



# Chukchansi Indian Housing Authority Oakhurst, CA

## Indian Housing Block Grant Program

**Office of Audit, Region 9  
Los Angeles, CA**

**Audit Report Number: 2017-LA-1007  
August 24, 2017**





**To:** David W. Southerland, Acting Administrator, Southwest Office of Native American Programs, 9DSWONAP

**//SIGNED//**

**From:** Tanya E. Schulze, Regional Inspector General for Audit, 9DGA

**Subject:** The Chukchansi Indian Housing Authority, Oakhurst, CA, Did Not Always Follow HUD's Requirements for Its Indian Housing Block Grant Program

Attached is the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) final results of our review of the Chukchansi Indian Housing Authority's Indian Housing Block Grant program reporting and administration of funds.

HUD Handbook 2000.06, REV-4, sets specific timeframes for management decisions on recommended corrective actions. For each recommendation without a management decision, please respond and provide status reports in accordance with the HUD Handbook. Please furnish us copies of any correspondence or directives issued because of the audit.

The Inspector General Act, Title 5 United States Code, section 8M, requires that OIG post its publicly available reports on the OIG website. Accordingly, this report will be posted at <http://www.hudoig.gov>.

If you have any questions or comments about this report, please do not hesitate to call me at 213-534-2471.



**Audit Report Number: 2017-LA-1007**

**Date: August 24, 2017**

**The Chukchansi Indian Housing Authority, Oakhurst, CA, Did Not Always Follow HUD's Requirements for Its Indian Housing Block Grant Program**

## Highlights

---

### What We Audited and Why

---

We audited the Chukchansi Indian Housing Authority (Authority) Indian Housing Block Grant program due to a hotline complaint. The complaint alleged that the Picayune Rancheria of Chukchansi Indians (tribe) had overstated tribal enrollment numbers to the U.S. Department of Housing and Urban Development (HUD), resulting in its tribally designated housing entity, the Chukchansi Indian Housing Authority, receiving more funding than it should have. Our objective was to determine whether the Authority accurately reported and supported its tribal enrollment numbers as required by HUD. In addition, we wanted to determine whether the Authority administered its program funds in accordance with HUD rules and requirements.

### What We Found

---

The allegations in the complaint had merit. The Authority overstated its tribal enrollment numbers on HUD's formula response form used for its 2015 and 2016 program funding. This condition occurred because the Authority did not have controls in place to ensure accurate reporting. We attempted to verify the accuracy of the tribal enrollment numbers; however, the tribe restricted access to the tribal enrollment files, which created a scope limitation in completing the audit. In addition, the Authority did not always adequately support the eligibility of program funds spent and did not process program expenses with complete documentation in accordance with HUD's and its own rules and requirements. This condition occurred because the Authority did not always follow its own policies and procedures. As a result, it received \$248,222 in excess program funds, awarded more than \$1.7 million in program funds that could not be verified, and spent \$548 in program funds without proper supporting documentation.

### What We Recommend

---

We recommend that the Acting Administrator of HUD's Southwest Office of Native American Programs recapture the \$248,222 in excess program funds from the Authority and require the Authority to ensure the accuracy of and support the tribal enrollment numbers in 2015 and 2016 for more than \$1.7 million in unsupported program funds. In addition, HUD should require the Authority to (1) establish and implement formal written policies and procedures to document the process for obtaining and verifying tribal enrollment numbers, (2) support the eligibility of \$548 in unsupported costs or repay the program using non-Federal funds, and (3) implement controls to ensure that all required documentation for future program expenses is complete.

# Table of Contents

---

|   |           |
|---|-----------|
| <b>Background and Objective.....</b>  | <b>3</b>  |
| <b>Results of Audit .....</b>   | <b>5</b>  |
| <b>Finding 1: The Authority Overstated Its Tribal Enrollment Numbers Used To Determine Its HUD Funding.....</b>           | <b>5</b>  |
| <b>Finding 2: The Authority Did Not Always Support Program Expense Eligibility and Properly Process Transactions.....</b> | <b>9</b>  |
| <b>Scope and Methodology.....</b>   | <b>12</b> |
| <b>Internal Controls.....</b>   | <b>14</b> |
| <b>Appendixes.....</b>  | <b>16</b> |
| <b>A. Schedule of Questioned Costs and Funds To Be Put to Better Use.....</b>   | <b>16</b> |
| <b>B. Auditee Comments and OIG’s Evaluation .....</b>   | <b>17</b> |
| <b>C. Criteria.....</b>   | <b>27</b> |

# Background and Objective

---

In 1996, the Native American Housing Assistance and Self-Determination Act reorganized the system of housing assistance provided to Native Americans through the U.S. Department of Housing and Urban Development (HUD). HUD eliminated and replaced several separate programs of assistance with the Indian Housing Block Grant authorized for tribes under the Act.

HUD's Office of Public and Indian Housing includes the Office of Native American Programs, which ensures that safe, decent, and affordable housing is available to Native American families; creates economic opportunities for housing residents; assists in the formulation of plans and strategies for community development; and assures fiscal integrity in the operation of programs. The Southwest Office of Native American Programs services areas in the southwest region, including Arizona, California, Nevada, New Mexico, and Ysleta del Sur.

The Picayune Rancheria of the Chukchansi Indians is a federally recognized Native American tribe that is authorized under the Act and HUD to receive program funds. In March 1997, the Chukchansi Indian Housing Authority was established and recognized as a tribally designated housing entity. As a designated entity, it became a political subdivision for the tribe and a designated recipient of annual program funds from HUD. It is responsible for managing housing programs and ensuring its mission to eliminate substandard living conditions by providing housing services; protecting tribal lands and families; and maintaining healthy, safe, and culturally sensitive communities. The Authority is funded through Federal grants and receives program funds only from HUD. As a result, it oversees the allocated program funding on behalf of the tribe. However, the Authority does not maintain tribal enrollment member records or information on the tribal enrollment number. The tribe determines the tribal enrollment numbers and retains records of their members. As a result, the Authority depends on the tribe to provide it the tribal enrollment numbers to report to HUD for use in determining program funding.

Each year, the Authority reports its tribal enrollment number on a formula response form, form HUD-4117, to the Formula Service Center, a company contracted by HUD to maintain program funds. The tribe provides the Authority the tribal enrollment number to include on the HUD form. To assist HUD in operating the formula grant, the Formula Service Center performs update, correction, and operational activities to ensure that components of the formula are current. Specifically, it provides HUD with collection, statistical, and policy analysis; runs the data analysis for formula allocations for all participating tribes and notifies tribes of their allocations; and produces a range of specialized and routine reports.

The Formula Service Center uses the tribal enrollment number from the form to calculate and formulate the allocation of program funds. In addition, HUD requires the Authority to submit an Indian housing plan and an annual performance report to show activities that will be funded with program funds. The Authority may use the program funds for the operation and administration of current programs and eligible activities, including housing development, housing services to eligible families and individuals, crime prevention and safety, and model activities that provide creative approaches to solving affordable housing problems.

From December 2011 to October 2015, there were internal disputes within the tribe’s leadership, which caused the closure of the Authority. In October 2015, the tribe elected a new council and reestablished the Authority. Due to continued tribal disputes, the new Authority could not access records maintained under the old administration. However, it was able to reopen and begin operation of its housing programs. As part of the reopening, the Authority hired new staff to manage the housing operation, while attempting to recreate old records. Because of the change in leadership, the program funds for 2015 and 2016 were administered under the new Authority; therefore, we limited our review to 2015 and 2016.

In fiscal years 2015 and 2016, the Authority reported 1,234 in tribal enrollment on HUD’s formula response form, and HUD awarded more than \$1.9 million in program funds to support program activities. For grant years 2015 and 2016, the Authority spent \$624,299 of the program funds and had a balance of more than \$1.3 million.

| Grant year   | Awarded          | Spent          | Balance          |
|--------------|------------------|----------------|------------------|
| 2015         | \$977,804        | \$61,864       | \$935,940        |
| 2016         | 1,017,624        | 562,435        | 455,189          |
| <b>Total</b> | <b>1,995,428</b> | <b>624,299</b> | <b>1,391,129</b> |

While the complaint is against the tribe for overstating numbers, their actions played a significant effect in the Authority’s funding from HUD. Since the Authority, not the tribe, is the direct recipient of the HUD funding, we focused our review on the Authority. As a result, the objective of our audit was to determine whether the Authority accurately reported and supported tribal enrollment numbers as required by HUD. In addition, we wanted to determine whether the Authority administered its program funds in accordance with HUD rules and requirements.

# Results of Audit

---

## **Finding 1: The Authority Overstated Its Tribal Enrollment Numbers Used To Determine Its HUD Funding**

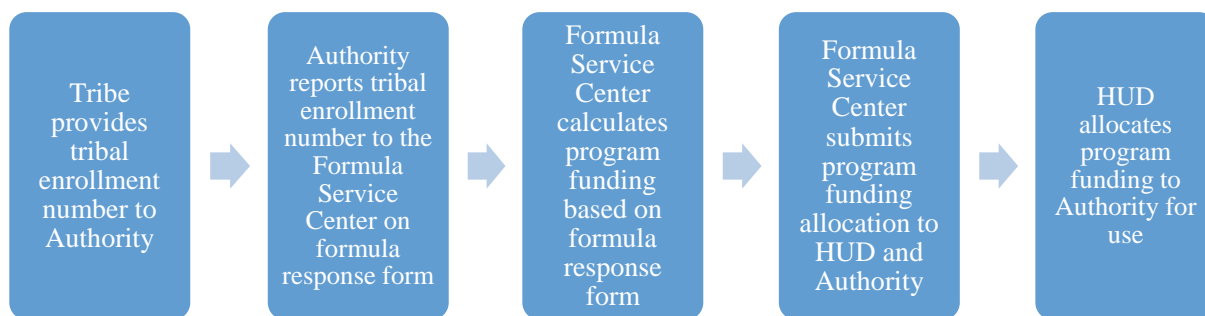
---

The Authority overstated its tribal enrollment numbers used to determine its program funding. Specifically, it reported an inaccurate tribal enrollment number of 1,234 on HUD's formula response form used to calculate its 2015 and 2016 program funding. This condition occurred because the Authority did not have controls and written policies and procedures in place to ensure accurate reporting. We attempted to verify the accuracy of the tribal enrollment numbers; however, the tribe restricted access to the tribal enrollment files, which created a scope limitation in completing this audit. The Authority's inaccurate reporting caused disparities in how HUD allocated the funds to the other Indian housing authorities. The Authority's lack of due diligence led to it receiving \$248,222 in excess funds that HUD should recapture for use by other tribes to meet program objectives. Further, we questioned additional funds of more than \$1.7 million provided to the Authority based on unsupported tribal enrollment numbers.

### **Authority Overstated Its Tribal Enrollment Numbers**

In 2015 and 2016, the Authority overstated its tribal enrollment number of 1,234 on HUD's formula response form used to determine its program funding. Based on the numbers submitted, HUD awarded the Authority more than \$1.99 million in program funding for eligible program activities. However, it should have received \$1,747,206 in program funding based on lower tribal enrollment numbers in 2015 and 2016.

HUD regulations at 24 CFR (Code of Federal Regulations) 1000.315(b) require the Authority to report any changes to tribal enrollment numbers to HUD's contractor, the Formula Service Center, using the formula response form, Form HUD-4117, to determine the program funding allocation for the year (appendix C). On June 1 of each year, the Formula Service Center sends the form to the Authority to report any changes, including the tribal enrollment number. The Authority is required to return the form to the Formula Service Center by August 1 to allow for recalculation and program funding. The tribe is responsible for providing the Authority with the tribal enrollment number for use on the form. In 2015 and 2016, the Formula Service Center sent the Authority forms with the reported tribal enrollment number of 1,234. The Authority did not respond with corrections to that number by the deadline. As a result, the Formula Service Center used the tribal enrollment number of 1,234 to determine the Authority's allocation of program funding for 2015 and 2016. The diagram below summarizes the submittal and use of the tribal enrollment number to determine the yearly funding.



We asked the Authority to support the tribal enrollment number of 1,234 reported on the 2015 and 2016 formula response forms. We received the following:

- In January 2017, the Authority provided a data set that included 1,038 living and deceased enrolled tribe members.
- In March 2017, the tribe provided us a response that showed tribal enrollment numbers of 1,038 for 2015 and 1,031 for 2016.
- In April 2017, the tribe informed us that the tribal enrollment for 2016 was 1,030.

We informed the Authority, the tribe, and the tribe’s attorneys of the discrepancies noted, and they admitted that the tribal enrollment number of 1,234 was carried forward from previous years and reported to the Formula Service Center without verification. The Authority provided us multiple revised tribal enrollment numbers (as noted in the bullets above) without verification of its accuracy. As a result of the inconsistency in numbers, we adjusted the record count of living enrolled tribe members to 1,037 in 2015 and 1,033 in 2016 (scope and methodology). At our request, the Formula Service Center recalculated the 2015 and 2016 program funding. Based on this calculation, the Authority should have only received \$1,747,206 in program funding.

As shown in the table below, HUD awarded \$1,995,428 in program funding using the adjusted enrollment numbers, HUD should have only awarded \$1,747,206 based on the adjusted record count of 1,037 and 1,033, respectively. Therefore, we are questioning the overpayment of \$248,222, or the difference of \$1,995,428 and \$1,747,206.



| Tribal enrollment numbers    |  |                                  |                                   |                                  |  |
|------------------------------|--|----------------------------------|-----------------------------------|----------------------------------|--|
| Grant year                   | Tribal enrollment number reported to HUD | Original awarded program funding | Adjusted tribal enrollment number | Adjusted awarded program funding | Difference between original and adjusted program funding |
| 2015                         | 1,234                                    | \$977,804                        | 1,037                             | \$867,509                        | \$110,295  |
| 2016                         | 1,234                                    | 1,017,624                        | 1,033                             | 879,697 <sup>1</sup>             | 137,927  |
| <b>Total program funding</b> |  | <b>1,995,428</b>                 |                                   | <b>1,747,206<sup>2</sup></b>     | <b>248,222</b>   |

Collectively, the inaccurate tribal enrollment numbers occurred because the Authority lacked controls and procedures to validate them and ensure accurate reporting to HUD.

### **Tribe and Tribe’s Attorneys Restricted Access to Tribal Enrollment Files**

We attempted to verify the accuracy of the tribal enrollment numbers reported to HUD. However, the tribe and its attorneys restricted our access to the tribal enrollment files, which would have allowed us to determine the accuracy of the information from the tribal enrollment list in comparison to the sample files. This action resulted in a scope limitation, which hampered our ability to complete the review. As a result, we considered program funds of more than \$1.7 million to be unsupported.

### **Conclusion**

HUD awarded the Authority more than \$1.99 million in program funds based on overstated tribal enrollment numbers of 1,234 reported in 2015 and 2016. The Authority admitted that it carried forward the overstated tribal enrollment numbers without verification for the program years in question. This condition occurred because the Authority lacked controls and written policies and procedures to ensure accurate reporting. The Authority’s lack of due diligence led to it receiving \$248,222 in excess funds that HUD should recapture for use by other tribes to meet program objectives. As a result of restrictions on access to the tribal enrollment files, we also questioned more than \$1.7 million in program funds until the Authority can provide data to validate the accurate reporting of the tribal enrollment numbers.

### **Recommendations**

We recommend that the Acting Administrator of HUD’s Southwest Office of Native American Programs

- 1A. Recapture the \$248,222 in excess program funds from the Authority and allocate in the pool for other tribes to use in meeting program objectives.

---

<sup>1</sup> For reporting purposes in finding 1, we questioned \$861,715 of the \$879,697 in program funding. The difference of \$548 was considered unsupported costs identified in finding 2.

<sup>2</sup> This adjusted amount was calculated by the Formula Service Center using the tribal enrollment numbers provided to us from the tribe. For reporting purposes in finding 1, we questioned \$1,746,658 as unsupported costs. The difference of \$548 was considered unsupported costs identified in finding 2.

- 1B. Require the Authority to provide source documentation to determine the accuracy of the tribal enrollment numbers reported in 2015 and 2016. Based on those supported numbers, HUD should recapture or offset the unsupported amounts from the awarded \$1,746,658 in program funds that resulted from under or overstated tribal enrollment numbers.
  
- 1C. Require the Authority to establish and implement controls and formal written policies and procedures to ensure that accurate tribal enrollment numbers are reported to the Formula Service Center and HUD for future grant years.

## **Finding 2: The Authority Did Not Always Support the Program Expense Eligibility and Properly Process Transactions**

---

The Authority did not always support the eligibility of program funds spent in accordance with HUD's and its own rules and requirements. In addition, it processed program expenses without the documentation required by its own policies and procedures. This condition occurred because the Authority did not always follow HUD requirements and its own policies and procedures to ensure that program funds were administered in accordance with HUD rules and regulations. Specifically, the Authority did not consistently ensure that complete supporting documentation was maintained for all program expenses. Without source documentation, there was no assurance that the funds were used for eligible program activities. In addition, the Authority could not support \$548 in program expenses reimbursed by HUD.

### **Authority Did Not Support the Eligibility of Program Expenses**

During our fieldwork, we reviewed \$526,108 in program expenses associated with eight vouchers that the Authority incurred during 2015 and 2016. Of this amount, the Authority did not adequately support the eligibility of \$36,427 from two vouchers with source documents as required by HUD requirements and its own policies and procedures.

HUD regulations at 24 CFR 85.20(b)(6) state that accounting records must be supported by such source documentation as canceled checks, paid bills, payrolls, time and attendance records, and contract and award documents (appendix C). Further, the Authority's policies and procedures state that all transactions must be supported by receipts or invoices to ensure proper internal accounting records and tracking of program expenses. The Authority did not adequately support the eligibility of program expenses with source documents.

Of the eight vouchers reviewed, the Authority did not have source documents for two vouchers to support incurred expenses. Of this amount, \$29,967 was included in voucher 1, and \$6,460 was included in voucher 2. The Authority did not provide source documents to support \$29,967 from voucher 1 for various program expenses, such as program operations, maintenance of housing units, and rental assistance. For voucher 2, the Authority spent \$6,460 on travel expenses and board stipends for which it did not keep source documents. As support for \$4,460 in travel expenses, the Authority provided a screen shot of a text message with the total amount due without providing copies of invoices or receipts to support the expenses. The remaining \$2,000 was for stipends that the board members earned from attending meetings. However, the Authority could not provide meeting minutes to support their attendance to earn the stipends. Without source documents to support the questioned program expenses, we could not determine program eligibility of the funded activities. This condition occurred because the Authority did not always follow HUD and its own policies and procedures on a consistent basis to ensure that program funds were administered in accordance with HUD rules and requirements. After the completion of our fieldwork, HUD provided source documents, which supported \$18,445 in program expenses from voucher 1. As a result, we revised the reported amount from \$36,427 to \$17,982 in unsupported program costs. During our exit conference held on July 13, 2017, the Authority provided additional source documents, which supported \$17,434 in program expenses from vouchers 1 and 2. As a result, we revised the reported amount from \$17,982 to \$548 in

unsupported program costs. See the table below for the original and revised unsupported program expenses.

| Voucher number | Description of expenditure  | Original unsupported program expenses | Program expenses supported by HUD | Revised unsupported program costs | Program expenses supported by the Authority | Final revised unsupported program costs |
|----------------|---|---------------------------------------|-----------------------------------|-----------------------------------|---|---|
| 1              | Program operations, maintenance of housing units, and rental assistance | \$29,967                              | \$18,445                          | \$11,522                          | \$11,474                                    | \$48                                    |
| 2              | Travel expenses, board member stipend                                   | 6,460                                 | -                                 | 6,460                             | 5,960                                       | 500                                     |
| <b>Total</b>   |   | <b>36,427</b>                         | <b>18,445</b>                     | <b>17,982</b>                     | <b>17,434</b>                               | <b>548</b>                              |

**Authority Processed Program Expenses With Missing and Incomplete Documentation**

The Authority was not consistent in ensuring that it maintained complete documentation for the 49 check request forms associated with the four vouchers submitted to HUD for reimbursement. This condition occurred due to the Authority not always following its own policies and procedures to ensure that program expenses were properly processed. Specifically, the Authority was not consistent in ensuring that it maintained complete documentation for all program expenses as required by its own policies and procedures (appendix C). Of the eight vouchers reviewed, the Authority processed payments for four vouchers that had missing and incomplete documentation. See the table below for a summary of missing information from the check request forms.

| Voucher number | Number of incomplete check request forms | Missing general ledger expense code | Missing date | Missing approver signature |
|----------------|--|-------------------------------------|--------------|----------------------------|
| 1              | 16                                       | 30                                  | 0            | 1                          |
| 2              | 15                                       | 3                                   | 0            | 13                         |
| 3              | 12                                       | 21                                  | 0            | 0                          |
| 4              | 6  | 2                                   | 1            | 4                          |
| <b>Total</b>   | <b>49</b>                                | <b>56</b>                           | <b>1</b>     | <b>18</b>                  |

The Authority's own internal control policies and procedures state that the accounting function enhances fiscal control by maintaining internal records of all transactions to assist in monitoring program expenditures and reimbursements (appendix C). This process includes initiating a check request form for each transaction and completing it before approval. The check request form should include all supporting documentation for completeness and accuracy to ensure that costs are in accordance with the terms of purchase. Further, the Authority must support each voucher submitted to HUD for program reimbursement with documentation, such as statements, invoices, travel vouchers, or purchase orders. It must ensure that all paperwork and approvals are kept current to ensure access to appropriate program funding.

The Authority was not consistent in ensuring that it maintained complete documentation for the 49 check request forms associated with the four vouchers submitted to HUD for reimbursement. This condition occurred because the Authority did not ensure that all check request forms were completed for proper tracking in its accounting records and signed by authorized individuals as required by HUD and its own policies and procedures. These inconsistencies raised concerns that the Authority did not properly track its accounting records when processing program expenses. During the exit conference, the Authority explained that it had taken corrective action to address the 49 check request forms identified in the report and provided documentation of the corrections made. As a result, the questioned check request forms are complete and this issue is resolved. However, the Authority must ensure that all future check request forms are complete for proper tracking of incurred expenses.

### **Conclusion**

The Authority did not always adequately support the eligibility of program funds spent in accordance with applicable HUD rules and requirements. This condition occurred because the Authority did not always follow HUD requirements and its own policies and procedures for processing program expenses. Specifically, it did not provide source documents to support incurred program expenses as required by HUD rules and regulations. In addition, the Authority spent \$548 in program funds on program costs it could not support.

### **Recommendations**

We recommend that the Acting Administrator of HUD's Southwest Office of Native American Programs require the Authority to

- 2A. Support the eligibility of the reported \$548 in unsupported program costs or repay its program using non-Federal funds.
- 2B. Implement controls to ensure that all future check request forms are complete for proper tracking in its accounting records and authorized approver verifies source documentation is attached prior to check issuance for future program expenses as required by its own policies and procedures.

# Scope and Methodology

---

We performed our audit work at the Authority's office in Fresno, CA, from January 10 to April 6, 2017. Since the completion of our fieldwork, the Authority has relocated to Oakhurst, CA. Our review covered the period January 1, 2015, to December 31, 2016, and was expanded as necessary.

To accomplish our objective, we

- Reviewed relevant background information.
- Reviewed applicable HUD rules, regulations, and requirements.
- Reviewed HUD monitoring reports, applicable grant forms and agreements, and Line of Credit Control System<sup>3</sup> grant reports.
- Reviewed the Authority's meeting minutes, Indian housing plan, and annual performance report.
- Reviewed and analyzed the Authority's policies, procedures, internal controls, and financial records relevant to the program.
- Reviewed detailed expenditure support for sampled program vouchers.
- Held onsite and teleconference discussions with HUD representatives, Authority staff, and the tribe's board and attorneys.

## Tribal Enrollment File Sample

The Authority provided a data set that included a record count of 1,038 living and deceased enrolled tribe members for 2015 and 2016. Specifically, the data set provided was missing records as the record count of enrolled tribe members of 1,038 did not match the 1,234 reported to HUD on the formula response form. Based on our assessment of the data set, we determined that the data set of 1,234 was not reliable. Instead, we selected a sample from the Authority's current data set of 1,038. Discussion with the Formula Service Center required us to remove deceased members from the data set. The data set of 1,038 included deceased tribe members that the Authority confirmed for 2015 and 2016. Based on this information, we removed the deceased the identified tribal members to determine the record count of living enrolled tribe members to 1,037 in 2015 and 1,033 in 2016. In selecting a random statistical sample, we used the most recent record count of 1,033 as our audit universe to determine the validity of the data

---

<sup>3</sup> The Line of Credit Control System is HUD's primary grant disbursement system used for handling disbursements for the majority of HUD programs.

set. Our statistician provided a random statistical sample of 64 records to review for audit. However, the tribe and its attorneys restricted access to the complete tribal enrollment files. We sent two subpoenas to the tribe's chairperson to allow us access to the sample files. In addition to the issuance of subpoenas, we held teleconferences and exchanged email correspondence with the Authority, the tribe, and the tribe's attorneys to request access to the complete files. However, the tribe and its attorneys denied us access to the files. As a result, we could not complete a portion of the review to determine the accuracy and existence of the sample tribal members. We are working on enforcing compliance of the subpoenas with the U.S. Department of Justice, U.S. Attorney's Office.

#### Program Expense Sample

We obtained the Line of Credit Control System disbursement history to identify program expenses for 2015 and 2016. Based on that information, the Authority submitted 14 vouchers that totaled \$624,299 in program expenses during the period January 1 2015, through December 31, 2016. Specifically, there were 2 vouchers submitted in 2015 for a total of \$61,864 and 12 vouchers submitted in 2016 for a total of \$562,435.

We selected all vouchers for 2015 to include in our sample. For vouchers submitted in 2016, we used Microsoft Excel's random number generator to select at least 50 percent, six vouchers, to include in our sample. The results apply only to those items selected and cannot be projected to the universe or population. As a result, our sample for 2015 and 2016 included eight vouchers that totaled \$526,108 in program expenses. We reviewed these eight vouchers to determine whether the Authority administered program funds in accordance with applicable HUD rules and requirements.

We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective(s). We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

# Internal Controls

---

Internal control is a process adopted by those charged with governance and management, designed to provide reasonable assurance about the achievement of the organization's mission, goals, and objectives with regard to

- Effectiveness and efficiency of operations,
- Reliability of financial reporting, and
- Compliance with applicable laws and regulations.

Internal controls comprise the plans, policies, methods, and procedures used to meet the organization's mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations as well as the systems for measuring, reporting, and monitoring program performance.

## **Relevant Internal Controls**

We determined that the following internal controls were relevant to our audit objective:

- Effectiveness and efficiency of program operations – Implementation of policies and procedures to ensure that program funds are used for eligible purposes.
- Reliability of financial information – Implementation of policies and procedures to reasonably ensure that relevant and reliable information is obtained to adequately support program expenses.
- Compliance with applicable laws and regulations – Implementation of policies and procedures to ensure that monitoring and expenditures comply with applicable HUD rules and requirements.

We assessed the relevant controls identified above.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, the reasonable opportunity to prevent, detect, or correct (1) impairments to effectiveness or efficiency of operations, (2) misstatements in financial or performance information, or (3) violations of laws and regulations on a timely basis.



### **Significant Deficiency**

Based on our review, we believe that the following item is a significant deficiency:

- The Authority lacked internal controls to ensure that tribal enrollment numbers were accurate and complete when reported on formula response forms as required by HUD (finding 1).

# Appendixes

---

## Appendix A

---

### Schedule of Questioned Costs and Funds To Be Put to Better Use

| Recommendation number | Unsupported 1/   | Funds to be put to better use 2/ |
|-----------------------|------------------|----------------------------------|
| 1A                    |                  | \$248,222                        |
| 1B                    | \$1,746,658      |                                  |
| 2A                    | 548              |                                  |
| <b>Totals</b>         | <b>1,747,206</b> | <b>248,222</b>                   |


- 1/ Unsupported costs are those costs charged to a HUD-financed or HUD-insured program or activity when we cannot determine eligibility at the time of the audit. Unsupported costs require a decision by HUD program officials. This decision, in addition to obtaining supporting documentation, might involve a legal interpretation or clarification of departmental policies and procedures.
- 2/ Recommendations that funds be put to better use are estimates of amounts that could be used more efficiently if an Office of Inspector General (OIG) recommendation is implemented. These amounts include reductions in outlays, deobligation of funds, withdrawal of interest, costs not incurred by implementing recommended improvements, avoidance of unnecessary expenditures noted in preaward reviews, and any other savings that are specifically identified. If HUD's Southwest Office of Native American Programs recaptures the funds, it will ensure that funds are available for other tribes to use for eligible program activities in accordance with HUD rules and requirements.

# Appendix B

## Auditee Comments and OIG's Evaluation

### Ref to OIG Evaluation

### Auditee Comments



Picayune Rancheria  
of  
**CHUKCHANSI INDIANS**  
8080 N. Palm Ave., Suite 207 \* Fresno, CA 93711 \* (559) 412-5590

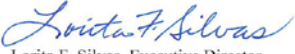
July 26, 2017

**Via Email**  
Tanya Schulze, Regional Inspector General for Audit,  
Region 9, U.S. Dep't of HUD – Office of Inspector General  
300 N. Los Angeles Street, Suite 4070  
Los Angeles, CA 90012  
[Tsulzue@hudoig.gov](mailto:Tsulzue@hudoig.gov)

**RE: Chukchansi Indian Housing Authority; Comments on Draft Audit Report,  
dated July 11, 2017**

Dear Ms. Schulze:

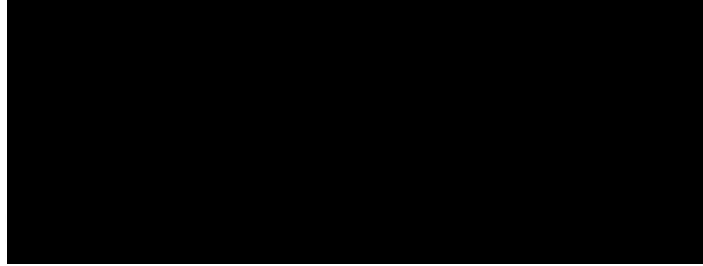
On July 11, 2017, you emailed a Draft Audit Report after reviewing Chukchansi Indian Housing Authority's ("CIHA" or "the Authority") Indian Housing Block Grant Program and the Picayune Rancheria of Chukchansi Indians' ("Tribe") Tribal enrollment. In your email, you requested comments be returned by July 26, 2017. Below, please find comments from CIHA and the Tribe to the Office of Inspector General's ("OIG") Draft Audit Report from July 11, 2017.

Sincerely,  
  
Lorita F. Silvas, Executive Director  
Chukchansi Indian Housing Authority

cc (via email):

\*Names redacted for privacy

Tanya Schulze  
July 26, 2017  
Page 2 of 8



**Comments on HUD OIG's Draft Audit Report**

**I. Finding 1 – The Authority Overstated its Tribal Enrollment Numbers Used to Determine Its HUD Funding**

**A. Acknowledged Error and Repayment**

The phrasing of this finding is inaccurate. As the Draft Audit Report states, the HUD regulations require CIHA to report changes to Tribal enrollment by June 1 of each year. Draft Audit, at 5 (citing 25 C.F.R. 1000.315(b)). CIHA did not overstate its Tribal enrollment numbers for the 2015 and 2016 Fiscal Years. Rather, an accurate statement is that CIHA failed to update its Tribal enrollment for those fiscal years by the June 1 deadline.

Nonetheless, when OIG informed CIHA of a potential error in the Tribal membership reported to HUD, CIHA and the Tribe reviewed its enrollment. Upon this review, the Tribe determined that the number of enrolled Tribal members reported to HUD for the relevant years inadvertently was carried forward from previous years when it should have been reported as changed. As such, the Tribe and CIHA undertook steps to acknowledge this error and resolve the matter as quickly and efficiently as possible.

In letters to Ms. Schulze dated March 15, 2017 and April 7, 2017, the Tribe acknowledged that one or more errors had been made in reporting the enrollment numbers for FY 2015 through FY 2017. The Tribe also reported the correct enrollment numbers as of July 31, 2015, July 31, 2016, and March 31, 2017. The Tribe also included a certification of the membership information by the Tribe's Enrollment Department.

The Tribe also informed HUD's Office of Grants Management of the correct enrollment information, by letter on or around March 31, 2017. By letter dated June 9, 2017, the Tribe resolved the matter with HUD by agreeing to repay the overpayment caused by such error out of CIHA's allocation of 2017 funds. It is the Tribe's and CIHA's understanding that the repayment has been accomplished. In addition, the Tribe and CIHA are taking appropriate steps, in coordination with HUD, to ensure that such errors are not repeated in the future.

**B. Procedures**

OIG's Draft Audit Report states that CIHA reported Tribal enrollment numbers "without verification of its accuracy," and recommends that HUD should require CIHA to "establish and implement formal written policies and procedures to document the process for obtaining and verifying tribal enrollment numbers." Draft Audit Report, at 8. The Report also states that the "Authority lacked internal controls to ensure that tribal enrollment numbers were accurate and complete when reported on formula response forms as required by HUD. These statements and recommendation inaccurately reflects the facts.

In fact, CIHA has established and currently implements formal written policies, procedures, and internal controls to obtain and verify Tribal enrollment numbers. That process entails formally

Comment 1

Comment 2

requesting a certification of those enrollment numbers from the Tribe's Enrollment Department. CIHA has no authority over Tribal enrollment; it may not make Tribal enrollment decisions, view enrollment files. CIHA may only request information concerning Tribal enrollment from the Tribe and the Tribe's Enrollment Department.

When OIG raised the issue that the enrollment numbers had not been updated, CIHA followed its formal policies, procedures, and internal controls and requested that the Tribe's Enrollment Department provide a certified report of the Tribal enrollment numbers for the years relevant to OIG's audit review. Thus, the statement that CIHA provided enrollment numbers "without verification" is inaccurate, and the recommendation to establish formal policies and procedures to verify such numbers cannot be accomplished because such policies and procedures already exist.

The Enrollment Department, in turn, has formal written policies and procedures dealing with Tribal enrollment, which are prescribed by the Tribe's Constitution and governing documents. These formal written policies and procedures include processing applications, keeping records, and verifying enrollment to other Tribal or external agencies where appropriate. It is through these procedures that the Tribe provided a certification of the Tribal enrollment numbers to OIG with the Tribe's April 7, 2017 letter to Ms. Schulze.

As discussed more fully below, it is well-established that the Tribe's internal enrollment determinations and procedures are within the exclusive authority of the Tribe itself.

#### **C. Tribal Enrollment Files**

OIG's Draft Audit Report notes that "the tribe and its attorneys restricted [OIG's] access to the tribal enrollment files." The Tribe continues its objection to releasing its internal enrollment files to OIG or any other entity, particularly when such enrollment files cannot and do not serve the stated purpose for which they are requested.

It is the Tribe's current understanding that OIG first requested enrollment files on February 13, 2017, when it requested "enrolled tribal member's participant file[s]." CIHA understood that request to be requesting CIHA files of Tribal members who had participated in the Authority's programs, particularly because CIHA does not have access to enrollment files or any files other than participants' Housing files. Based on this understanding, CIHA submitted the complete participant files of two Tribal members who had participated in CIHA programs. OIG responded with a subpoena, which also sought "[c]omplete participant files for enrolled tribe members."

When the subpoena was issued, the Tribe's attorneys corresponded with the OIG seeking clarification on what information the auditors sought if not the files concerning the individuals' participation in Housing programs. After failing to receive a clear answer, the Tribal attorneys ultimately stated on February 23, 2017: "To confirm, your office is seeking enrollment documents concerning the Tribal enrollment (as opposed to enrollment in Housing programs) . . . . If this understanding is incorrect, please provide a correction." No correction was provided, and the Tribe therefore concluded that OIG sought documents related to individual Tribal members' enrollment as citizens of the Tribe.

Comment 3

By letter dated March 15, 2017, the Tribe objected to releasing to OIG the enrollment files or information pertaining to the enrollment of individual Tribal citizens. Instead, the Tribe provided a formal certification of the Tribal membership numbers for the years relevant to OIG's audit review and a verification of the citizenship of fourteen individuals listed in OIG's initial "survey sample."

OIG issued a second subpoena on March 30, 2017. This subpoena sought "Complete enrolled tribal files for enrolled tribe members that are associated with support of reported enrollment numbers for IHBG funds." Once again, the Tribe understood OIG to be seeking the files associated with Tribal members' citizenship in the Tribe, not their participation in Housing programs associated with IHBG funds. Again, the Tribe objected to providing the citizenship files of individual Tribal members. However, in response to further correspondence, the Tribe provided a verification of several Tribal members' citizenship named by OIG, and provided redacted copies of such members' Tribal ID cards.

Throughout the audit review process, the Tribe advised OIG of the fact that it is well established that matters of Tribal enrollment are purely intramural, and therefore within the exclusive jurisdiction of the Tribe. The Tribe maintained its position that neither OIG nor any other federal agency or federal or state court has jurisdiction or authority to evaluate, scrutinize, or adjudicate Tribal determinations of their own membership or to review materials given in confidence to the Tribe's enrollment office solely in support of a tribal membership application.

On this basis, the Tribe objected on several occasions to the OIG reviewing enrollment files to make a determination regarding the legitimacy of individual members' enrollment. During later discussions, OIG auditors stated that OIG was not seeking the enrollment files in order to verify, question, or approve the Tribe's membership, and the Tribe greatly appreciated this statement. This, however, raised the question of OIG's purpose for seeking such documents.

In telephone and email correspondence beginning March 15, 2017, individuals from OIG confirmed that OIG's purpose was to verify that the individuals on the sample survey are, as it was stated, "existing, living human beings." Outside of the objectionable implication that the Tribe was fabricating names of individuals,<sup>1</sup> this statement was taken to mean that OIG wanted to confirm that reported numbers of Tribal members included only individuals who were alive at the time of the reported date. OIG confirmed the purpose to confirm the living status of Tribal members.

In response, the Tribe's attorneys pointed out that Tribal enrollment files contain historical documents related to a person's enrollment into the Tribe, which took place at a static moment in history. As such, enrollment files do not contain any documents or information that could possibly prove that such individual currently is living and therefore do not contain any information relevant to OIG's stated purpose. The Tribe therefore concluded that the purpose stated by OIG was not a legitimate reason to seek the files of individual Tribal citizens.

The Tribe's attorneys offered to work with OIG to identify alternative methods of verifying the living status of the individuals to satisfy the purpose stated by OIG. For example, the Tribal attorneys

<sup>1</sup> The Tribe observes that such an implication is not conducive to a constructive government-to-government relationship between the Tribe and the federal government. The Tribe communicated this concern and understands that this implication was not intended.

suggested that individual Tribal members from the survey sample may sign a document with notarization, requiring a living person to appear before a notary on a current date. As another alternative, the Tribe's attorney suggested that the OIG may have the ability to confirm the living status of individuals through other federal agencies, and in fact may have a better capability of acquiring such information than the Tribe. After an initial statement of interest, OIG never demonstrated a willingness to work with Tribe to find any method that would avoid seeking confidential Tribal documents and actually serve the purpose stated by OIG.

After further discussion, however, OIG did identify specific documents that it sought, which were the following:

1. Native American registration ID card ("Tribal ID card"),
2. Driver's license or State-issued identification card,
3. Social Security number, and
4. Residential address (street address, city, state, and zip code).

In response, the Tribe pointed out that, once again, none of the above-listed documents are relevant to OIG's stated purpose of verifying that an individual currently is alive. Additionally, with the exception of the Tribal ID card – which an individual tribal member can choose to request, or choose not to obtain – none of those documents are necessary or relevant to an individual's eligibility for enrollment as a Tribal member. As such, they are not necessarily contained in a Tribal member's enrollment file. Further, the Tribe stated its understanding that OIG has access to Driver's license, Social Security, and residential address records through other federal and state agencies.

The Tribe pointed out that, while tribal ID cards are not contained in members' enrollment files, they are not confidential enrollment documents. As such, in the spirit of cooperation, the Tribe provided redacted copies Tribal ID cards for each of the fifty individuals listed in the Subpoena. The Tribe noted that such Tribal ID cards could not confirm the living status of Tribal members. The Tribe also confirmed the living status of each of the sixty-four individuals listed in both subpoenas to the best information available to the Tribe.

Ultimately, the Tribe maintains its position that the Tribe's right to define and determine its membership is central to its existence as an independent political community, and therefore within the exclusive jurisdiction of the Tribe. Therefore, along with courts and every other federal agency, OIG lacks jurisdiction to review the Tribe's enrollment files. This is particularly true when such enrollment documents, which are central to the Tribe's existence, could not possibly serve the stated purpose of the OIG, to confirm the living status of individuals. As such, the Tribe cannot and will not release citizenship files of individual Tribal members to OIG. To the extent that the enrollment of the Tribe needs verification, both OIG and HUD must accept the Tribe's determination and certification of its own membership.

At the July 13, 2017 Exit Conference, HUD and OIG expressed that the two agencies are currently conducting a discussion of whether HUD should change its policy, such that HUD would no longer allow Indian tribes to determine and certify their own membership without oversight by HUD or OIG. Although the Tribe is not part of those discussions, it urges both OIG and HUD to respect the

Comment 4



sovereignty of Indian tribes and their citizens, the trust relationship between the federal government and tribes, and the long-standing precedent protecting Indian tribes' right to right to define their own membership.

Comment 5

**D. Recommendations**

On page eight, the Draft Audit Report makes certain recommendations. In addition to the comments above, the Tribe makes the following comments:

- Regarding Recommendation 1A, the Tribe has already worked with HUD to repay the excess program funds that were allocated due to the Tribe's failure to update the Tribal enrollment numbers.
- Regarding Recommendation 1B, the Tribe notes that the recommendation is missing the word "to" after the word "Authority." In addition, the Tribe objects to the second sentence that recommends that HUD recapture or offset the unsupported amount from the awarded \$1,729,224 that resulted from under or overstated tribal enrollment numbers. The Tribal enrollment numbers provided by the Tribe in its most recent April 7, 2017 letter are not unsupported, as they were certified by the Tribe itself. As such, the \$1,729,224 was properly allocated, and no portion should be recaptured.
- Regarding Recommendation 1C, the Tribe has already observed that CIHA has established controls and formal written policies and procedures to ensure that accurate tribal enrollment numbers are reported to the Formula Service Center and HUD. The Tribe suggests that the recommendation instead state that HUD require the Authority to ensure that such controls and formal written policies and procedures are properly implemented for future grant years.

Comment 6

**II. Finding 2: The Authority Did Not Always Support the Program Expense Eligibility and Property Process Transactions**

In OIG's initial findings of May 24, 2017, OIG reported to CIHA that it had identified \$36,427 of unsupported costs. CIHA immediately recognized that CIHA had previously submitted documentation to HUD and received prior approval for approximately half of those allegedly unsupported costs. CIHA therefore contacted HUD to inquire whether such costs were supported by HUD's own records. It is the Tribe's understanding that HUD provided the supporting documentation to OIG. As such, the Draft Audit Report listed \$17,982 in unsupported costs.

At the July 13, 2017 Exit Conference, CIHA informed OIG that it had, by email and in response to a request by OIG, previously submitted supporting documentation for the majority of the remaining \$17,982. CIHA provided hard copies of the documentation at the Exit Conference. After review of these documents, CIHA received an email from [REDACTED] of OIG with an updated amount of \$548 in purportedly unsupported costs.

CIHA provides the following comments regarding the remaining \$548:

\*Names redacted for privacy

**A. Voucher 1 – Program Operations, maintenance of housing units, and rental assistance (\$48)**

This amount is for an expense of \$48 in January of 2017, for which a supporting invoice or receipt was not submitted. CIHA staff understands the importance of documenting all costs that are expended. CIHA will attempt to locate and promptly submit a supporting invoice or receipt for this expenditure. Going forward, CIHA will ensure that all costs incurred will be properly supported with documentation.

**B. Voucher 2 – Board Member stipend, \$500**

For the August 23, 2016 meeting of the CIHA Board of Commissioners, CIHA expected four Board members to attend and drew down four \$250 stipends for the Board members, for a total of \$1,000. In the end, only three Board members were in attendance, and only two members elected to receive their stipends. Thus, CIHA only utilized \$500 of the drawn down funds.

Normally, stipend amounts are drawn down some time after the Board meetings. However, because drawdowns require two Tribal Council Members, CIHA has attempted to accommodate for times when those Tribal Council members are on travel or otherwise unavailable. Sometimes, CIHA has long periods of time between draws for this reason. Therefore, CIHA has sometimes drawn funds for stipends ahead of time, in anticipation of Board stipends and long delays before an available drawdown.

In this case, CIHA did not use the entire \$1,000 in anticipated costs for the August 23, 2016 meeting. However, those additional \$500 were used for later Board meetings, and that later use of the funds was documented.

Going forward, CIHA will take steps to anticipate costs as accurately as possible and fully document the use of such draws, either for the anticipated cost or in the case where unused funds are applied at a later time.

**III. Miscellaneous comments**

On page 4, the Draft Audit Report states that there were internal disputes within the Tribe's leadership "From 2015 to mid-2015." In fact, the internal leadership disputes began in December 2011. In February of 2015, the Department of Interior made effective a decision recognizing the Tribal Council elected in December 2010 on an interim basis. On October 3, 2015, the Tribe elected a new Tribal Council, resolving the internal disputes as a matter of Tribal law. CIHA was re-established December 2015.

On page 5, the report states that the reporting error of Tribal membership "led to of [sic] its use of \$248,222 in excess funds, which should be recaptured for use by other tribes to meet program objectives." (emphasis added). In fact, the reporting error led to the allocation of \$248,222 in excess funds; the Authority did not actually use those excess funds. As noted above, the recapture of those excess funds has already been addressed between CIHA and HUD.

Comment 7

## OIG Evaluation of Auditee Comments

- Comment 1 We disagree with the Authority's statement that the phrasing of the finding is inaccurate. Based on our work, which included acknowledgements from the Authority and Tribe, our concerns were valid as the practice of carrying forward overstated tribal enrollment numbers occurred for more than 10 years. Our review of grant years 2015 and 2016 showed that the practice continued until we brought it to the Tribe's and Authority's attention. In addition, the Tribe and the Authority acknowledged overstating 2017 tribal enrollment numbers submitted to HUD. It was only because of our audit that the Authority acknowledged and agreed to repay the 2015 and 2016 overpayments. It may have been accurate to say that the Authority failed to update tribal enrollment numbers if this practice had occurred infrequently. However, the practice continued for years without the Authority taking appropriate action. Thus, we would not characterize it as an error. We commend the Authority and Tribe for taking the necessary corrective actions to address the overstatement and prevent future instances of overstating tribal enrollment numbers, which will result in the Authority not receiving more program funding than needed.
- Comment 2: We disagree that the Authority verified the accuracy of its tribal enrollment number before reporting to HUD and providing it to us. The written policies and procedures provided to us were silent on processes that the Authority should have taken to ensure that accurate and complete tribal enrollment numbers were reported to HUD. Further, Form HUD-4117 states that it is the responsibility of the Authority to ensure the accuracy of the tribal enrollment numbers submitted to HUD. If the policies and procedures had been in place, there would not have been valid concerns and findings that identified at least two years (2015 to 2016) of overstated tribal enrollment numbers submitted to HUD. We maintain that the Authority should take appropriate action to address the reported issues and recommendations in finding 1.
- Comment 3: Throughout the audit, we attempted to work with the Tribe and Authority to obtain the necessary documents, such as the sampled tribal enrollment files, to complete our audit in accordance with government auditing standards. Despite our flexibility and latitude offered through many email messages and phone conversations in an attempt to find an agreeable arrangement, no records were provided either in response to our informal document requests or the two subpoenas issued. The Tribe's refusal to provide the needed records resulted in a scope limitation in completing our work. In accordance with the Inspector

General Act<sup>4</sup> and Inspector General Empowerment Act<sup>5</sup>, we should be granted timely access to all documents related to HUD programs without exception. As of our audit report issuance, we were awaiting enforcement by the United States Attorney's Office to obtain the subpoenaed documents. HUD and the Authority can address the audit findings and recommendations based upon the United States Attorney's Offices' decision of whether to enforce the two subpoenas issued to the Tribe.

- Comment 4: We disagree with this assertion. During the exit conference, neither HUD nor OIG made such a statement regarding the determination and certification of tribal membership. Rather, the Authority asked HUD for clarification about the type of documentation needed to support the tribal enrollment numbers on Form HUD-4117. There was no discussion about HUD's changing its policy.
- Comment 5: We commend the Authority for taking corrective actions to address recommendation 1A. We revised the wording in recommendation 1B to include the word "to" after the word "Authority." Based on the United States Attorney's Offices' decision of whether to enforce the two subpoenas, HUD and the Authority can fully address audit recommendations 1A and 1B. For recommendation 1C, the Authority will need to work with HUD to ensure that its written policies and procedures have formal processes in place to minimize future instances of overstatements and awarding of excess funding.
- Comment 6: The Authority has not provided documentation to support the \$36,427. However, we commend the Authority for taking corrective action to address the questioned costs in finding 2, which resulted in a reduction in questioned costs to \$548. The Authority will need to work with HUD during the audit resolution process to address the remaining amount.
- Comment 7: The report stated "From 2014 to mid-2015," not "From 2015 to mid-2015" as the Authority commented. However, we revised the statement in the report to clarify the period. We changed it from "From 2014 to 2015" to read "From December 2011 to October 2015" to show the accurate period of the internal dispute. We revised references in the report stating that the Authority "received" instead of "used" the excess funds, which totaled \$248,222. We commend the Authority for taking corrective action to address the excess funds identified in this report.

---

<sup>4</sup> The Inspector General Act of 1978 was passed by the 95<sup>th</sup> Congress on October 12, 1978, in Public Law 95-452, 5 U.S.C. App.

<sup>5</sup> The Inspector General Act of 1978 was amended by the Inspector General Empowerment Act on December 16, 2016, in Public Law 114-317.

## Appendix C

---

### Criteria

The following sections of 24 CFR Part 85, 24 CFR Part 1000, the formula response form, and the Authority's internal controls policy and procedures were relevant to our audit of the Authority's Indian Housing Block Grant program.

#### 24 CFR Part 85, Administration Requirements for Grants and Cooperative Agreements to State, Local, and Federally Recognized Indian Tribal Governments

85.20(b)(6) Source documentation. Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and award documents.

#### 24 CFR Part 1000, Native American Housing Activities

1000.315(a) A recipient shall report changes to information related to the IHBG [Indian Housing Block Grant] formula on the Formula Response form, including corrections to the number of Formula Assisted Stock (FCAS), during the time period required by HUD. This time period shall be not less than 60 days from the date of the HUD letter transmitting the form to the recipient.

1000.315(b) The Formula Response Form is the only mechanism that a recipient shall use to report changes to the number of FCAS.

1000.319(a) A recipient is responsible for verifying and reporting... Reporting shall be completed in accordance with requirements in this Subpart D and the Formula Response Form.

#### Formula Response Form (form HUD-4117 (7/12))

This document provides notice to the tribe and/or tribally designated housing entity (TDHE) of the data to be used in calculating its Indian Housing Block Grant (IHBG) program allocation for fiscal year... Please carefully review your Tribe's data and report any changes and corrections to the IHBG Formula Customer Service Center. All tribes/TDHE are responsible for reporting data changes and corrections. According to 24 CFR 1000.315(b), the Formula Response Form (FRF) is the only mechanism that a recipient shall use to report changes to the number of FCAS. In addition, tribes/TDHEs should use the FRF to report changes and corrections to the following: Formula Area, Overlapping Formula Areas, and Tribal Enrollment and Formula Area Population Cap.

Failure to Report – Please note that pursuant to section 1000.315 and 1000.319, recipients are responsible for verifying and reporting changes to their FCAS on the FRF to ensure that data for the IHBG Formula are accurate. Reporting shall be completed in accordance with requirements in subpart D and the FRF. If a recipient receives an overpayment of funds because it failed to report such changes on the FRF in a timely manner, the recipient shall be required to repay the

funds within five fiscal years. HUD shall subsequently distribute the funds to all Indian tribes in accordance with the next IHBG Formula allocation.

#### Chukchansi Indian Housing Authority – Internal Controls Policy and Procedures

E Accounting Control – The Authority has the responsibility for the tracking and the maintenance of the fiscal interest of the Authority. The Authority’s accounting department shall at minimum, satisfy such requirements as may be prescribed by federal or states laws, regulations or guidelines. Additional accounting methods shall be employed to satisfy government accounting standards ...

E(1)(C) The accounting function enhances fiscal control by maintaining internal records of all Housing Authority transactions. The maintenance of proper internal accounting records:

E(1)(C)(b) Provides reasonably accurate picture of the receipts and disbursements by project or program for monitoring purposes.

F(B)(5) The employee designated by the Executive Director shall initiate each transaction by completing a “check request” form, which shall be presented to the Executive Director for approval. All check request forms shall contain enough narrative description to specifically identify the purposes of the payment and the account to which the cost is to be charged.

F(B)(6) The Bookkeeper shall review the check requests and attached supporting documentation for completeness and accuracy. The Bookkeeper shall ensure that the vendor’s invoice/billing statement accords with the terms of the purchase...

#### Procedures to Implement the Requirements of 200.305 Payments

Grant Drawdown: Recipients of NAHASDA [Native American Housing Assistance and Self-Determination Act] ... Only eligible NAHASDA program expenses are paid with IHBG grant funds.

#### Line of Credit Control System [LOCCS]

(4)(c) Each voucher must be supported by documentation, i.e. current cost control statements or invoices, travel vouchers, purchase order, etc.

(4)(d) The approving official and BOC [Board of Commissioners] will review the drawdown voucher request with the accompanying documentation and approve/ disapprove the LOCCS drawdown voucher amounts.

(4)(h) All LOCCS paperwork and approvals will be kept current to insure the Housing Authority has access to the appropriate grant funds.