

ARRA Grant Accounting, Reporting and Internal Control Plan
MaineHousing: HOME - Tax Credit Assistance Program (TCAP)

- Identify the grant program title, CFDA # DUNS number, and total award

Duns number for MaineHousing 086877115

HOME- Tax Credit Assistance Program (TCAP) CFDA # 14.258; total award \$10,690,750

- Please provide current chart of accounts for this program (Fund, Appropriation, Units) and chart of account elements set up for the new ARRA activity.

Cash
Accounts Receivable from Federal Government
Due to Administrative Fund
Allocated Revenue
Grant Income
Grant Expense

Note: The ARRA programs will be accounted for in a separate and stand alone fund group and they will not be comingled with other existing programs. Each ARRA program will be accounted for separately within the fund group in individual series.

- Please identify the key program and finance personnel involved with this program and their roles/responsibilities.

Program Contact: Dan Brennan, Director of Development and Constructions Services
Dan is responsible for supervising staff and developing and directing all activities for this program.

Finance Contact: Karen Champagne, Financial Reporting Manager
Karen is responsible for MaineHousing’s financial statement preparation and internal reporting functions.

Darren Brown, Controller
Darren oversees all accounting and financial reporting activities and authorizes disbursement of funds.

- Identify risks, areas of concern, and or lack of information that could potentially result in noncompliance with state and federal program, accounting, or reporting requirements. A formal risk assessment should be developed. Please provide a copy of your risk assessment.

Multifamily loans are currently underwritten at MaineHousing under MaineHousing's existing Tax Credit Assistance Program. The current controls and procedures adequately address any internal control concerns. All prior external audits have resulted in unqualified opinions by the independent auditors and there have been no material internal control deficiencies identified in past A-133 audit reports.

- Direct charging via payment interface, PRC or GAX to ARRA funds 020 and 021 is preferred. However, we recognize that journal entries may be necessary. Please identify what types of journals your agency may be processing to record ARRA activity and the basis that will be used to calculate journal entries. Please contact your agency financial reporting liaison at OSC for instructions on what to submit for supporting documentation with your ARRA journals.

Not applicable. MaineHousing is a quasi-state agency and does not submit journals or utilize the Advantage system.

- Is this grant entitled to retro ARRA funding? How will this be handled by your agency?

We are not aware at this time that the Tax Credit Assistance Program is eligible for retro ARRA funding.

- Identify what internal control measures you will be taking beyond standard practice to ensure proper implementation, accounting and reporting of ARRA funding.

The Tax Credit Assistance Program currently exists at MaineHousing and ARRA funds are intended to enhance MaineHousing's ability to assist the development of Multi-Family low income housing. The current internal control measures will continue to be utilized to monitor the use of the new funds. To ensure any new reporting requirements are completed, MaineHousing has designated the Financial Reporting Manager as the financial contact, the Director of Development and Construction Services as the program contact and the Communications Special Projects Coordinator as the agency wide contact. In addition, one of the MaineHousing legal staff has been assigned to work with the Development and Construction Services department to ensure that MaineHousing is meeting all requirements of TCAP as outlined by HUD. These appointments will enhance MaineHousing's internal and external communication to make certain all reporting requirements are completed.

- How do you plan on communicating ARRA policies and procedures to all parties involved?

The Development and Construction Services team has held partner meetings with existing developers to obtain their input. Partner meetings will continue to be scheduled throughout the process. An existing email database is maintained to disseminate any and all policy and procedure information to internal and external parties.

MaineHousing has created www.mainehousing.org/ARRAHome.aspx to communicate to all external parties the use of all ARRA funds. MaineHousing is posting all ARRA related documents, contracts, communications and tracking on the MaineHousing ARRA website.

- Please identify the applicable state and federal reporting requirements for this grant.

MaineHousing will continue to use the current federal reporting requirements for Tax Credit Assistance Program funds. MaineHousing will enter all committed and disbursed funds into HUD's Integrated Disbursement and Information System (IDIS). MaineHousing also monitors all HUD compliance components related to multi-family projects for the duration of HUD financed mortgages. In addition, MaineHousing receives an annual independent audit and A-133 audit to comply with the federal governments requirements.

- Does this grant have any ARRA accelerated reporting requirements? If so, how do you intend to meet this deadline?

At this time, MaineHousing is not aware of any accelerating reporting requirements.

- Identify any additional state and federal compliance regulations and requirements applicable to this ARRA funding for this grant program. If this is a new grant, please provide information on state and federal compliance regulations and requirements.

To adhere to the new federal standard of transparency, weekly updates relative to all ARRA activities are submitted to the Communications Special Project Coordinate who prepares weekly reports to the Maine Department of Finance and Administration. These weekly reports are posted on the MaineHousing and State of Maine ARRA related websites.

MaineHousing is not imposing any other additional state or federal compliance regulations at this time.

- Has your agency reviewed all contracts to internal and external parties to ensure that they are appropriately classified as a vendor or a subrecipient and that the contract contains sufficient detail of the responsibilities of each organization to ensure timely and accurate reporting on the use of ARRA funds, compliance with grant award requirements and State regulations, and proper reporting of the expenditure of federal dollars on the Federal Status Reports and the Schedule of Expenditures of Federal Awards.

Our internal Legal Department currently reviews all multi-family loan documents and is involved in any contract negotiations. All documents are reviewed for reporting requirements for all funding sources used, including ARRA funding.

- Have you considered relationships with other grant programs and how they will impact your ARRA funding and accounting? Please identify those programs and the relationship and how you will be addressing the flow of transaction activity.

Projects eligible for ARRA Tax Credit Assistance Program funding can also be awarded Federal HOME funds from HUD. Any existing projects currently awarded Federal HOME funds will retain their original awarded monies and may receive additional funding through ARRA.

- Please provide documentation on the procedures your agency will be implementing to ensure compliance with program, accounting and reporting regulations and requirements.

Accounting:

The accounting unit receives requests from the Development Department to disburse and draw down ARRA funds. All computer program and online services in use are password protected and reside on secure hardware.

All requests to drawdown ARRA funds from HUD's Integrated Disbursement and Information System (IDIS) are created within the computer software "AOD Home" system. The Program Officer responsible for the project utilizing the ARRA funds enters the project data into the AOD Home system and commits the ARRA funds to the project. On the date the project closes, the Program Officer submits wire transfer or check requests via the AOD Home system. The Accounts Payable Accountant views the requested disbursements and compares them to the draft closing settlement statement. The Senior Research Analyst in the Communications/Planning Department commits the funds in IDIS, notes the assigned IDIS number, and records the unique IDIS identifying number into the project within the AOD Home system. Once a signed settlement statement is received in Accounts Payable, the Accounts Payable Accountant verifies the settlement statement is appropriately signed. Then the Accounts Payable Accountant releases the requested wire transfer or check

request from the AOD Home system into the Accounts Payable system to be paid. Once a payment is completed, the Financial Reporting Manager agrees the weekly detail list of paid items to the physical check or electronic payment. All physical checks are signed and all electronic payments are approved by either the Mortgage Program Accountant, the Financial Reporting Manager or the Assistant Controller; none of which have the authority to issue an electronic payment.

Once the funds are disbursed, the Federal Programs Accountant enters IDIS and utilizes the IDIS identifying number to verify the amount to be drawn as indicated in the AOD Home system as well as the amount on the signed settlement statement. The Federal Programs Accountant completes the drawdown and forwards to the Financial Reporting Manager who then enters IDIS, reviews the settlement statement, and approves the drawdown.

The Accounting Department monitors all receipts and disbursements by completing monthly bank account reconciliations and also monitors daily bank activity online as needed. Outstanding checks are listed and monitored by months outstanding. The Accounting Department is actively using and encouraging the use of electronic payment when a recipient is willing to accept direct deposit of funds to reduce exposure to lost payments, outstanding checks, and general misuse of payments.

All accounting is completed in accordance with General Accepted Accounting Principles (GAAP). Journal entries which debit Grant Expense, Allocated Salaries and Operating Cost Expense and Accounts Receivable from Federal Government and credit Grant Income, Allocated Revenue, and Due to Administrative Fund reflect the physical receipt and distribution of ARRA funds.

Karen J. Champagne, Financial Reporting Manager

April 24, 2009

Preparer(s) Signature and Title

Date