payments are paid via the ACH system, or by Fedwire if same day payment is required. With PMS, grantees can use the electronic PSC-272 Federal Cash Transaction Report system on the Internet, rather than the paper SF-272 otherwise required. The electronic reporting system allows grantees to download data, perform updates from their workstations, and retransmit information through the Internet.

Federal agencies may enter authorizations to increase or decrease the available balance of grantee accounts at their discretion. Both online or batch processing can be effective as of the current processing day or they can be warehoused up to a year in advance.

Payment requests are approved or rejected automatically based on available funds in a grantee's account, unless placed on agency review. Grantees can make adjustments between accounts via a book entry feature without having to initiate a payment request and can return funds to their accounts via the Fedwire or ACH payment systems. Grantees can view relevant data online such as account balances, account history and the status of pending payment requests.

K. Professional Services - 1099 forms

Policy: All payments of a 1099 character will be prepared and paid on the Purchase Order. Each individual receiving payments of a 1099 character shall submit a form W-9 to Accounting. Each individual receiving such payments shall also receive a 1099 if such payment exceeds $600.00 per year.

The PO should include:

(1) Name (Payee)
(2) Address
(3) Type (description) of service performed and/or payment made
(4) Federal Identification Number (FIN) or Social Security Number (EIN).
The FIN/EIN is mandatory. The PSV cannot be processed without the number.
(5) Account Number
(6) Authorized Signatures
(7) With proper documentation (contract/agreement/etc.)

1099 Definition: The government uses information returns so that persons receiving certain kinds or amounts of income, report it on their income tax return. The information return may report payments made to others, transactions during the year, the taxable status of the taxpayer or other facts. The procedures for reporting on information returns are handled by several variations of Form 1099. Form 1099-NEC and 1099-MISC is for payments of $600 or more in the course of a trade or business paid to a non-employee as compensation for services rendered. NOTE: Payments to corporations are not reported on 1099's. The above examples are not meant to be all inclusive.

• 1099 NEC: Fees paid for professional services rendered.

• 1099 MISC: Payments of rents, royalties, commissions, employee awards, and other payments not reported elsewhere. This shall include payment of stipends, honorarium or meeting fees for board and committee meetings.

Payment of Meeting Fees

In accordance with OMB Super Circular 2 CFR 200 the cost of Advisory Councils; Boards, Committees and Commissions is unallowable under Federal Cost Principals. Exceptions to this rule are acceptable where prior written approval from the Federal awarding agency has been obtained (2 CFR 200.407).

The Tribe may pay meeting fees under the Tribal General Fund and is subject to availability of funds. The compensation is to be determined by Tribal Council Resolution for each Fiscal Year. The following items are required for payment of meeting fees.

1. Sign-in sheet which indicates that a quorum was present at the meeting.
2. Draft Minutes from previous meeting(s) and Agenda for the meeting being compensated.
3. Signature of the Chairman of the respective committee, board or commission which certifies the attendance list.

Payments to persons for services rendered who are not employees are payments of a 1099 character and should be paid on a Payment voucher.

Accounting shall be responsible for issuing IRS forms 1099 in accordance with IRS rules. Accounting shall prepare and issue 1009's to all applicable persons. One copy of the form 1099 shall be prepared by January 31 of each year and sent to the payee. The second copy shall be prepared by Accounting and transmitted to IRS along with the transmittal form 1096 by February 15 of each year.

Pay to Tribal Employees for Work Performed in a Second Tribal Program

All payments to employees for work performed in a second program will be paid through the payroll system and subject to tax withholdings. When a program hires a tribal employee to perform work while the employee maintains his/her primary job the following items apply:

1. Employees who wish to engage in secondary employment outside their regular program will be required to obtain prior approval of their program director and the Tribal President's office before submitting a bid or accepting another position.

2. Hiring of any individual as an independent contractor may be subject to the procurement policies. In the event that the employee is paid with federal funds under a contract funded by a federal award the employee shall take Leave With Out Pay for primary working hours. A copy of the employee's leave slip shall be submitted along with the contract invoice to the Procurement Officer for payment so as to prevent "double dipping".

3. Hiring of any individual as a temporary or regular employee will be subject to the hiring policies of the Tribe.

4. Program Directors will be required to submit an Employee Action Notice and time sheet in order to have payment made to a tribal employee who has been hired to perform any task.

5. All payments made to tribal employees will be paid from the salary line item of the program budget and subject to payroll tax withholding and assessment of indirect cost.

SECTION 4 - INDIRECT COST RATE PROCEDURES

A. The Cognizant Agency

Indirect cost is the process of charging costs which affects more than one program to each program. Costs such as building occupancy, equipment usage, personnel administration, accounting, executive services and other overhead activities are charged to the federally funded programs as indirect costs.

Before the Northern Cheyenne Tribe can charge a federal program for indirect costs, Northern Cheyenne Tribe must establish an Indirect Cost Rate. The indirect cost rate is the result of the Northern Cheyenne Tribe's submission of a proposal to the Department of Interior, Office of the Inspector General (the cognizant agency.)

The cognizant or lead agency will approve or disapprove the Northern Cheyenne Tribe's indirect cost rate for all federal agencies which provide funds to the Northern Cheyenne Tribe. Once this rate has been approved, it is then the Northern Cheyenne Tribe's responsibility to present the approved rate to the various federal agencies and acquire their acceptance to determine the proper amount of indirect costs applicable to each agency's grants and contracts.

The cognizant agency receives the Northern Cheyenne Tribe's proposal, reviews it in the detail required and tries to reach an agreement with the Northern Cheyenne Tribe on a rate which both parties find acceptable. While preparing the final rate, the cognizant agency may conduct an audit or investigation of the Northern Cheyenne Tribe's accounting records.

B. Preparation of the Indirect Cost Proposal

Various alternatives are available to the Northern Cheyenne Tribe in preparing and computing the indirect cost rate. These alternatives are presented in the HEW Manual OASC-10. In principal, the indirect cost rate is equal to the total indirect costs of the organization divided by the direct costs. The greater the degree of refinement in the examination of the various costs, the more accurate the indirect cost rate will be. Unfortunately, the greater the degree of refinement, the greater the complexity of preparing the indirect cost proposal.

Four techniques are available to the Northern Cheyenne Tribe in preparation of the indirect cost proposal. These are: 1) short form; 2) long form; 3) simplified method; 4) multiple rate distribution technique.

The short form technique will develop a rate which applies equally to all activities performed by the organization. It limits the charges for administration to a set amount of the salaries and expenses. It precludes the recovery of depreciation and assumes that all direct activities of the organization benefit to the same degree from the administrative activities of the Northern Cheyenne Tribe.

In contrast, the long form permits separation of the administrative costs into different pools, such as the personnel pool, the accounting pool and others. Each pool is then distributed individually to the activities of the Northern Cheyenne Tribe.

The simplified method consists merely of dividing the total costs of administration by the total cost of program activities. This method, like the short form method, also assumes that the direct activities benefit equally from the administration provided by the Northern Cheyenne Tribe.

The Northern Cheyenne Tribe can incur administrative (indirect) costs at two levels. These levels are: 1) the executive or central administrative level which includes such activities as budgeting, accounting, personnel, legal services and facilities maintenance; and, 2) the operating department or division level. Department or division managers are indirect costs which could be incurred at this second level. The long form method allows the Northern Cheyenne Tribe to collect indirect costs for the second level and would therefore require the Northern Cheyenne Tribe to prepare two types of proposals. The first is a central service allocation plan and the second an indirect cost proposal.

The central service cost allocation plan is similar to the long form in that each central service unit such as accounting or personnel would be treated as a separate cost pool. Each pool is then distributed to the operating department or agency which it serves.

The indirect cost proposal is similar to those prepared by the non-profit organizations. Local governments, like non-profit organizations, can use three basic methods: the simplified, the alternate simplified or the multiple rate method. The Northern Cheyenne Tribe shall obtain further guidance on these from examination of the Department of Health and Human Services booklet, A Guide for State and Local Government Agencies (OASC-10).

On completion of the proposal, the Northern Cheyenne Tribe would then submit this proposal to the cognizant or lead agency. The proposal is required to be submitted approximately six months before the fiscal year in which the Northern Cheyenne Tribe desires to receive the indirect cost rate for which it is applying and thus will be due approximately April 1 of each year. The cognizant agency will review the proposal and conduct a desk review audit of the materials submitted by the Northern Cheyenne Tribe. The cognizant agency may then require the Northern Cheyenne Tribe to submit additional materials for examination.

On completion of the analysis and determination of the information submitted, the federal agency will make a determination of the rate which it deems acceptable. This rate will be offered to the Northern Cheyenne Tribe and the Northern Cheyenne Tribe has the opportunity to negotiate. Negotiation generally is an information gathering, exchange and clarification session during which the Northern Cheyenne Tribe exchanges its opinion with the cognizant agency and concessions may be made by both sides. Often, negotiations are conducted by phone. If the Northern Cheyenne Tribe is unwilling to concede and no agreement can be obtained, the cognizant agency will make a unilateral determination and notify the Northern Cheyenne Tribe.

C. Types of Indirect Cost Award Agreements

There are four types of indirect cost agreements currently in use. These are: 1) provisional/final; 2) predetermined; 3) fixed with carry forward; and, 4) lump sum agreements. The distinguishing characteristics among the first three types is how the rates are adjusted for changes in the Northern Cheyenne Tribe's indirect costs.

The Northern Cheyenne Tribe's indirect cost proposal is of necessity prepared before the time for which it is applied. As such, the indirect cost rate award represents an estimate of the costs which will be expected to be incurred. Because the indirect cost rate award is an estimate, it may need to be adjusted at the end of the period for which it is applied.

Three alternatives for adjustment are available to the Northern Cheyenne Tribe: 1) The initial rate can be modified and adjustments made to the programs for which the rate was applied. In essence this is a retroactive adjustment. This is the procedure followed with a provisional rate. 2) The initial rate and the programs to which the rate was applied can remain unadjusted. The adjustments will be made against the rate applied for a forthcoming period. This is the system used for the fixed with carry forward rate. 3) No adjustment at all be will be made and the differences ignored. This is the system used with the predetermined rate.

Provisional rates require retroactive adjustments. To have a retroactive adjustment, the Northern Cheyenne Tribe shall submit a second proposal with the necessary adjusted costs reflected to the cognizant agency. The second proposal would reflect the actual costs instead of estimated costs. The Northern Cheyenne Tribe is required, therefore, to perform additional work and go through the procedures necessary to acquire the rate a second time. The Northern Cheyenne Tribe, if it is awarded the adjusted rate, shall then attempt to collect funds from the federal government based on funds availability. Such funds may be unavailable at the time the Northern Cheyenne Tribe submits its request.

The predetermined rate is a firm rate. No adjustments can be made during or after the program year. Both the federal government and the Northern Cheyenne Tribe shall be reasonably sure that the organization's actual rate will prove to be equal to the predetermined rate and that the government will not overpay the Northern Cheyenne Tribe. In effect a lump sum agreement is a predetermined type of agreement.

The fixed rate with carry forward adjustment allows the Northern Cheyenne Tribe to adjust any over or under-recovery to future indirect cost rates. The adjustment is made to the rate instead of an actual reimbursement check. The adjustments for over or under-recovery will not be paid by the federal government as part of a future indirect cost rate reimbursement until two years after the cost has been incurred.

D. Indirect Cost Problems and Issues

The Northern Cheyenne Tribe must obtain the agreement of each federal funding agency for the programs that agency funds. Each federal agency shall agree to allow or accept the indirect cost rate. Many funding agencies are reluctant to permit indirect cost to be included in their awards. Negotiation with each agency is the responsibility of the Program Director, Tribal Administration, and Tribal Council in conjunction with the Comptroller.

The responsibility for collection is on the Northern Cheyenne Tribe. Many of the federal agencies have a statutory limitation on the amount of indirect cost which can be recovered. Furthermore, some federal agencies prohibit the reimbursement of indirect cost. Adherence to the statutory limitation reduces the indirect cost rate for future years due to the fixed with carry forward adjustment feature since this means that the Northern Cheyenne Tribe has under-recovered. The same problem would therefore apply to such federal programs.

The principles and federal cost standards identified in Super circular 2 CFR 200 are also applicable to the indirect funds received from the various federal agencies. Therefore, Northern Cheyenne Tribes cannot use indirect cost funds for any of the unallowable costs which are prohibited for programs. The Comptroller is responsible for insuring that costs charged to the Indirect Cost Fund are in accordance with Super circular 2 CFR 200.

E. Indirect Costs - Operational Guidelines

> *Policy: The principles and federal cost standards identified in 2 CFR 200 are applicable to the indirect funds.*

An indirect cost rate shall be negotiated with the Federal Government; an Indirect Cost Pool shall be maintained as a separate fund to account for all indirect cost contributions; the indirect cost contribution for each non-tribally funded program shall be determined on a program-by-program basis and Program Directors shall be advised of the program's scheduled contribution to the indirect Cost Pool.

Obtaining Authorized Indirect Cost Rate.

The Northern Cheyenne Tribe's indirect cost rate is determined by budgeting and justifying costs for functions which qualify for indirect cost coverage. The amount of the indirect cost rate, expressed as a percentage, is determined by the ratio of the cost of administrative support functions (the dollar amount of the indirect cost pool) divided by nonexcludable direct program costs. In summary: Indirect Cost Rate = Cost of Administrative Support functions / Nonexcludable direct program costs.

The Comptroller is responsible for developing an indirect cost proposal annually, utilizing guidelines in "

Super circular 2 CFR 200," and OASC-10 "Cost Principals and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates with the Federal Government," and other applicable Federal publications. Once the proposal is developed, it is approved in writing by the Federal Government "cognizant agency" with any negotiated modifications.

Negotiating Indirect Cost Contributions.

The contribution of each individual program funding source is not automatic once the rate is approved. Funding sources have different policies regarding indirect costs. The policies of some Federal Agencies are clear-cut and firm; the policies of many are not. Consequently, since it is in the Northern Cheyenne Tribe's best interest to obtain the maximum allowable Indirect Cost Pool contribution from each funding source, it is essential that a concentrated effort be made to negotiate with each funding source for its fair share contribution to the Indirect Cost Pool.

The "Clearinghouse Policies and Procedures" of the Grants and Contracts Office provide for the involvement of the Grants and Contracts Office in the development of the budgets of non-tribally funded programs, including the negotiation of indirect cost contributions. By complying with the Clearinghouse Policies and Procedures, the Northern Cheyenne Tribe will be assured of consistent application of its Indirect Cost Rate and associated policies and procedures.

Scheduling Payments to Indirect Cost Pool.

Each accountant will maintain a schedule of indirect cost charges to be made to individual grant/contract programs. On or before the 10th of the month following each quarter, the accountant will charge each grant or contracted program the amount determined by the applied rate, and will transfer funds from each program account to the Indirect Cost Pool. Funds from the Indirect Cost Pool will be then be used to provide services to activities deriving funding from indirect costs, however, funds from the Indirect Cost Pool will be utilized only by activities that have been specifically authorized by budget adopted by Tribal Council to utilize Indirect Cost Pool funds as a program revenue source.

The schedule of indirect cost charges will be developed by the Comptroller in collaboration with the President or designee and the Director of each grant/contract funded program. Cash flow, the rate of program expenditures, the method of reimbursement of funds, and other considerations will determine the monthly charges. The Program Director will be advised of the monthly charges so that they can be anticipated in managing other program expenditures. If monthly indirect cost contribution charges should be modified because of a change in program budget or other factors, the amount of the adjusted charge will be determined by the Staff Accountant in cooperation with the President or designee and the Program Director.

Summary of functions Financed by Indirect Cost Pool.

As a general guideline, the following costs should be budgeted to be financed with proceeds from the Indirect Cost Pool: central administrative staff (Administration, Data Processing, Internal Audit, Personnel, Purchasing, Insurance, Central Files, Central Accounting, Grants and Contracts, Planning) and materials, supplies, office space associated with central support functions.

Depending on the physical location of the office and the mission of an individual program, there are exceptions to these general guidelines. In order to assure that all line items are properly and consistently budgeted with respect to direct and indirect program costs, the President or designee reviews all grant or contract funded program budgets prior to presentation to the Tribal Council for budget approval.

SECTION 5 - INTERNAL CONTROL PROCEDURES

A. Introduction

Internal controls are an integral part of the Northern Cheyenne Tribe's financial management system. In the broadest sense, internal controls are all controls and methods which are adopted by the organization to safeguard its assets and to assure the reliability of the accounting and financial data. Internal controls are also those methods which assure compliance with the federal and tribal management policies and the program terms and conditions.

Internal control procedures establish a system which fixes responsibility and authority for approval and disapproval. Such a system establishes the duties of the financial management staff and insures that the responsibilities for a particular type of transaction do not rest with one individual. Internal controls establish administrative procedures that promote efficiency and adherence to policy guidelines. Internal control procedures should be enforced through periodic evaluation and assessment. Three types of internal control procedures are established. These are:

- Operating controls.
- Accounting controls.
- Compliance controls.

Operating controls are those controls which provide tribal management with assurance that the procedures used are being executed in an effective and efficient manner. These controls include:

- Organizational charts and manuals which assign duties and responsibilities.
- A budgetary management system which measures the comparison between projected and actual progress.
- Financial reporting systems which allow the organization to determine performance and adverse conditions.
- Recordkeeping systems which provide the results of financial transactions in an accumulated manner and assures supporting documentation.
- A system which assures compliance with program terms and conditions.

Accounting controls are those procedures which are necessary to insure the reliability of the financial data and the maintenance of an appropriate level of authorization for any financial transaction. These controls shall include:

- Segregation of duties to insure that employees are not in a position to authorize, execute and approve all aspects of financial transactions.
- A well-defined system of authorizations to insure that goods and services are approved by tribal employees who have the authority to grant such approval.
- Development of procedures for timely review of an analysis of financial activities.

Compliance controls are the means taken to assure compliance by the Northern Cheyenne Tribe and its programs with the regulations, terms and conditions, and assurances and certifications of any federally funded program. Compliance also is the means taken by the organization to assure that services are provided only to eligible recipients and that the Northern Cheyenne Tribe has met any in-kind and cash matching contribution requirements. Each program Director shall prepare and submit to Finance a synopsis of all terms and conditions in a "brief" of the federal program terms. This 'brief' is also required as part of the initial budget submission for each program year.

The Northern Cheyenne Tribe shall implement procedures which can accomplish all three types of internal controls. These require the Northern Cheyenne Tribe to develop and implement a department which shall be called the grants and contracts office. Such office shall be charged with the responsibility of implementing procedures for operating controls and compliance controls. The finance office would be charged with the responsibility of developing and implementing procedures for accounting control.

The Northern Cheyenne Tribe shall have bonding insurance agreements with a private fidelity bonding insurance carrier from a Federally approved surety. Such fidelity bonds reimburse the Northern Cheyenne Tribe if the organization loses its assets through misuse or misappropriation by an employee. Fidelity bonding insurance carriers also require that the Northern Cheyenne Tribe furnish and maintain an internal control management system.

B. Internal Control Procedures

Policy

The following internal controls are to insure that tribal resources are protected against waste, fraud, and inefficiency. They should insure that the accounting data received are accurate and dependable as well as insuring compliance with federal, state and local guidelines.

Basic Principles

The principle on which these internal controls are based is that no one person should handle all phases of a transaction from beginning to end.

1. Cash Receipts Control

a. Cash Receipt Log

The Northern Cheyenne Tribe will use a receipts log to record all currency received whether by check or money order. The Northern Cheyenne Tribe will not accept cash for deposit and will require all checks and/or money orders be issued to "Northern Cheyenne Tribe". The cash receipt log will be maintained by the office manager as checks and/or money orders are received. The office manager will be responsible for issuing a receipt to the remitter upon request. On receipt of any monies, the office manager will fill out the log and will state the following:

1. Sender's name.
2. Purpose of monies.
3. Amount received, including check numbers.
4. Date received.

b. Deposit Slip Form

The Northern Cheyenne Tribe will use a two copy deposit slip to record all deposits made to the accounts of the Northern Cheyenne Tribe. The deposit slips will be issued by the staff accountant to the Depositor. Staff accountant will maintain file copy of all deposit slips. Deposit slip will state the following:

1. Name of depositor as Northern Cheyenne Tribe.
2. Check or M.O. number and amount.
3. Date deposited.

c. Cash Receipts Control Procedures

1. Office manager will open all mail and will indicate on envelope the date received.

2. Office manager will record each check/money order into the cash receipt log.

3. Office manager will, upon request, provide a receipt acknowledgement to the person or organization from whom money is received.

4. Office manager will identify each item received and immediately deliver the item to the appropriate accountant.

5. Accountants will stamp all checks received with a restrictive endorsement. The endorsement stamp will look as follows:

For Deposit Only to the to the Credit of [Northern Cheyenne Tribe] in the (Bank) on Account #_________

6. Accountant will make take copies of all items received, make out a deposit slip and the office manager will deposit items received with the original copy of deposit slip to the bank on the date items are received.

7. Staff accountant will examine cash receipt item and deposit slip and will create a cash receipts voucher to record the amount received in the appropriate journal.

8. Accounting clerk will enter the cash receipt voucher and will staple cash receipts voucher and deposit slip together and will file them in order by date received in a file or binder.

9. Quarterly, the staff accountant and Comptroller will compare total receipts from the log book and actual deposits. The aggregate amount of receipts issued should equal the amount deposited in bank.

2. Bank Checking Account (2 CFR 200.305)

The Northern Cheyenne Tribe shall establish bank accounts with the bank. The Federal awarding agency will not require separate depository accounts for funds provided to a non-Federal entity or establish any eligibility requirements for depositories for funds provided to the Northern Cheyenne Tribe. However, the Northern Cheyenne Tribe must be able to account for the receipt, obligation and expenditure of funds. Advance payments of Federal funds must be deposited and maintained in insured accounts whenever possible. Funds in excess of the FDIC insurance limit must be fully collateralized by the bank.

The Northern Cheyenne Tribe must maintain advance payments of Federal awards in interest-bearing accounts. Interest earned on Federal advance payments deposited in interest-bearing accounts from grant programs must be remitted annually to the Department of Health and Human Services, Payment Management System, Rockville, MD 20852. Interest amounts on Grant programs up to $500 per year may be retained by the non-Federal entity for administrative expense.

Advance payments made by the Department of the Interior to the Northern Cheyenne Tribe pursuant to the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.) or the Tribally Controlled Schools Act of 1988 (25 U.S.C. 2501 et seq.) may be invested by the Indian tribe, tribal organization, or consortium before such funds are expended for the purposes of the grant, compact, or annual funding agreement so long as such funds are-

(1) invested by the Indian tribe, tribal organization, or consortium only in obligations of the United States, or in obligations or securities that are guaranteed or insured by the United States, or mutual (or other) funds registered with the Securities and Exchange Commission and which only invest in obligations of the United States or securities that are guaranteed or insured by the United States; or

(2) deposited only into accounts that are insured by an agency or instrumentality of the United States, or are fully collateralized to ensure protection of the funds, even in the event of a bank failure.

Interest earned on advances may be retained and a considered unrestricted funds.

Persons authorized to sign checks are required to fill out a signature card exactly as they will sign checks. Current signature cards will be maintained on file with the bank and on file in the Tribal offices by the Treasurer. All interest earned from Federal, State or other awards shall be assigned to the General Fund unless prohibited by program guidelines.

3. Cash Disbursements Control

1. Checks

The Northern Cheyenne Tribe will use a two copy check with a detachable voucher information section to record all cash disbursements. The checks will be prenumbered and a log of the numbers of checks held by the Northern Cheyenne Tribe will be maintained by the accounting clerk. The accounting clerks will store all unissued checks in the safe room and be responsible for processing and printing checks using the computerized accounting system. The check shall contain the name and address of the Northern Cheyenne Tribe, the bank drawn on, and the account number at that bank. The computerized accounting system shall print all checks and will indicate on the check the date, payee, amount, and the account numbers and purpose for which the check is drawn. The chart of accounts for the Northern Cheyenne Tribe will be used to determine the appropriate account to which the billing will be charged.

2. Cash Disbursements Control Procedures - Payment Voucher Policy

Policy: All payments for expenses incurred by programs by the Northern Cheyenne Tribe will be processed according to the procedures outlined below based on the type of payment.

Definitions:

Payment Voucher Payments: Payments that do not require a Requisition/Purchase Order such as

- Utilities (i.e. electric, telephone, water, trash, etc.)
- Travel Advance, expenses
- General Assistance Payments
- Scholarship Payments
- Cash Benefit Payments (i.e. energy assistance, board/commission pay, charity, medical assistance, etc.)

The Program Director will be responsible and accountable for the accuracy, the completeness and the allowability of the information submitted for payment.

Procedure: Deadlines

1. Accounts payable invoices and requisitions are to be submitted by Program Managers to the Encumbrance Office by Monday by 3:00 pm.

2. The Accounts Payable Invoice Clerk, the Encumbrance Clerk and the Procurement Officer will submit paperwork to the Office Manager by 3:00 on Tuesday.

3. The Office Manager will immediately transmit to the Accountants (on Tuesday).

4. The Accountants will submit accounts payable invoices and payment vouchers to the Accounts Payable Clerk by 1:00 pm on Wednesday for payment.

Responsible Person	Action
1. Program Director	Prepares Payment Voucher form. The following items are required to be completed: • Vendor No. • Vendor Name • Vendor Address • Program Name • Description of Payment • Fund No. • General Ledger No. • Dept. No. • amount (place in debit column) •Approval (Signature) • Date Note: Listing of Vendor Numbers can be obtained from the Finance Office
2. Program Director	Attach back-up documentation to Payment Voucher form (i.e. invoice, receipts, etc.) and verify mathematical accuracy (attach calculator tape).
3. Program Director	Submits payment voucher with back-up documentation to Finance Department.
4. Accountant	Compares requested expenditure to available budget in appropriate line item Verifies information on Payment Voucher, including: • All entries on form • Adequacy of back-up documents • Check for taxable status (i.e. subject to 1099 reporting) • Signatures Funds Available/Payment Voucher Correct? Yes: Payment Voucher processing continues. No: Payment Voucher returned to Program Director. Program Director is responsible for resubmission of Payment Voucher once appropriate documents attached and/or arrangements have been made to make funds available in the budget line item.

5. Accounting Clerk	Produces check requested by Payment Voucher. Completes the following information on the Payment Voucher • Batch No. • Check No. • Amount Paid • Date Paid • Period Date
6. Tribal Official (1)	Approves payment by signing check
7. Tribal Official (2)	Approves payment by signing check
8. Accounting Clerk	Distributes check as follows: • Utilities: check forwarded directly to vendor, copy to Program Director • All Others: check forwarded directly to Program Director
9. Program Director	Forwards program payments to recipients.
10. Accounting Clerk	Attaches copy of check to payment documents and places in file
11. Accounting Clerk	Files copy of check in permanent file in check number order.

Authorized signatories for the general fund, payroll and federal funds shall be officers and designees of the executive branch (e.g., President, Vice-President, Secretary and Treasurer).

Tribal Officers and Council Travel Disbursement Requests

The Tribal Council (10) and the Officers (President, Vice-President, Tribal Secretary and Tribal Treasurer) may submit requests for travel advance on any workday (Monday through Friday) for expedited processing the day of submission. Council Members and Officers are encouraged to plan travel as far in advance as possible to allow processing during normal check disbursement processing on Tuesday and Thursday. Expenditure requests will be for anticipated travel costs in accordance with the Travel policy manual. Expedited processing on all work days shall be limited to council members and Tribal Officers.

Tribal Council and Officers shall, upon return from travel, submit travel reimbursement request during normal processing schedules on Tuesday and Thursday. Travel trip report shall be submitted within 10 working days from return from travel.

4. Bonding of Responsible Employees

All individuals having the opportunity or the authority to handle money - either received or disbursed - as well as valuable sensitive property shall be bonded. The Northern Cheyenne Tribe shall acquire bonding insurance on each individual. The bond shall be set at $10,000 or the maximum amount that any employee shall have the opportunity to handle. Position type fidelity bonds or blanket bonds shall be utilized. Bonds shall be obtained from a Federally approved surety.

5. Control of Fixed Assets

a. Records will be maintained on all fixed assets purchased or acquired by lease or lease/purchase using grant or contract funds. The records should contain information including the description of the asset, identification numbers, costs of the asset, date acquired, location and custodial responsibility. Expected lifetime and depreciation records will be maintained.

b. Property will maintain fixed asset records. Property Technician will insure that all assets are tagged with identification tags bearing description, date acquired, and identification number.

c. Property will assign each staff member as a custodian of specific assets. The custodian will be responsible for the disposition of these assets and in the event of loss or theft for which he or she is responsible, the custodian agrees that he or she shall pay original cost of the assets to the Northern Cheyenne Tribe within one month or that garnishment of wages will be taken in lieu of payment.

d. All fixed assets acquired through funds other than grant or contract monies will be controlled using the above procedures but records will be maintained separately. Items will be tagged identifying source of money.

e. Comptroller and Property will annually insure that an inventory of nonexpendable personal property is completed.

6. Control of Accounts Payable

a. All mail received by the Northern Cheyenne Tribe will be opened by the mail secretary. The secretary will stamp each envelope with the date received. All invoices for payment of services shall be transmitted to the respective programs for review, approval, and submission to the procurement office. All invoices for payment of items received and acknowledged through the property office will be submitted to the procurement office by property and supply. The invoice submission form will indicate the purchase order no., invoice no., program, and bear a property signature for payment approval.

b. The Encumbrance Clerk will examine the invoice against the purchase order documents to insure that calculations are correct and are those previously agreed on.

c. The Encumbrance Clerk will attach the purchase requisition, purchase order, and shipping and receiving report to the invoice and enter an accounts payable transaction to the computerized accounting system.

d. The Encumbrance Clerk will create a pay voucher jacket for the invoice and forward to the Procurement Officer for approval. Then route the pay voucher to the staff accountant for final review and payment. The staff accountant will examine the invoice payable file for supporting documentation and cash availability. The pay voucher will then be submitted to the accounting clerk for check writing and signature according to disbursements control procedures.

7. Insurance and Indemnification Control

a. Purpose: The program will maintain insurance subject to approval of granting agency. Insurance will provide coverage for fire, theft, casualty loss and liability to third persons.

b. Type and extent of coverage shall be in accordance with sound business practice, and provisions of the funding agency.

c. Insurance shall provide coverage for damage to program assets caused by incidents other than the willful misconduct of program employees. Damages or loss of program assets through willful misconduct by program employees shall be recovered by garnishment of employees' salary and appropriate disciplinary measures.

8. Control of Payroll

a. The objective of payroll control procedures is to provide program employees with prompt payroll checks and to provide each employee with an adequate explanation of payroll deductions.

b. Personnel records on each employee will be maintained by the Personnel Officer. These records will include application form, employment contract, date hired, rate of pay, and the employee deductions authorization forms (W-4). Notice of changes in pay rates will also be maintained in these files.

c. One member of the program staff will be designated as timekeeper for all personnel in the program. This individual will be responsible for recording time of arrival, departure, luncheon breaks, sick leave, and annual leave. These records will be transmitted bi-weekly to the payroll accountant. Payroll accountant will retain these records filed chronologically.

d. The Payroll Specialist will be responsible for payroll preparation and payroll recordkeeping. The Payroll Specialist will maintain a copy of federal form W-4 for each employee. Rates of pay and deductions will be obtained from the Personnel Officer. The Payroll Specialist will insure compliance with IRS and state regulations concerning filing of forms 940, 9941, W-2, 1099 and 501. The Payroll Specialist will prepare payroll checks and will note the deductions taken from gross wages on each check. Payroll accountant shall maintain individual earnings records.

e. Settlements - All settlements shall be processed through the established payroll department during normal payroll deadlines. All settlements shall be subject to all applicable taxes.

f. The President, Vice-President, Tribal Secretary, Treasurer and designated officials are responsible for examining and signing all payroll checks. On signing, checks will be given to the program secretary for distribution. Each employee is required to personally obtain his or her check.

g. The President, Vice-President, Tribal Secretary, Treasurer and designated officials are responsible for complying with federal and state laws concerning wage and hour rates and discrimination and fair labor practices.

9. Bank Reconciliation Control

a. The Comptroller will designate one staff accountant who will be responsible for preparing each bank reconciliation. Reconciliation will be accomplished within seven working days of receipt of bank statement.

b. Individual doing bank reconciliation will compare program records and bank statement and will examine and determine cause for any discrepancies. Unexplained discrepancies will be reported to the Comptroller.

c. On completion and approval of bank reconciliation, the staff accountant will take bank statement containing original copy of canceled checks and original copy of deposit slips, and file in a separate file in chronological order by date of bank statement.

d. Instructions for Preparing a Bank Reconciliation

    1. Verify canceled checks returned with bank statement to those listed in the bank statement. The amount printed on the lower right hand side of the check should be verified against the amount the check is drawn for. The bank will also stamp the check, indicating the day the check went through the bank, which will help identify which check has gone through the bank if more than one check for the same amount is written.

    2. Verify that the general ledger has recorded the correct amount. Note any differences.

3. List those checks entered in the general ledger which have not been returned by the bank as checks outstanding and total them.

4. Verify deposits in general ledger to deposits listed on bank statement. List those deposits that the general ledger has listed but are not listed in the bank statements (outstanding). Total outstanding deposits.

5. In the space indicated as bank balance per statement list the bank balance as of the end of the month by adding both the sweep account and the repo investment account for each cash account.

6. Add deposits outstanding to obtain a subtotal, then subtract the checks outstanding from the subtotal to obtain the reconciled bank balance.

7. Obtain the general ledger balance at the end of the month. Add any increases in deposits or those void checks not voided in general ledger but voided by bank. Obtain a subtotal and then subtract any errors in deposits decreasing the amount deposited to the bank, insufficient fund, and/or bank service charge, and other types of bank debit memo to obtain a reconciled balance. If in reconciling the bank balance you discover that the bank lists a check for a different amount from the actual check, the bank should be notified at once and asked to remit the difference.

8. At this point, the reconciled general ledger balance and reconciled bank balance should agree. If they do not, repeat all the above steps.

NORTHERN CHEYENNE TRIBE
BANK RECONCILIATION FORM

I. CHECKING ACCOUNT:			
II. FOR PERIOD ENDING:			
III. BANK NAME:	**FIRST INTERSTATE BANK**		
	INVESTMENT ACCOUNT:		
A. BALANCE PER BANK STATEMENT:	BANK STATEMENT BALANCE: 1501073090		
	CASH ACCOUNT: 1004	BALANCE:	
B. OUTSTANDING DEPOSITS:	AMOUNT:		
a.			
b.			
c.	$ -		
C. TOTAL OUTSTANDING DEPOSITS:			0.00
D. OUTSTANDING CHECKS:	AMOUNT:		
1			
2			
3			
4			
5			
6			
7			
8			
9			
E. TOTAL OUTSTANDING CHECKS:			0.00
F. CASH BALANCE (A + C - E)			0.00
1. BEGINNING CASH BALANCE PER ACCOUNTING RECORDS:			
2. TOTAL DEPOSITS/REVENUE RECEIPTS:			
3. ADJUSTMENTS (IF ANY):			
4. SUB-TOTAL (1 + 2 + 3)			
5. TOTAL DISBURSEMENTS/CHECKS:			
6. ADJUSTMENTS (IF ANY):			
7. CASH BALANCE (4 - 5 - 6) (F SHOULD EQUAL TO 7)			0.00

Prepared by:____ Date:___________________
Reviewed by:____ Date:___________________

10. Control of Purchases

a. Request for purchase. Any staff member may submit a requisition for purchase of goods or services. Each request will be submitted to the respective program director. All requisitions will be submitted to the Procurement Office with cover sheets that inventory the documents being submitted to avoid lost documents. Programs are encouraged to maintain copies for program records.

b. Northern Cheyenne Tribe will designate a Procurement Officer to approve all requisitions that are in compliance with state, federal, or local guidelines.

c. The Treasurer may also authorize the purchase provided sufficient funds are available and that the purchase is in compliance with state, federal, or local guidelines.

d. The Procurement Officer will advise the program directors if the purchase is not in compliance with stated guidelines.

e. The Comptroller may review approved purchases above the simplified acquisition threshold of $100,000.

f. Procurement Officer shall require programs to solicit price quotations on all items or services. Solicitations for price quotations will be made only from reputable vendors having the demonstrated capacity to provide needed goals or services.

g. The Procurement Officer shall select a qualified vendor based on price considerations. Purchasing may purchase supplies and other items of value less than the Micro Purchase threshold of $3,000 without competitive bids or quotations, as set forth in the Tribe's Procurement and Purchasing Manual.

h. The Encumbrance Clerk will prepare the approved purchase order contract. Purchase order contract will state the terms of agreement, price, quantity, method of shipment, and other terms as agreed on. Purchase order will then be submitted to Procurement Officer for signature. Purchase orders will be pre-numbered.

i. Encumbrance Clerks will mail the original copy and first copy (acceptance copy) to the supplier as a request to purchase and as authority to ship the merchandise listed.

j. Encumbrance Clerks will file the first copy of purchase order in a pending file with a copy of the purchase requisition. File is alphabetical by name of supplier.

k. Encumbrance Clerk will file the second copy of purchase order in numerical sequence in a binder.

l. On receipt of goods, the shipping document will be attached to first copy of purchase order and filed by alphabetical order according to supplier in a pending invoice file.

m. On receipt of the invoice submission document, the invoice, shipping document, purchase order, and purchase requisition will be examined by Encumbrance Clerk and entered into the accounts payable system according to the accounts payable procedures stated earlier.

n. Purchase of goods or services, or contracted or consultant services over $100,000 shall require approval of the Treasurer and shall comply with the Tribe's Procurement and Purchasing Manual. Sole source contracts, purchases, or consultant's services of more than $3,000 shall require prior approval of funding agency.

o. Contracts for consultant or contracted services shall be monitored periodically during contract by the Comptroller or a person identified in the contract as Liaison/Inspector. Contractor and/or consultants shall submit periodic reports and a final report. Final payment for services shall be based on satisfactory completion of contracted services and submittal of final report.

11. Control of Travel

a. The Northern Cheyenne Tribe recognizes that certain amounts of travel are necessary for satisfactory completion of program objectives. Control of this travel insures the effective and efficient use of personnel work hours. Travel shall comply with the Tribe's Travel Manual.

b. The program will reimburse or advance to the traveler expenses necessary for accomplishing travel.

c. In-state personal mileage will be reimbursed at current prevailing government rate. Standard published distances will be used whenever possible. The Travel Coordinator for each program is responsible for acquiring these standard distances.

d. Air fare reservations will be handled by the program Travel Coordinator. Travelers will use coach or economy on all flights. Air Fares will be handled through travel agency or federal travel account or the most economic means of obtaining air fare. Arrangements for air fare may only be made after the travel authorization document has been approved.

e. Per Diem expenses will be at CONUS rate per day for in-state travel. Out-of-state travel will be at a rate of CONUS rate per day in low rate areas. Travel to high rate cites will be at current allowable federal rates.

f. Employees are required to fill out a travel authorization document stating date of travel, purpose, and method of transportation.

g. Employee may prepare a request for advance. The Maximum Advance will be 100% of estimated detailed cash travel expenses for employees in good standing. All employees that have outstanding trip reports owed and who request an additional travel advance payment will require the approval of the President or designee and shall be afforded a maximum advance of 90% of the estimated detailed cash travel expenses for the expected trip in question. Upon the employees return, a payment of the remaining 10% will be promptly paid to the employee once all outstanding trip reports are submitted to Central Finance.

h. Travel authorization and advance request will be submitted to the Program Director for examination and approval. Program Director will indicate authorization and transmit to staff accountant.

i. Staff accountant will issue travel advance based on an approved travel request. Staff accountant will indicate advance on Trip Report.

j. On completion of travel, employee is required to submit within five working days a trip report to Central Finance or the advance shall be garnished from wages in full. Trip report will summarize results. Program Travel Coordinator will retain copy of report and notify staff accountant of completion of requirements.

k. Employee will complete a travel expense statement and submit to Travel Coordinator for review and transmittal to staff accountant. Staff accountant will examine statement and initial travel request and calculate over or underpayment. Employee will remit overpayment. Staff accountant will make check for underpayment and submit to Treasurer with attached travel report. Treasurer will examine and approve.

C. Fraud Review Procedures

Fraud is characterized by wrongful or criminal deception intended to result in financial or personal gain. The objective may be to obtain money, property, or services, to avoid the payment or loss of money, property, or services, or to secure business or personal advantage. Fraud involves obtaining something of value through willful misrepresentation.

In addition to fraud, management considers other forms of misconduct that can occur, such as waste and abuse.

Waste is the act of using or expending resources carelessly, extravagantly, or to no purpose.

Abuse involves behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary operational practice given the facts and circumstances. This includes the misuse of authority or position for personal gain or for the benefit of another. Waste and abuse do not necessarily involve fraud or illegal acts.

Fraud, abuse and waste are prohibited and the Tribe will take whatever action is necessary in response to such actions, including actions to recover funds and disciplinary measures. The following indicators are not intended by themselves to establish the existence of fraud, rather, should be viewed in the context of an entire program which should cause Staff Accountants, President or designee and Treasurer to be alert to possibilities of impropriety.

Separation of Duties

The cornerstone of any sound internal control system is based on the separation of duties. This concept requires that no individual shall exercise total direct control over sequential transactions within an organization. When an individual controls an entire transaction, the possibility of fraud increases. Two examples of this are: 1) an employee receives the checks for accounts receivables; the same employee records the receipts in the book of original entry (Journal) and also prepares the bank deposit slips, and 2) An employee responsible for signing checks also prepares the monthly bank reconciliation.

To prevent the possibility for fraudulent activities, separation of duties plus a good internal control system is needed. The following items are provided for review by the staff accountants and the grants/contracts compliance officer.

Insurance Coverage

The Northern Cheyenne Tribe shall maintain an insurance register which can be reconciled to the general ledger. The register will provide a summary of insurance coverage carried by the tribe. The tribe shall insure that subcontractors provide proof of current insurance.

Types of policies most susceptible to fraudulent activities are:

- Whole life insurance

- Key man insurance

- Any insurance policy offering a cash value.

Under a life insurance policy which builds a cash value, the owner/contractor can borrow the cash value without the insured's knowledge. The funds can easily be diverted to personal use.

Time Sheets

Employees paid under payroll systems which use time sheets shall fill out their time sheets daily. No time sheets or time sheets filled out by someone else will be allowed. Contract and grant employees are paid for hours worked. When contract and grant employees are not "on the clock" their compensation should be charged to the Northern Cheyenne Tribe's general fund.

It is illegal to charge employees time to grants and contracts if they are not actually on the clock.

Sealed Bids

In certain cases, he federal regulations governing contracting with Self-Determination Contract funds require sealed bids to be opened in public. The reason for this regulation is to maintain the integrity of the Sealed Bidding Process.

When subcontractors solicit sealed bids from potential sources, a public bid opening is also required. If contractors open sealed bids in private, collusion can easily take place between the prime contractor and a friendly subcontractor.

Contractors and tribal purchasing personnel should keep bids in a safe, unopened until the publicly announced bid opening.

Vacations

Individuals engaged in fraudulent activities often are reluctant to take vacations for fear of being discovered while away from their job. The Northern Cheyenne Tribes shall require employees in sensitive positions to take annual leave. The internal control procedure dictates that when employees must take annual leave, another employee will fill in during his/her leave.

Purchasing from Controlled Sources

A common method in defrauding the Northern Cheyenne Tribe is purchasing from sources which one has a financial interest. Program and purchasing personnel shall be required to submit a financial disclosure form and the tribe shall not allow personnel to purchase from firms where a conflict of interest, real or apparent exists.

Converting Tribal or Federal Property into Cash

Under Self-Determination contracts, property is obtained either by using federal funds for direct purchase or through physical transfer of the property from government stock to the contractor. The Tribe is required by regulation to maintain a property management system which provides for tracking of government property. All property to be disposed of shall be required to receive concurrence from the Comptroller and the Treasurer and all proceeds from the disposal shall be put into the program account.

Originals vs. Photocopies

Staff Accountants shall always insist on original documentation. Originals can easily be altered and replaced with quality photocopies. This can easily be done with invoices, hotel receipts, gas receipts, etc. The original contract, lease and agreements shall be placed with the procurement officer.

To prevent this common fraudulent scheme, especially when reviewing invoices and travel receipts, demand original documentation.

Purchasing and Receiving

Purchasing and receiving shall be separated.

Kickbacks

Key indicators of kickbacks include a pattern of overpaying for goods or services from a particular source, lack of competition, and/or no price comparisons. Tribal personnel shall immediately inform their supervisor of any gratuities of kickbacks offered. The contractor will then be investigated by Procurement.

Fictitious Travel Vouchers

Obtaining travel advances without intent to travel is a common method of acquiring illegal funds. Employees will either leave the travel advance open or submit fictitious receipts as documentation of their travel. In almost all cases the documentation submitted are photocopies of altered receipts or receipts belonging to another person. Travel Coordinator shall insure that all signatures are correct and that receipts are tied to the expense report.

Undocumented Expenditures

All expenditures made under a Self-Determination contract or federal grants must be documented. Lack of documentation alone is not fraud but can lead to costs being disallowed. If a pattern of undocumented expenditures exists there is cause for suspicion and further review should be taken. Particular attention should be given when checks are written to individuals rather than to organizations. Individuals engaged in fraudulent activity can easily obtain illegal funds this way. Staff Accountants shall review to prevent.

Personal Expenses Paid with Federal Funds

This procedure is fairly common but relatively easy to detect. An employee issues a check from the Northern

Cheyenne Tribe to pay a personal utility bill. The employee's original bill is altered to reflect the name of the Northern Cheyenne Tribe. The original is then photocopied and submitted for payment. Accepting only original documentation will decrease this fraudulent activity.

Cash

The following requirements will be met.

Segregation of Duties Requirements

1. Segregation of responsibilities for collection and deposit preparation functions from those for recording cash receipts and general ledger entries.

2. Segregation of responsibilities for cash receipts functions from those for cash disbursements.

3. Segregation of responsibilities for disbursement preparation and disbursement approval functions from those for recording or entering cash disbursements information on the general ledger.

4. Segregation of responsibilities for the disbursement approval function from those for the disbursement, voucher preparation, and purchasing functions.

5. Segregation of responsibilities for entries in the cash receipt and disbursement records from those for general ledger entries.

6. Segregation of responsibilities for preparing and approving bank account reconciliations from those for other cash receipt or disbursement functions.

7. When EDP is used, maintenance of the principle of segregation of duties within processing activities.

Procedural Controls Requirements

Collections

8. Timely deposit (preferably daily) of all receipts.

9. Controls over the collection, timely deposit, and recording of collections in the accounting records in each collection location.

10. Timely notice of cash receipts from separate collection locations to the general accounting department.

11. Comparison of daily reported receipts to bank statements on a test basis to verify timeliness of deposits.

12. Placing a restrictive endorsement on incoming checks as soon as received.

13. Delivery of “insufficient funds" checks to someone independent of processing and recording of cash receipts.

14. Procedures for follow-up on "not sufficient funds" checks.

15. Controls to ensure that checks are returned promptly for deposit if checks received are forwarded to be used as posting media to taxpayers' or customers' accounts.

16. Receipts controlled by cash register, pre-numbered receipts, or other equivalent means if payments are made in person (over the counter).

17. Accounting for such receipts and balancing them to collections daily.

18. Facilities for protecting un-deposited cash receipts.

Disbursements Requirements

l9. Control over warrant or check-signing machines with regard to signature plates and usage.

20. Procedures providing for immediate notification of banks when warrant or check signers leave the tribe or are otherwise no longer authorized to sign.

21. Furnishing invoices and supporting documents to the signer prior to signing the warrant or check.

22. Setting reasonable limits on amounts that can be paid by facsimile signatures.

23. Requiring two signatures on warrants or checks over a stated amount.

24. Maintaining signature plates in the custody of the person whose facsimile signature is on the plate when not in use.

25. Using plates only under the signer's control and recording machine reading by the signer or an appropriate designee to ascertain that all checks or warrants signed are properly accounted for by comparison to document control totals.

26. Direct delivery to the mail room of signed warrants or checks, making them inaccessible to persons who requested, prepared, or recorded them.

27. Prohibiting the drawing of warrants or checks to cash or bearer.

Custody Requirements

28. Maintenance of controls over the supply of unused and voided warrants or checks.

29. Proper authorization of bank accounts.

30. Periodically reviewing and formally re-authorizing depositories.

31. Controls and physical safeguards surrounding petty cash funds.

32. Maintenance of adequate fidelity insurance.

33. Maintenance of separate bank accounts for each fund, or if not, adequate fund control over pooled cash.

Detail Accounting Requirements

34. Procedures ensuring that collections and disbursements are recorded accurately and promptly.

35. Procedures for authorizing and recording interbank and inter-fund transfers providing for a proper accounting for these transactions.

General Ledger Requirements

36. General ledger control over all bank accounts.

37. Delivery of bank statements and paid warrants or checks in unopened envelopes directly to the employee preparing the reconciliation.

38. Procedures for steps essential to an effective reconciliation, particularly -

- Comparison of warrants or checks in appropriate detail with disbursement records.
- Examination of signature and endorsements, at least on a test basis.
- Accounting for numerical sequence of warrants or checks used.
- Comparison of book balances used in reconciliations with general ledger accounts.
- Comparison of deposit amounts and dates with cash receipt entries.

39. Review and approval of all reconciliations and investigation of unusual reconciling items by an official who is not responsible for receipts and disbursements, including recording evidence of the review and approval by signing the reconciliation.

40. Periodic investigation of checks outstanding for a considerable time.

Investments

The following requirements will be met.

Segregation of Duties Requirements

1. Segregation of responsibilities for initiating, evaluating, and approving transactions from those of detail accounting, general ledger, and other related functions.

2. Segregation of responsibilities for initiating transactions from those for final approvals that commit government resources.

3. Segregation of responsibilities for monitoring investment market values and performance from those for investment acquisition.

4. Segregation of responsibilities for maintaining detail accounting records from those for general ledger entries.

5. Assignment of custodial responsibilities for securities or other documents evidencing ownership or other rights to an official who has no accounting duties.

6. If EDP is used, maintaining the principle of segregation of duties within processing activities.

Procedural Controls Requirements

Approval Requirements

7. If applicable, procedures adequate to ensure that only investments that are permitted by law are acquired.

8. Formal establishment and periodic review of investment policy guidelines.

9. Integration of the investment program with cash management program and expenditure requirements.

10. Established authority and responsibility for investment opportunity evaluation and purchase.

11. Periodic evaluation of the performance of the investment portfolio by persons independent of investment portfolio management activities.

12. Formal establishment of procedures governing the level and nature of approvals required to purchase or sell an investment.

Custody Requirements

13. Adequate physical safeguards and custodial procedures over-

- Negotiable and nonnegotiable securities owned.

- Legal documents or agreements evidencing ownership or other rights.

14. Dual signatures or authorizations to obtain release of securities from safekeeping or to obtain access to the government unit's safe deposit box.

15. Authorization by the legislative body of persons with access to securities.

16. Registering all securities in the name of the tribe.

17. Periodic inspection or confirmation of securities from safekeeping agents.

18. Bonding of individuals with access to securities.

Detail Accounting Requirements

19. Maintenance of detail accounting records for investments.

20. Procedures to ensure that transactions arising from investments are properly processed, including Income and amortization entries.

21. Controls to ensure that investment earnings are credited to the fund from which resources were provided for the investment.

22. A periodic comparison between income received and the amount specified by the terms of the security or publicly available investment information.

23. Controls to ensure that transactions are recorded on a timely basis.

General Ledger Requirements

24. Procedures for reconciling the detail accounting records with the general ledger control.

25. Periodic review of the nature of investments included in general ledger balances.

Revenues and Receivables

The following requirements will be met.

Segregation of Duties Requirements

1. Segregation of the responsibilities for billing property taxes and services from collection and accounting.

2. Segregation of the responsibilities for maintaining detail accounts receivable records from collections and general ledger posting.

3. Segregation of collection, control, and deposit of funds activities from maintaining accounting records.

4. Maintenance of the property tax assessment rolls by individuals not engaged in any accounting or collection function.

5. Segregation of the responsibilities for entries in the cash receipts records from those for general ledger entries.

6. If EDP is used, maintenance of the principle of segregation of duties within processing activities.

Procedural Controls Requirements

Data and File Maintenance Requirements

License Fees and Permits

7. If annual payments are involved, procedures to ensure that previous years' records are properly updated for new registrants and withdrawals.

8. Use of the updated records as the basis for billing persons subject to payment.

Fines, Forfeitures, and Court Fees

9. Maintaining and using court and other records of payments due as a basis for collections.

10. Procedures surrounding the control, issuance, and disposition of traffic violations to ensure that amounts due are assessed and collected.

Enterprise and Other Service Revenues

11. Maintaining controls that provide assurances that customer data base and, where appropriate, usage records are accurately maintained to ensure that amounts due are billed.

Billing/Remittance Verification

Sales, Income, and Other Taxes

12. Controls to ensure that tax exemptions are within the law and properly approved and applied for.

License Fees and Permits

13. Comparison of current year receipts to those for prior years and review of explanations of variations by senior officials.

Fines, Forfeitures, and Court Fees

14. Procedures providing for correlation of amounts collected with records of court proceedings.

15. Sequentially numbering and satisfactorily accounting of tickets for fines, arrests, and so forth.

Enterprise and Other Service Revenues

16. If billing is based on usage, performing service readings in a timely fashion.

17. Billing procedures providing for identification and investigation of unusual patterns or use.

General

18. Billing of fees in a timely fashion.

19. Procedures designed for other revenue areas ensuring timely payment of amounts due.

20. Periodic review and approval by the legislative body of the rates of taxes, fines, fees, and services.

21. Periodic review and approval by the legislative body of programs of tax exemption or relief.

22. Authorization by the legislative body of utility rate schedules.

23. Procedures providing for timely notification of the accounting department at the time service or other billings or claims are prepared and rendered.

24. Numerical or batch processing controls over fee, service, or other billings.

25. Controls over the billing of miscellaneous revenues.

26. Procedures to prevent the interception or alteration by unauthorized persons of billings or statements after preparation but before they are mailed.

27. Prompt investigation of disputes with billing amounts that are reported by payers or service recipients by an individual independent of receivables record keeping.

28. Controls providing reasonable assurances that restricted revenues are expended only for restricted purposes.

Collection

29. Placing a restrictive endorsement on incoming checks as soon as received.

30. Procedures providing reasonable assurances that interest and penalties are properly charged on delinquent fees, or charges for service.

31. Procedures providing for the timely filing of liens for nonpayment in all cases permitted by law.

32. Controls surrounding the collection, timely deposit, and recording of collections in the accounting records at each collection location.

33. Timely notice of cash receipts from separate collection centers to general accounting department

34. If payments are made in person, use of receipts for payment and accounting for and balancing of such receipts or collections.

35. Segregation and timely remittance of amounts collected on behalf of other governments.

36. Monitoring fees collected by another unit of government to assure timely receipt and subjecting amounts received to reviews for reasonableness.

37. Reviewing delinquent accounts and considering them for charge-off on a timely basis.

38. Formally approved write-offs or other reductions of receivables by senior officials not involved in the collection function.

39. Procedures providing for execution of all legal remedies to collect charged-off or uncollectible accounts, including sale of property, liens, and so forth.

Accounts Receivable Recordkeeping

40. Controls in the system that provide assurances that individual receivable records are posted only from authorized source documents.

41. Reconciling the aggregate collections on accounts receivable against the posting to individual receivable accounts.

42. Where appropriate (for example, in proprietary funds), mailing statements of account balance on a timely basis.

General Ledger

43. Regular preparation of trial balances of individual receivable accounts.

44. Reconciliation of trial balances with general ledger control accounts and investigation of reconciling items by other than accounts receivable clerks.

45. Periodic review of aged accounts receivable balances by supervisory personnel.

46. Procedures providing for timely and direct notification of the accounting department of billings and collection activity.

Grant and Contracts Monitoring

47. Properly fixed responsibility for monitoring grant and contracts activities to the President or designee.

48. A central grants and contracts monitoring activity within Central Finance and President or designees office.

49. Procedures to monitor compliance with-

- Programmatic Reporting Requirements

- Financial reporting requirements.

- Use of funds and other conditions in accordance with terms.

- Timely billing of amounts due under grants and contracts.

50. Accounting for grant/contracts activity so that it can be separated from the accounting for locally funded activities.

51. System for obtaining grantor/funding agency approval before incurring expenditures in excess of budgeted amounts or for unbudgeted expenditures.

52. Processing grant revenues and disbursements under the same degree of controls applicable to the Northern Cheyenne Tribe's other transactions (budget, procurement, etc.).

53. Including requirements in sub-grantee agreements that the sub-grantee comply with primary grant agreement conditions as well as grantee's standards.

54. Reasonable procedures and controls to provide assurances of compliance with recipient eligibility requirements established by grants.

55. Establishing an indirect cost allocation plan.

56. Approval of the plan by all grantor agencies.

57. Establishing audit cognizance for rates generated by the plan.

Entitlement Awards

58. Comparison of the amount of funds received with the amount anticipated by a responsible official and investigation of unusual variances.

59. Procedures to ensure that funds received are spent in accordance with legal requirements and spending restrictions.

60. Review of any statistical or data reports that form the basis for revenue distribution by a responsible official before submission.

Employee Compensation

The following requirements will be met.

Segregation of Duties Requirements

1. Segregation of responsibilities for supervision and time-keeping functions from personnel, payroll processing, disbursement, and general ledger functions.

2. Segregation of responsibilities for the payroll processing function from the general ledger function.

3. Supervision of payroll distribution by employees -

• Who are not responsible for hiring or firing employees.

• Who do not approve time reports.

• Who take no part in payroll preparation.

4. Segregation of responsibilities for initiating payments under employee benefit plans from accounting and general ledger functions.

5. Reconciliation of the payroll bank account regularly by employees independent of all other payroll transaction processing activities.

6. If EDP is used, maintaining the principle of segregation of duties in processing activities.

Procedural Controls Requirements

Personnel

7. Properly authorizing, approving, and documenting all changes in employment (additions and terminations), salary, wage rates, and payroll deductions.

8. Promptly reporting notices of additions, separations, and changes in salaries, wages' and deductions to the payroll processing function.

9. Maintaining appropriate payroll records for accumulated employee benefits (vacation. pension data, etc.).

10. Interviewing terminating employees as a check on departure and as a final review of any termination settlement by the personnel department.

11. Written personnel policies.

12. Establishing controls to ensure that payroll costs charged to grants are in compliance with grant agreements.

13. Payroll and personnel policies governing compensation that are in accordance with the requirements of grant agreements.

14. Determining that wages are at or above the federal minimum wage.

Supervision/Timekeeping

15. Review and approval of hours worked, overtime hours. and other special benefits by the employee's supervisor.

16. Timekeeping and attendance records and procedures.

17. Review for completeness and approval of time cards or other time reports by the employee's supervisor.

18. Punching of time cards, if used, only by the employee to whom they are issued.

19. Placing the time clock in a position where it can be observed by a supervisor.

20. Procedures for authorizing, approving, and recording vacations, holidays, and sick leave and approving and controlling compensatory time.

Payroll Processing Requirements

21. Controls over payroll preparation.

22. Approval and documentation of changes to the EDP master payroll file.

23. Limiting access to the EDP master payroll file to employees who are authorized to make changes.

24. Review and approval of completed payroll registers before disbursements are made.

25. Review of documents supporting employee benefit payments (such as accumulated vacation or sick leave)

before disbursements are made.

26. Review for reasonableness of comparisons (reconciliations) of gross pay in current period to prior period payrolls by a knowledgeable person not otherwise involved in payroll processing.

27. Review of the payroll (examination of authorizations for changes noted on reconciliations) by an employee not involved in its preparation.

28. Balancing the distribution of dollars and hours of gross pay with payroll register and review by someone independent but knowledgeable of this area.

29. Including in the review a comparison to amounts appropriated and budgeted.

30. Prohibiting payroll advances to officials and employees or subjecting them to appropriate review.

Disbursement Requirements

31. Keeping the signature plates and use of the payroll check-signing machines under control of the official whose name appears on the signature plate or an employee to whom he has delegated that responsibility.

32. Maintaining a log that reconciles the counter on the check-signing machine with the number of checks issued in each payroll.

33. Maintaining a separate, impress-basis, payroll bank account.

34. Regularly reconciling of the payroll bank account.

35. Comparing payroll check endorsements, on a test basis, with signatures on file by someone independent of the payroll department.

36. If payment is made in cash, requiring signed receipts; having someone independent of the payroll department compare them, on a test basis, with signatures on file.

37. Controlling the supply of unused payroll checks.

38. Requiring employees to provide identification before being given checks or pay envelopes.

39. Prohibiting employees from accepting another employee's pay.

40. Returning unclaimed wages to a custodian independent of the payroll department.

41. Having employees who distributed checks or pay envelopes make a report of unclaimed wages directly to the accounting department.

42. Making payments of unclaimed wages at a later date only upon presentation of appropriate evidence of employment and approval by an officer or employee who is not responsible for payroll preparation or time reporting.

43. Comparing W-2 forms to payroll records and mailing lists by employees not otherwise involved in the payroll process.

44. Procedures for investigating returned W-2s.

45. Periodic distribution of payroll checks by the internal auditors to ascertain that employees exist for all

checks prepared.

General Ledger Requirements

46. Adequate account coding procedures for classification of employee compensation and benefit costs so that such costs are recorded in the proper general ledger account.

47. Proper recording or disclosure of accrued liabilities for unpaid employee compensation and benefit costs.

Financial Reporting

The following requirements will be met.

Segregation of Duties Requirements

1. Segregation of the final review and approval of financial reports from the responsibility for preparation of the reports.

2. Segregation of the responsibilities for maintaining the general ledger from those for maintaining subsidiary ledgers.

3. Segregation of the responsibilities for maintaining the general ledger and custody of assets.

4. Segregation of the preparation and approval functions for journal entries.

5. Segregation of principal accounting, treasury, and custody functions.

6. If EDP is used, maintaining the principle of segregation of duties within processing activities.

Procedural Controls Requirements

General Ledger

7. A formal plan of Northern Cheyenne Tribe for the unit of government under which reporting responsibilities are clearly defined and reasonably aligned.

8. Supervision of a principal accounting officer over accounting records and accounting employees at all locations.

9. General ledger control over all assets and transactions of all departments of the Northern Cheyenne Tribe.

10. Bonding employees in positions of trust in amounts required by statutes or Northern Cheyenne Tribe policy.

11. Written accounting, policy, and procedural manuals that are distributed to appropriate personnel.

12. Updating the accounting, policy, and procedural manuals as necessary.

13. Procedures to ensure that only authorized persons can alter or establish a new accounting principle, policy, or procedure to be used by the Northern Cheyenne Tribe.

14. Security for accounting records.

15. A formal policy regarding conflicts of interest.

16. Requiring written representations from appropriate personnel as to compliance with accounting policies and procedures and ethics policies.

17. Prohibiting or closely controlling loans to officials or employees.

18. Periodically evaluating the adequacy and effectiveness of the internal accounting controls related to the Northern Cheyenne Tribe's transaction systems (procurement, revenues and receivables, etc.)

19. Implementing measures to correct weaknesses.

Closing Requirements

20. Procedures and policies for closing the accounts for a reporting period sufficient to ensure that accounts are closed, adjusted, and reviewed on a timely basis.

21. Procedures to ensure that all accounting systems have included all transactions applicable to the reporting period.

22. Review and approval of valuation reserves or other account balances based on estimates.

23. Having all journal entries reviewed, approved, and supported by adequate descriptions or documentation.

24. Controls that ensure that only authorized individuals can initiate entries.

Combining Requirements

25. Procedures to ensure the orderly and effective accumulation of financial data.

26. Procedures for the orderly processing of financial data received from departments and other accounting units.

27. Procedures to permit the recording and review of special entries generated in the combining process.

Preparation, Review and Approval Requirements

28. Procedures to ensure that financial reports are supported by either underlying account records or other documentation.

29. Procedures providing reasonable assurances that all data required to be included in legal as well as public reports is properly disclosed.

30. Procedures to ensure that financial reports are prepared on a consistent basis.

31. Review and approval of financial reports at appropriate levels of management and, if appropriate, the legislature before public release.

32. Procedures to ensure that all requirements for filing of financial reports are met (for example. senior levels of government, bondholders, public, and so forth).

SECTION 6 - AUDITING REQUIREMENTS

A. General

Definition

An external audit is an examination of a Tribal program's financial statements by a firm of independent public accountants. The audit consists of a searching investigation of the accounting records and other evidence supporting those financial statements. Through the study and evaluation of the Tribal programs' system of internal control, and by inspection of documents, observation of assets, making of inquiries within and outside the Northern Cheyenne Tribe, and by other auditing procedures, the auditors will gather the evidence necessary to determine whether the financial statements provide a fair and reasonably complete picture of the Tribal program's financial position and its activities during the period being audited and whether the internal control procedures and compliance aspects are in accordance with federal standards.

An audit program will be developed to outline the auditing work to be performed, specifying the procedures to be followed in verification of each item in the financial statements. This program serves as a useful tool both in scheduling and controlling audit work.

Audit Objective.

The objective of an audit is to provide the funding agency, program managers and administration with an expression of opinion as to the fairness of a program's financial statements. In expressing an opinion, reasonable assurances are obtained by measuring the degree of program compliance with accounting control procedures as prescribed by Tribal policies and governmental regulation.

Audit Requirements.

The audit requirements of Tribal Governments receiving Federal Assistance shall be governed by 2 CFR 200 Subpart F. This states that audits of Tribal government are to determine whether: 1) Financial operations are conducted properly, 2) financial statements are presented fairly, 3) the Northern Cheyenne Tribe has complied with laws and regulations affecting the expenditure of Federal funds, 4) internal control procedures have been established to meet objectives of Federally assisted programs, and 5) financial reports to the Federal government contain accurate and reliable information.

All external audits required by grant programs due to Federal or State regulations must be requested by the Comptroller.

Attestation.

To attest to financial statements means to assume responsibility for their fairness and dependability. The attest function includes two distinct steps or stages. First, the independent public accountants must carry out an examination (or audit). The second step of the attest is the issuance of the auditors' report which conveys to users of the financial statements the auditors' opinion as to the fairness and dependability of the financial statement. The contribution of the independent auditor is to give credibility to financial statements. Credibility means that the financial statements can be believed or relied upon by third parties, such as the Federal government.

Financial Audit Review.

When an independent public accounting firm is requested to perform an audit and issue an opinion on a Tribal program, they shall be engaged to perform a financial review audit. A financial audit is requested instead of a compliance audit, when the program does not contain strict Federal compliance regulations. The auditor will establish existence and ownership of assets and funds, determine the valuation of these assets and funds, and establish a proper cutoff of transactions to be included in the period under audit. Verification of related income statement amounts will also be part of the substantive testing.

Internal Control Review.

In general, the work performed during an audit will include a study and evaluation of internal control. The three elements of internal control include internal administrative or operating control, internal accounting control and internal check.

Internal Administrative Controls are concerned with the decision process leading to management's authorization of transactions.

Internal Accounting Controls are designed to bring about accurate and suitable recording and summarization of authorized financial transactions.

Internal Check is made up of these accounting procedures or physical, statistical and other controls designed to safeguard assets against waste, fraud, and inefficiencies. An example of internal check would be the segregation of duties.

Internal control will determine the degree of reliance an auditor will place on evidence gathered from the accounting records under audit.

Compliance Audit Review.

A Tribal program that receives grant monies from a Federal government agency will have certain defined regulations set up that the Northern Cheyenne Tribe must comply with in order to receive funds from the Federal government. When an independent public accounting firm is requested to perform an audit and issue an opinion on such Tribal program, they also must issue a statement as to whether the grantee has complied with all the Federal regulations as set by the Federal grantor agency. Examples of the regulations are:

(1) Were Federal funds expended on eligible recipients as set by regulations?
(2) Were expenditures made for unbudgeted cost categories as set by regulations?
(3) Were expenditures for allowable services to the client?

Management System Review.

In accordance with 25 CFR 900.40(b), the independent auditor shall also conduct a management system review of the finance system, the procurement system, and the property system.

B. Federal Audit Requirements

Federal Requirements

The Northern Cheyenne Tribe in accepting federal funds for program services is required to accept the federal requirements for audit of such programs. 2 CFR 200 Subpart F sets the requirements for a single audit approach to be taken for organizations receiving federal funds. These requirements stipulate that the Northern Cheyenne Tribe would have an organization wide audit of its financial operations every year.

Responsibility of the Northern Cheyenne Tribe

The Northern Cheyenne Tribe is responsible for auditing their program activities. This requires the Northern Cheyenne Tribe to select an auditor pursuant to 2 CFR 200. Northern Cheyenne Tribe shall also provide instructions to the auditor on activities the individual will perform.

Selection and Expectations of the Auditor

The Northern Cheyenne Tribe in acquiring an auditor for a comprehensive audit of the financial aspects of the organization are required to select only fully qualified public accountants. This requirement is found in the GAO standards for audit of governmental organizations and programs. These requirements specify that the audit shall be conducted by independent certified public accountants licensed by the regulatory authority of a state. These auditors are required to be located outside the line management of the Northern Cheyenne Tribe under audit and removed from the pressures of political influence to insure that they can conduct their audit objectively.

In the process of selecting an auditor, the Northern Cheyenne Tribe must meet the procedures established for purchasing established in 2 CFR 200. These stipulate that the Northern Cheyenne Tribe must contact potential auditors using a solicitation process and request that the auditor submit a proposal for evaluation. Evaluation 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 peer and external quality control reviews, and price. The offer must be a written proposal which describes the auditor’s understanding of the program, their experience in performing similar audits, their personnel and the firm’s overall qualifications. Since the Northern Cheyenne Tribe will be requiring the auditor to respond to these issues, sufficient information shall be given to the auditor to allow a valid response. The Northern Cheyenne Tribe shall re-solicit at least every three years in accordance with the Tribes purchasing procedures and shall publish or transmit to the auditor a RFP (Request for Proposal) containing the information on the organizational system, accounting system, number of employees, the estimated number and amount of dollar transactions, information relating to prior audits and the date which the auditor’s report is required.

The Northern Cheyenne Tribe shall consider conducting a pre-proposal conference for prospective auditors. This would allow each auditor to have an opportunity to ask questions and to allow the Northern Cheyenne Tribe to present pertinent facts applicable to the programs and the related organizational and financial characteristics.

The Northern Cheyenne Tribe shall specify the rules for submission of a proposal. These would include the deadline for filing, the number of copies requested, the format, evaluation factors and the address to which the application will be sent. The Northern Cheyenne Tribe shall evaluate the auditor’s proposals on the basis of an understanding of the program objectives, the detailed work plan presented by the auditor, the firm’s related auditing experience and the specific experience of the individuals to be assigned.

The Northern Cheyenne Tribe should specify that the auditor’s fees for performing the audit will be evaluated on the basis of the auditor’s technical qualification and experience.

The financial and compliance issues are defined in the GAO "yellow book" as being:

- Financial and compliance -- determines: a) whether financial operations are properly conducted; b) whether the financial reports of an audited entity are presented fairly; and, c) whether the entity has complied with applicable laws and regulations.

The auditor shall be given access to a copy of all relevant authoritative sources. These would include a copy of the general accepted auditing standards, the program regulations, the terms and conditions and the audit guidelines published by General Accounting Office in the "red and yellow books" and if available, the applicable federal agency audit guide.

On completion of the audit, the auditor will be required to furnish a statement of findings on the results of the examination. This report is prepared in accordance with the reporting standards published by the American Institute of Certified Public Accountants (AICPA) and applicable GAO standards. Typically, the auditor's report will contain financial statements of the Northern Cheyenne Tribe, the auditor's report on such financial statements including an opinion if rendered, a schedule of questionable costs if applicable, comments related to noncompliance and recommendations for improvement in relation to internal controls and program operations.

Questionable costs will be those costs which the auditor feels are not in compliance with the cost principles or the federal agency guidelines.

The Tribe shall request that an exit conference be held between the auditor and the Northern Cheyenne Tribe. The purpose of the exit conference is to review the procedures taken by the auditor and the findings identified. The Northern Cheyenne Tribe will have the opportunity to furnish written comments concerning the report. These comments could then be incorporated into the overall report and then submitted to the federal funding agency.

SECTION 7 - CONFIDENTIALITY AND NON-DISCLOSURE

A. Policies

(a) The following policies govern the actions of the Northern Cheyenne Tribe and its staff pertaining to information of a personal, confidential and proprietary nature of the Tribe, and its employees, officers and agents. These policies govern both Personal Identifiable Information (PII) and Protected Personally Identifiable Information (PPII) as defined in 2 CFR 200.79 and 2 CFR 200.82. These policies and procedures supplement and complement the policies in the Personnel Manual. The Personnel Manual policies regarding records confidentiality are hereby incorporated by reference.

(b) Conditions of disclosure. The Northern Cheyenne Tribe shall not disclose any record which is contained in a system of records by any means of communication to any person, or to another agency, except pursuant to a written request by, or with the prior written consent of, the individual to whom the record pertains, unless disclosure of the record would be--

(1) to those officers and employees of the Northern Cheyenne Tribe which maintains the record who have a need to know for the record in the performance of their duties;

(2) for a routine use by the staff of the operating program creating and working with such record;

(3) to another agency or to an instrumentality of any governmental jurisdiction within or under the control of the United States for a civil or criminal law enforcement activity if the activity is authorized by law, and if the head of the agency or instrumentality has made a written request to the Northern Cheyenne Tribe which maintains the record specifying the particular portion desired and the law enforcement activity for which the record is sought;

(4) to a person pursuant to a showing of compelling circumstances imminently affecting the health or safety of an individual if upon such disclosure notification is transmitted to the last known address of such individual;

(5) pursuant to the order of a court of competent jurisdiction.

(c) Record of disclosures. A record of any such disclosure shall be kept, which reflects the date, nature, and purpose of each disclosure and the name and address of the person or agency to whom the disclosure is made;

B. Procedures

1. Definitions.

(a) Act. As used in this subpart, "Act" means section 3 of the Privacy Act, 5 U.S.C. 552a.

(b) Individual. As used in this subpart, "individual" means a citizen of the United States or an alien lawfully admitted for permanent residence.

(c) Maintain. As used in this subpart, the term "maintain" includes maintain, collect, use or disseminate.

(d) Record. As used in this subpart, "record" means any item, collection, or grouping of information about an individual that is maintained by the Northern Cheyenne Tribe or a department thereof, including, but not limited to, education, financial transactions, medical history, and criminal or employment history and that contains the individual's name, or the identifying number, symbol, or other identifying particular assigned to the individual, such as a finger or voice print, or a photograph.

(e) System of records. As used in this subpart, "System of records" means a group of any records under the control of the Northern Cheyenne Tribe or a department thereof from which information is retrieved by the name of the individual or by some identifying number, symbol, or other identifying particular assigned to the individual.

(f) Medical records. As used in this subpart, "medical records" means records which relate to the identification, prevention, cure or alleviation of any disease, illness or injury including psychological disorders, alcoholism and drug addiction. In addition to the Privacy Act and 2 CFR 200, such medical records are also subject to HIPAA.

(g) Statistical records. As used in this subpart, "statistical records" means records in a system of records maintained for statistical research or reporting purposes only and not used in whole or in part in making any determination about an identifiable individual.

(h) Routine use. As used in this subpart, "routine use" means a use of a record for a purpose which is compatible with the purpose for which it was collected.

(i) System manager. As used in this subpart, "system manager" means the official designated in a system notice as having administrative responsibility for a system of records.

(j) Northern Cheyenne Tribe Privacy Act Officer. As used in this subpart, "Northern Cheyenne Tribe Privacy Act Officer" means an official in the Personnel Office charged with responsibility in carrying out the functions assigned in this subpart and for coordinating the activities of the departments of the Northern Cheyenne Tribe in carrying out the functions which they are assigned in this subpart.

2. Standards for maintenance of records subject to the Act.

(a) Content of records. Records subject to the Act shall contain only such information about an individual as is relevant and necessary to accomplish a purpose of the Northern Cheyenne Tribe.

(b) Standards of accuracy. Records subject to the Act which are used in making any determination about any individual shall be maintained with such accuracy, relevance, timeliness, and completeness as is reasonably necessary to assure fairness to the individual in making the determination.

(c) Collection of information.

(1) Information which may be used in making determinations about an individual's rights, benefits, and privileges under Federal programs shall, to the greatest extent practicable, be collected directly from that individual.

(2) In deciding whether collection of information from an individual, as opposed to a third party source, is practicable, the following factors, among others, may be considered:

(i) Whether the nature of the information sought is such that it can only be obtained from a third party;

(ii) Whether the cost of collecting the information from the individual is unreasonable when compared with the cost of collecting it from a third party;
(iii) Whether there is a risk that information collected from third parties, if inaccurate, could result in an adverse determination to the individual concerned;

(iv) Whether the information, if supplied by the individual, would have to be verified by a third party; or

(v) Whether provisions can be made for verification, by the individual, of information collected from third parties.

(d) Advice to individuals concerning uses of information.

(1) Each individual who is asked to supply information about him or herself which will be added to a system of records shall be informed of the basis for requesting the information, how it may be used, and what the consequences, if any, are of not supplying the information.

(2) At a minimum, the notice to the individual must state:

(i) The authority (whether granted by statute or regulation) which authorizes the solicitation of the information and whether disclosure of such information is mandatory or voluntary;

(ii) The principal purpose or purposes for which the information is intended to be used;

(iii) The routine uses which may be made of the information; and

(iv) The effects on the individual, if any, of not providing all or any part of the requested information.

(4) Form of Notice

(i) When information is collected on a standard form, the notice to the individual shall be provided on the form, on a tear-off sheet attached to the form, or on a separate sheet, whichever is most practical.

(ii) When information is collected by an interviewer, the interviewer shall provide the individual with a written notice which the individual may retain. If the interview is conducted by telephone, however, the interviewer may summarize the notice for the individual and need not provide a copy to the individual unless the individual requests a copy.

(iii) An individual may be asked to acknowledge, in writing, that the notice required by this section has been provided.

(e) Records concerning activity protected by the First Amendment. No record may be maintained describing how any individual exercises rights guaranteed by the First Amendment to the Constitution unless the maintenance of the record is (1) expressly authorized by statute or by the individual about whom the record is maintained or (2) pertinent to and within the scope of an authorized law enforcement activity.

3. Assuring integrity of records.

(a) Statutory requirement. The Privacy Act requires that records subject to the Act be maintained with appropriate administrative, technical and physical safeguards to insure the security and confidentiality of records and to protect against any anticipated threats or hazards to their security or integrity which could result in substantial harm, embarrassment, inconvenience, or unfairness to any individual on whom information is maintained.

(b) Records maintained in manual form. When maintained in manual form, records subject to the Privacy Act shall be maintained in a manner commensurate with the sensitivity of the information contained in the system of records. The following minimum safeguards, or safeguards affording comparable protection, are applicable to Privacy Act systems of records containing sensitive information:

(1) Areas in which the records are maintained or regularly used shall be posted with an appropriate warning stating that access to the records is limited to authorized persons. The warning also shall summarize the requirements and state that the Privacy Act contains a criminal penalty for the

unauthorized disclosure of records to which it applies.

(2) During working hours, (i) the area in which the records are maintained or regularly used shall be occupied by authorized personnel or (ii) access to the records shall be restricted by their storage in locked metal file cabinets or a locked room.

(3) During non-working hours, access to the records shall be restricted by their storage in locked metal file cabinets or a locked room.

(4) Where a locked room is the method of security provided for a system, the bureau responsible for the system shall supplement that security by (i) providing lockable file cabinets or containers for the records or (ii) changing the lock or locks for the room so that they may not be opened with a master key. For the purposes of this paragraph, a master key is a key which may be used to open rooms other than the room containing records subject to the Privacy Act, unless those rooms are utilized by officials or employees authorized to have access to the records subject to the Privacy Act.

(c) Records maintained in computerized form. When maintained in computerized form, records subject to the Privacy Act shall be maintained, at a minimum, subject to safeguards based on those recommended in the National Bureau of Standard's booklet "Computer Security Guidelines for Implementing the Privacy Act of 1974" (May 30, 1975), and any supplements thereto, which are adequate and appropriate to assuring the integrity of records in the system.

(d) Tribal responsibility.

(1) The department responsible for a system of records shall be responsible for assuring that specific procedures are developed to assure that the records in the system are maintained with security meeting the requirements of the Act and this section.

(2) These procedures shall be in writing and shall be posted or otherwise periodically brought to the attention of employees working with the records contained in the system.

4. Conduct of employees.

(a) Handling of records subject to the Act. Employees whose duties require handling of records subject to the Privacy Act shall, at all times, take care to protect the integrity, security and confidentiality of these records.

(b) Disclosure of records. No employee of the Northern Cheyenne Tribe may disclose records subject to the Privacy Act unless disclosure is permitted or is to the individual to whom the record pertains.

(c) Alteration of records. No employee of the Northern Cheyenne Tribe may alter or destroy a record subject to the Privacy Act unless (1) such alteration or destruction is properly undertaken in the course of the employee's regular duties or (2) such alteration or destruction is required by a decision pursuant to a valid request by the person whom the record is about or the decision of a court of competent jurisdiction.

(d) Department responsibility. The department responsible for a system of records shall be responsible for assuring that employees with access to the system are made aware of the requirements of this section and of 5 U.S.C. 552a(i)(1), which imposes criminal penalties for knowingly and willfully disclosing a record about an individual without the written request or consent of that individual unless disclosure is permitted under one of the statutory exceptions.

5. Disclosure of records.

(a) Prohibition of disclosure. No record contained in a system of records may be disclosed by any means of communication to any person, or to another agency, except pursuant to a written request by, or with the prior written consent of, the individual to whom the record pertains.

(b) General exceptions. The prohibition contained in paragraph (a) does not apply where disclosure of the record would be:

(1) To those officers or employees of the Northern Cheyenne Tribe who have a need for the record in the performance of their duties; or

(c) Specific exceptions. The prohibition contained in paragraph (a) of this section does not apply where disclosure of the record would be:

(1) For a routine use which has been described in a program notice maintained by the program.

(2) To a recipient who has provided the system manager responsible for the system in which the record is maintained with advance adequate written assurance that the record will be used solely as a statistical research or reporting record, and the record is to be transferred in a form that is not individually identifiable;

(3) To another agency or to an instrumentality of any governmental jurisdiction within or under the control of the United States for a civil or criminal law enforcement activity if the activity is authorized by law, and if the head of the agency or instrumentality has made a written request to the Northern Cheyenne Tribe specifying the particular portion desired and the law enforcement activity for which the record is sought;

(4) To a person pursuant to a showing of compelling circumstances affecting the health or safety of an individual if upon such disclosure notification is transmitted to the last known address of such individual;

(5) Pursuant to the order of a court of competent jurisdiction; or

(d) Reviewing records prior to disclosure.

(1) Prior to any disclosure of a record about an individual, reasonable efforts shall be made to assure that the records are accurate, complete, timely and relevant for agency purposes.

6. Non-Disclosure/Confidentiality statement.

Each employee shall complete and sign a statement of non-disclosure and confidentiality stating that they will protect the confidentiality of Tribal financial, proprietary or other confidential information and will not disclose such information

SECTION 8 - POLICY CHANGES, REVISIONS AND CONFLICTS

A. Amendments and Changes

Amendments

The Tribal Council may after a majority vote, make additions or amendments to these policies.

Effective Date

These procedures are in effect once adopted by the Tribal Council and shall remain in effect until rescinded, revised or amended by the Council.

Initiation of Changes

Changes or interpretation of these procedures shall not be made without review by the Policy Review Committee and legal review by the tribal attorney as well as by other advisors. Upon completion of review, any changes recommended shall be submitted to the council for action.

Initiation: Any tribal employee may suggest a change, amendment, or revision to the manual. Any suggestion will be submitted in writing to the Tribal President for review and analysis.

Preparation and Development: The Tribal President shall submit the suggestions along with comments and recommendations to the Policy Review Committee. The Committee shall be comprised of 3 Directors, 2 Executive Officers, 2 Council members and two employees. The members of the Committee shall be selected by the President and approved by the Council.

The Committee shall obtain input and comment from the Tribal Attorney, the department responsible for the affected manual and from other knowledgeable individuals including those outside the Tribe.

Based on the input and the issues involved, the Committee shall prepare a draft change, amendment or revision. The draft shall then be further reviewed prior to final version.

The Policy Review Committee shall then submit the proposed change, amendment, or revision to the Tribal President for comment and concurrence. After incorporation of and recommendations from the President, the draft shall be submitted to the Council.

Upon acceptance and passage by the Council, the department responsible for the manual shall replace the relevant section of the manual with the change, revision or amendment. The change shall be dated and the manual notated to insure accuracy.

B. Conflicts, Order of Precedence and Severability

Applicable federal law shall take precedence if conflicts exist between these policies and applicable Federal Law. If conflict exists between these policies and applicable Federal Law, only the conflicting section of these policies shall be voided. All other severable policies shall remain in force.

SECTION 9 - CREDIT CARD POLICY

A. Introduction

1. General

a. Risk - As the credit card applicant, The Northern Cheyenne Tribe takes on the risk associated with credit purchases. Due to the nature of credit card transactions, all purchases that are made with Tribal credit cards by employees are made on the Tribe's line of credit.

b. Collateral - Any credit balances generated through credit card purchases are collateralized by Tribal General Funds. As such, all credit card purchases are made by and against Tribal General Funds until a program executes a payment with Federal dollars to the credit card agency.

2. Purpose

a. The purpose of this manual is to set forth the rules for use of Tribal credit cards.

3. Application

a. This Manual applies to all purchases made by Tribal officials and employees.

B. Terms of Use

1. Responsibility

a. Cardholders - Employees of the Northern Cheyenne Tribe that are selected and named on a Tribal credit card shall maintain full responsibility for the purchases made with the card as long as the card is active.

b. Directors - Each program director will be responsible for reconciling the credit card assigned to the program and reporting all violations to Central Finance.

c. Transfers - No employee shall loan, borrow, or transfer the possession of a Tribal credit card to another employee that is not named on the card.

d. Receipts - Each cardholder is responsible for turning in original receipts to support all credit card purchases. Failure to provide receipts shall result in immediate payroll deduction for the full amount of all missing receipts.

2. Authorized Purchases

a. Procurement - In accordance with Procurement standards of the Northern Cheyenne Tribe, credit card purchases are limited to transactions that are within the small purchasing threshold of less than $3,000 in value. Notwithstanding this rule, utility payments may not be made using a credit card.

b. Travel - All credit card transactions for program travel expenses must obtain an approved Travel Authorization Request from the appropriate supervisor prior to incurring any charges to the credit card.

3. Employee Agreement

a. Agreement - Each employee selected to be a cardholder shall sign an agreement to abide by the responsibilities associated with the use of the card, including without limitation the Tribal policies associated with being a cardholder and the terms and conditions of the credit card. The agreement shall also include language that allows payroll to initiate deductions to recover any amounts that are not allocable to a Tribal program. Cardholders will also acknowledge the mandatory penalties for credit card misuse or abuse.

4. 3rd Party Theft

   a. Stolen Card - Cardholders are required to report a lost or stolen credit card to the bank immediately.

   b. Insurance - The Northern Cheyenne Tribe shall insure all credit cards against 3rd Party Theft.

C. Eligibility

1. Criteria

   a. Employment Status - Employees nominated to operate Tribal credit cards must be Permanent Full-Time employees who have been employed with the Northern Cheyenne Tribe for more than 1 year.

   b. Background Check - Employees with adverse back ground checks may not operate a Tribal credit card.

   c. Disciplinary History - Prospective cardholders may not have had any disciplinary actions taken against them by the Tribe in the previous 12 months.

   d. Character Reference - Prospective cardholders must provide a character reference letter attesting to their character. This letter shall originate from a Tribal supervisor or director from outside the program.

2. Concurrence

   a. Tribal Officials - Prospective cardholders must have the approval of both the President and the Treasurer to become an official cardholder.

D. Payment Procedures

1. Approval Signatures

   a. Standard Payment Approval-Direct or

   b. Reconciler-If other than Director

2. Documentation

a. Purchasing

   i. Requisition, Quote, Original Receipt, Smart Card Approval, Payment Voucher

b. Travel

   i. Travel Authorization, Trip Report, Original Receipts, Smart Card Approval, Payment Voucher

3. Interest & Fees

   a. General Funds - All interest and fee payments shall be made from Tribal General Funds

4. Record Keeping

   a. Finance - All records of payment made to the credit card company will be maintained by the Central

Finance Department.

E. FIB Smart Card

1. Web Access

a. Treasurer - Internet access to manage all Tribal credit cards shall be granted to the Treasurer and any delegated staff of Central Finance.

2. Reconciliation

a. General - Each card will be reconciled every month by an employee other than the cardholder. The reconciler will review the transaction history (FIB) against the history of payments made to the credit card company (MIP) and account for all charges to the card for the month.

b. Documentation - Reconciled credit card statements should include a cover sheet, the card statement, a history of card payments for the month, a copy of all receipts for charges made during the month, and a list of unpaid charges made for program use

c. Records - The program directors shall keep an organized file of the documents for each month's reconcilement and make those records available for inspection.

F. CREDIT CARD MISUSE

1. Violations
    a. Unallowable Costs (0MB Super-circular) - a violation occurs when charges to a Tribal credit card are found to be unallowable in accordance with Title 2 CFR 200 .420-475,
    b. Budget Availability- a violation occurs when costs are charged to a Tribal credit card and the total program budget does not have the funds to make payment for the charges.
    c. Personal Use - a violation occurs when charges to a Tribal credit card are made for personal use. Unauthorized Transactions - a violation occurs when charges are made to a Tribal credit card
        i. without prior authorization i.e. travel, purchasing, etc.

2. Reporting
    a. Central Finance - violations shall be reported by program managers to the Treasurer' s office in Central Finance.
    b. Documentation- all violations shall be documented with a form that identifies the type of violation, provides a brief summary of the violations, includes a payroll deduction request, and designates the appropriate disciplinary action.

3. Penalties
    a. Course of Action - in addition to payroll deductions, all credit card violations shall be met with a mandatory course of disciplinary action regardless of the circumstances. Program directors must comply with the prescribed course of action or be subject to the same disciplinary action. Failure by any program director to comply with this section will result in the immediate suspension of the program's credit card.
    b. 1st Offense - a first time violation by cardholders shall result in an immediate suspension without pay for 5 working days.
    c. 2nd Offense - a second violation by any cardholder shall result in the immediate termination of the employee.

4. Grievance/Appeal
    d. Procedure - grievances and appeals associated with any disciplinary action in this policy shall be subject to the Northern Cheyenne Personnel Management System; Section 11-Grievances and Appeals.