

# **Administrative Control of Funds: Policies and Procedures**

## **Handbook No. 1830.2 REV-5**



## **U.S. Department of Housing and Urban Development**

## **Administrative Control of Funds Policies and Procedures for the U.S. Department of Housing and Urban Development**

### **Preface**

The Constitution of the United States gives the Congress the “power of the purse” and further provides that the executive branch will “faithfully execute” the laws that the Congress passes. Article 1, Section 9 of the Constitution stipulates that no money shall be drawn from the Treasury, but in consequence of an appropriation made by law. A body of law prohibits executive branch agencies from operating at a level that is above and beyond what the Congress has authorized.

The Antideficiency Act of 1906, as codified in Title 31 of the United States Code (USC) serves as the primary foundation for the government’s administrative control of funds system. In its current form, the law prohibits:

- Making or authorizing an expenditure from, or creating or authorizing an obligation under, any appropriation or fund in excess of the amount available in the appropriation or fund unless authorized by law;
- Involving the government in any contract or other obligation for the payment of money for any purpose in advance of appropriations made for such purpose, unless the contract or obligation is authorized by law;
- Accepting voluntary services that could give rise to claims against the United States, or employing personal services in excess of that authorized by law, except in the cases of emergency involving the safety of human life or the protection of property; and
- Making obligations or expenditures in excess of an apportionment, reapportionment, allotment or suballotment.

Other statutes applicable to establishing and controlling HUD’s authorized level of budgetary resources include the:

- Budget and Accounting Act of 1921, as amended;
- Supplemental Appropriations Act of 1950;
- Budget and Accounting Procedures Act of 1950;
- Budget and Impoundment Control Act of 1974; and
- Federal Credit Reform Act of 1990, as amended.

The Office of Management and Budget (OMB), the United States Government Accountability Office (GAO) and the Secretary of the Treasury issue instructions, procedures and guidelines for executive branch agencies to follow in properly controlling their budget authority, including:

- OMB Circular No. A-11, “Preparation, Submission and Execution of the Budget;”
- GAO’s Principles of Federal Appropriations Law; and
- The Treasury Financial Manual.

The processes by which an agency assures that its obligations and expenditures stay within its authorized budget limits, and otherwise comply with the Antideficiency Act, are collectively referred to as the “administrative control of funds.” In accordance with the above-cited authorities, this handbook presents HUD’s policies and procedures for the administrative control of funds, and as such:

- Prescribes a system for positive administrative control of funds designed to ensure that obligations and expenditures in each appropriation account or fund do not exceed the amount available, are made within the period for which funds are available, and are used for proper purposes;
- Provides requirements for the disclosure and review of possible violations of the Antideficiency Act; and
- Enables the Chief Financial Officer (CFO) to determine and affix responsibility in instances where obligations or expenditures have been incurred in violation of the Antideficiency Act, with appropriate corrective action, penalties and reporting to the Congress. Further, the CFO ensures that the Department takes appropriate corrective action and administrative discipline for violations of other administrative subdivision of funds that are not direct violations of the Antideficiency Act.

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## CHAPTER 1. GENERAL INFORMATION

- 1-1. **BACKGROUND.** By law, the Congress sets a federal agency’s budget authority and the agency must limit its obligations and expenditures within that authority. The Antideficiency Act, Title 31 of the United States Code, defines the general limits on an agency’s obligation and expenditure authority and requires the reporting of violations of those limits, with provisions that appropriate administrative or criminal penalties be applied to agency officials responsible for the violations. The specific limits on an agency’s various budgetary resources are expressed in terms of the authorized purpose, time period, and amount. The Office of Management and Budget (OMB) issues guidelines to agencies on budget execution to assist agencies in complying with the requirements of the Antideficiency Act. The processes by which an agency assures that its obligations and expenditures stay within its authorized budget limits, and to otherwise comply with the Antideficiency Act, are collectively referred to as the “administrative control of funds.”
- 1-2. **PURPOSE.** This handbook outlines the U.S. Department of Housing and Urban Development’s (HUD’s) policies and procedures for the administrative control of funds. The purpose of this handbook is to prescribe requirements for:
1. Distributing HUD’s budget authority through an apportionment/allotment process that affixes personal responsibility and accountability for specific budgetary resources (Handbook Chapter 2);
  2. Establishing and maintaining internal controls that provide reasonable assurance that HUD’s obligations and expenditures are within the budget authority limits established by the Congress for specific budgetary resources (Handbook Chapters 3 and 4); and
  3. Reviewing, reporting and acting on possible and confirmed violations of the Antideficiency Act (Handbook Chapter 5).
- 1-3. **SCOPE.** All HUD organizations and budgetary resources are subject to the policies and procedures contained in this handbook, including the cost of credit programs and the loan guarantee limitations covered by the Federal Credit Reform Act of 1990. Any exceptions must first be approved by the Chief Financial Officer (CFO) and then by OMB.
- 1-4. **GENERAL POLICY.** It is the policy of the HUD Secretary that standard practices will be established and followed at HUD to ensure compliance with the Antideficiency Act, as prescribed in this handbook.
- 1-5. **AUTHORITY.** Appendix No. 1 provides a flowchart description of the legal basis for the formulation of HUD’s budget authority and administrative control of funds. The provisions of the Antideficiency Act are described in Chapter 5 of this handbook. The Federal Managers’ Financial Integrity Act of 1982 requires that [“internal accounting and administrative controls of each executive agency shall be established in accordance with

standards prescribed by the Comptroller General, and shall provide reasonable assurances that:

- i. obligations and costs are in compliance with applicable law;
- ii. funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and
- iii. revenues and expenditures applicable to agency operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the assets.”]

Other authorities applicable to HUD’s administrative control of funds are listed in Appendix No. 2 of this handbook.

1-6. **RESPONSIBILITIES.** The Congress has vested overall responsibility for establishing an effective administrative control of funds process with the CFO. Each HUD allotment or suballotment holder is responsible for the proper management and control of all funds allotted to them. All employees of the Department who are involved in funds control are responsible for adhering to the Department’s policies for the administrative control of funds, as described in this handbook. It is the responsibility of any employee who has knowledge of circumstances that may lead to or constitute a possible violation of the Antideficiency Act to provide this information to the OCFO for consideration and appropriate action in accordance with this handbook. Individuals with direct involvement in the administrative control of funds have the additional responsibilities listed below.

1. Chief Financial Officer (CFO):

- a. Provides guidance and training on policies and procedures for the administrative control of funds;
- b. Requires and approves up-to-date funds control plans from all allotment holders, including Salaries and Expenses and Working Capital appropriations;
- c. Maintains an up-to-date inventory of apportionments, allotments, allotment holders, and points of legal obligation;
- d. Processes apportionment requests and the advice of allotments to allotment holders;
- e. Monitors the budget formulation and appropriations process to identify changes to HUD’s budget authority that would warrant changes to apportionments, allotments, or funds control plans;
- f. Designates certifying officers for oversight of payment controls and certification of payments processed by the Office of the CFO (OCFO);
- g. Monitors the overall budget execution process;
- h. Provides financial systems that support agency administrative control of funds that include recording financial transactions affecting: apportionments; reapportionments; allotments; agency restrictions; financial plans; program operating plans; commitments, obligations; and expenditures; as well as anticipated, earned, and collected reimbursements;

- i. Prepares and reconciles financial reports that display cumulative obligations and the remaining unobligated balance by appropriation and allotment and allotment and cumulative obligations by budget activity and object class;
  - j. Provides reporting on the status of amounts committed, obligated, unobligated, expended or withheld, for management information and decision making;
  - k. Performs cyclical reviews of compliance of funds control plans and assures the correction of any deficiencies found; and
  - l. Investigates potential violations of the Antideficiency Act, determines if actual violations have occurred, reports on any violations, and ensures the Department takes corrective action on any such violations, as well as violations of other administrative subdivision of funds that are not violations of the Antideficiency Act, per se.
2. Allotment Holder:
- a. Allotment holders, who are generally Assistant Secretaries or equivalent positions, submit apportionment requests to the CFO, as needed to carry-out responsibilities;
  - b. Bear overall responsibility for funds allotted to them;
  - c. Develop, maintain and enforce adequate funds control plans;
  - d. Plan and structure new programs or activities to provide for an administrative control of funds in accordance with this handbook;
  - e. Provide for training on implementation of funds control plans;
  - f. Designate Funds Control Officers;
  - g. Issue suballotments or assignments of funds, where needed to support program or administrative operations; and
  - h. Support the CFO in the review, resolution and reporting of possible Antideficiency Act violations regarding funds allotted to them.
3. Funds Control Officer:
- a. Support Allotment Holders and the CFO in the development, maintenance, implementation, and enforcement of funds control plans and underlying systems and processes;
  - b. Assure the maintenance of complete, accurate, and current records of all requests processed for the commitment, obligation, and expenditure of funds, as applicable, under their control;
  - c. Serve as or designate a Funds Verification Official to provide accurate certifications of the availability of funds for processing requests for commitments, obligations and payments;
  - d. Monitor budget execution and advise the Allotment Holder on funding use and needs;
  - e. As needed, develop more detailed policies and procedures for funds control in their organizations, consistent with the general requirements of this handbook; and
  - f. Support the Allotment Holder and CFO in the investigation, report, and follow-up actions of possible Antideficiency Act violations and violations of agency limitations that are not violations of the Antideficiency Act.

4. Federal Housing Administration (FHA) and Government National Mortgage Association (GNMA) Comptrollers:
  - a. Provide financial management systems support for the administrative control of funds processed in their organizations;
  - b. Designate certifying officers for oversight of payment controls and certification of payments processed by their organizations; and
  - c. Report on the status of amounts committed, obligated, unobligated, expended, or withheld--for funds accounted for by their organizations--for management information and decision-making.
5. Suballotment Holder and Assignment Holder:
  - a. Manage and control commitments, obligations, and expenditures in accordance with the limits of the Suballotment or Assignment of Funds; and
  - b. Adhere to the requirements of the applicable funds control plan and this handbook.
6. Program and Administrative Staff processing requests for commitments, obligations, and payments:
  - a. Identify the source, time period, and use of the budgetary resource associated with the funding action being requested;
  - b. Obtain required reviews and signatures to approve the requested funding action;
  - c. Obtain required verification of the availability of funds prior to making commitments, obligations, or payments;
  - d. Maintain documentation in support of all commitment, obligation, and payment events; and
  - e. Validate the system's processing of requests for commitments, obligations, and payments.
7. Questions of Law:
  - a. Appropriations Law Staff, Office of the Chief Financial Officer.  
Legal questions should be referred to the Appropriations Law Staff that involve the law of appropriations, such as legal questions covering availability of amounts appropriated with respect to purpose, time or amount; or that arise from funding statutes such as the Antideficiency Act, the Impoundment Control Act of 1974, or guidance for them such as the GAO Redbook.
  - b. Office of the General Counsel (OGC).  
All other legal questions should be referred to the Office of General Counsel.
  - c. Overlapping Questions.  
Where there is uncertainty regarding the appropriate referral office, refer to both ALS and OGC. With respect to joint referrals and misdirected referrals, both groups of attorneys will work together procedurally and substantively as necessary and appropriate to respond to legal questions, giving careful consideration to provisions in specific appropriations laws as well as pertinent program authorization legislation.

- 1-7. **TRAINING REQUIREMENTS.** All HUD Allotment Holders will be briefed by the OCFO on the Antideficiency Act and the requirements of this handbook. Employees designated as Funds Control Officers, Funds Verification Officials, and Payment Certifying Officers must attend a basic course on appropriations law (e.g., the U.S. Government Accountability Office's (GAO's) Principles of Appropriations Law course or an equivalent) prior to assuming their responsibilities for funds control. In addition, all HUD staff involved in the processing of actions for the commitment, obligation or expenditure of HUD funds will attend annual briefings on the Antideficiency Act and HUD's administrative control of funds requirements, as presented by the OCFO. Systems user training on automated funds control systems (e.g., HUD Central Accounting System (HUDCAPS)), will be provided by systems sponsors, as needed. In addition, Funds Control Officers should assure that HUD officials designated in their funds control plans are familiar with the content of those plans, as well as this handbook.
- 1-8. **TERMS AND DEFINITIONS.** A listing of terms and definitions used in this handbook is provided in Appendix No. 3.



## CHAPTER 2. APPORTIONMENT AND ALLOTMENT OF FUNDS

- 2-1. **PURPOSE.** This Chapter describes the process and procedures for apportioning appropriated budgetary resources to the Department and subsequently allotting those resources to designated HUD allotment holders for use.
- 2-2. **APPORTIONMENT OF FUNDS BY OMB.** Budgetary resources appropriated for HUD by the Congress are subject to “apportionment” to the Department by OMB. The following considerations and requirements are part of HUD’s administrative control of funds:
1. Apportionments are legally binding documents that specify amounts and purposes for which appropriated resources shall be used;
  2. Obligating funds in excess of amounts provided by an apportionment, allotment or suballotment is a violation of the Antideficiency Act;
  3. OMB apportions budgetary resources to the Assistant CFO (ACFO) for Budget, the official designated by the Secretary and the CFO to administer HUD’s apportionment/allotment processes;
  4. The Department has 10 calendar days from the date of enactment of an appropriation to submit an apportionment request to OMB;
  5. OMB has 30 calendar days from enactment to approve or disapprove the apportionment request; and
  6. Before HUD officials are authorized to use budgetary resources apportioned to the Department, the resources must be allotted to them in accordance with Sections 2-5 through 2-8 of this Chapter.
- 2-3. **PROCEDURES FOR REQUESTING INITIAL APPORTIONMENTS.** Standard Form No. 132 (SF-132), “Apportionment and Reapportionment Schedule,” is to be used by HUD allotment holders in requesting the apportionment of funds. A sample SF-132 is provided in Appendix No. 5. This form is to be used for requesting all budgetary resources of the Department, which are generally described in paragraph 2-4 below. HUD officials will abide by the following considerations and requirements in submitting and processing apportionment requests:
1. All apportionments and allotments expire at the end of each fiscal year;
  2. Before funds can be obligated in the following fiscal year, new apportionments and allotments must be requested, approved, and issued;

3. All allotment holders will submit the initial apportionment request for the upcoming fiscal year to the ACFO for Budget, by a time period to be specified by the ACFO for Budget;
4. The Office of Budget will prepare apportionment requests with multiple allotment holders (e.g., the Housing Certificate Fund) with input from the affected program offices, and will provide feedback to the allotment holders or their designees on the content and basis of the request before it goes forward to OMB;
5. The apportionment should include the amount of the new appropriation (if known) and a prudent estimate of prior year unobligated balances available for carryover in each account;
6. The ACFO for Budget will review and approve the apportionment request and submit it to OMB; and
7. HUD Principal Staff in Headquarters shall submit operating budget estimates for Salaries and Expenses funding in the form specified in the ACFO for Budget's "Annual Call for Operating Budgets."

2-4. BUDGETARY RESOURCES. Budgetary resources provide agencies with the authority to enter into obligations that will result in outlays. All of HUD's budgetary resources are subject to the apportionment and allotment process. HUD has different types of budgetary resources, as documented on the top portions of the SF-132, as follows:

Budget authority (Line 1 of SF-132)

- Appropriations realized
- Borrowing authority -- permanent indefinite
- Contract authority (distinct from procurement authority) -- and no longer used at HUD
- Net transfers
- Other

Unobligated balance from prior years (Line 2 of SF-132)

- Balance brought forward, October 1
- Net transfers of prior year balances
- Anticipated transfers

Spending authority from offsetting collections (Line 3 of SF-132)

- Earned (collections or receivables from federal sources)
- Change in unfilled customer orders
- Anticipated collections
- Transfers from trust funds

Recoveries of prior-year obligations (Line 4 of SF-132)

- Actual recoveries

- Anticipated recoveries

Some budgetary resources are temporarily or permanently unavailable and appear as negative amounts on the SF-132. Examples include:

Temporarily not available pursuant to Public Law (Line 5 of SF-132); and

Permanently not available (Line 6 of SF-132)

- Cancellations of expired and no-year accounts
- Enacted rescissions
- Capital transfers and redemption of debt
- Other authority withdrawn.

Budgetary resources apportioned to HUD must be allotted to HUD officials, in accordance with below Sections 2-5 through 2-8, to give them the authority to use the resources.

- 2-5. **HUD ALLOTMENT OF RESOURCES.** The approved budgetary resources provided in the OMB apportionment to HUD are allotted to responsible HUD officials under the following conditions:
1. Like the apportionment, the allotment is a legally binding document that specifies the amounts, purposes and time periods for which authorized funds can be obligated;
  2. While the apportionment provides specific guidance for the Department, the allotment provides specific direction to the allotment holder; and
  3. For funds control purposes the allotment holder cannot commit or obligate funding for amounts, purposes or periods other than those included on the allotment.
- 2-6. **OFFICIALS AUTHORIZED TO ISSUE ALLOTMENT OF FUNDS.** The CFO (or his/her designee, the ACFO for Budget) will issue allotments to the officials referred to in paragraph 2-7 below.
- 2-7. **OFFICIALS AUTHORIZED TO RECEIVE AN ALLOTMENT OF FUNDS.**
1. Allotments of program funds may be made only to the HUD officials listed in Appendix No. 4 (allotment holders). The list will be reviewed and updated annually, or as necessitated by turnover in positions, and copies of the updates will be provided to all allotment holders. The list of current allotment holders will be maintained at hud@work on the OCFO's web site.
  2. Allotments of Salaries and Expense (S&E) funding shall be made to each program Assistant Secretary or equivalent and to such other officials as may be designated in Appendix No. 4. The OCFO shall review the listing of allotment holders at least annually and make such changes or additions as may be appropriate.

## 2-8. ADVICE OF ALLOTMENT.

1. Form All allotments prepared by the ACFO for Budget shall be made on Form No. HUD-158, "Advice of Allotment." The HUD-158 includes the amount available, funding source, time period of availability, the position and title of the allotment holder responsible and other agency limitations. A sample of HUD-158 is provided in Appendix No. 6.
2. Prerequisite Before the ACFO for Budget can issue an Advice of Allotment to an allotment holder, he/she must provide:
  - a. Certification of knowledge and acceptance of responsibility Certify that they are aware of and responsible for adhering to the requirements of the Antideficiency Act and this handbook; and
  - b. Submission of an acceptable funds control plan Submit a funds control plan acceptable to the CFO, in accordance with Chapter 4 and Appendix No. 9 of this handbook. Funds control plans for S & E and Working Capital Funds (WCF) will adhere to CFO guidelines and Chapter 4 of this handbook. However, the format for S&E and WCF deviates from Appendix No. 9 of this handbook. Contact the OCFO for further guidance.
3. Manner in which Authority is Provided
  - a. Allotments will normally be made on at least the same basis as funds are apportioned (i.e., quarterly, by program, for a period of one fiscal year, etc.). This does not preclude the ACFO for Budget from issuing allotments in greater detail than the apportionment.
  - b. Where no appropriation act has been approved prior to October 1, a Continuing Resolution (CR) may be enacted to provide minimum funding until such time as the annual appropriation is enacted. In these instances, the Office of the ACFO for Budget will notify the allotment holders of the period of the CR, the amount of funds available to them during that period, and any special restriction placed on the use of the funds by the CR.
  - c. In the event that the Department is operating under a CR, interim allotments may be issued by memorandum and will govern all activities pending the completion of appropriations action.
  - d. Where quarterly subdivisions are shown on the allotment, unused balances available at the end of any of the first three quarters shall be available for use in the succeeding quarter unless withdrawn by an Advice of Allotment.

4. Availability of Allotments Allotted funds shall be available for use only during the fiscal year in which they are allotted. Allotments and changes in allotments for each program or allotment holder shall be sequentially numbered during that fiscal year.
5. Issuance of Advice of Allotments The ACFO for Budget will issue the Advice of Allotment forms to allot HUD's apportioned funds to designated allotment holders for use.
  - a. Based on approved OMB apportionments to HUD, the ACFO for Budget will sign original (hard copy) Advice of Allotment forms for issuance to allotment holders.
  - b. Once the ACFO for Budget signs the allotment forms and OCFO/Accounting enters the apportionment into HUDCAPS, allotted funds will be input into HUDCAPS by Office of Budget staff, with the exception of funds for accounts not currently controlled through HUDCAPS systems, including the GNMA and FHA accounts and other non-FHA loan guarantee accounts (which are subject to the Credit Reform Act), such as the Section 108 Loan Guarantee account administered by the Office of Community Planning and Development (CPD).
  - c. Copies of the signed allotment forms will then be delivered as follows: original to the Program Budget Officer and/or the Funds Control Officer with copies sent to the CFO Accounting and Monitoring and Analysis Division and the CFO Internal and External Reporting Division. Copies of the salaries and expense Advice of Allotments are no longer delivered to the CFO offices mentioned.
  - d. Both the Program Budget Officer and the Funds Control Officer, if different, will sign for receipt of their copy of the allotment form.
  - e. Delivery of the allotment does not serve as notice that the funds have been entered into the HUDCAPS system for use. The allotment will however, serve as a planning document for the program office. The funds will be entered into the HUDCAPS system within 24 hours of the signed allotment as long as it is practicable. FHA and GNMA are responsible for inputting their authorized funding limits into their systems for supporting the administrative control of funds.

2-9. **CHANGES IN APPORTIONMENTS AND ALLOTMENTS DURING THE FISCAL YEAR.**

1. Requests for changes in apportionments and allotments may be made whenever necessary. Initial apportionments and allotments of some budgetary resources are based on estimates or projections of resources, such as projected collection activity or estimated needs against a permanent indefinite authority. In those cases, it is incumbent on the allotment holder and their staff to closely monitor and manage those activities, and as needed, to either request an increase in their authorized

budgetary resources or to curtail or cease the obligation of funds to avoid a violation of the Antideficiency Act.

2. For program accounts, the allotment holder will initiate such requests by submitting a revised apportionment request to the ACFO for Budget. For program accounts with multiple allotment holders, the affected office should notify the ACFO for Budget that a change is needed so that the OCFO/Office of Budget can prepare a revised apportionment request. The ACFO for Budget will then initiate any revised apportionment requests for Salaries and Expense (S&E) funding, with input from S&E allotment holders, as needed. Upon approval of the apportionment request by OMB, the ACFO for Budget will issue a revised advice of allotment to increase the allotment holder's funding authority.

## 2-10. APPORTIONMENT ACTION RELATED TO DEFERRALS AND RESCISSIONS.

### 1. Definitions

- a. Deferral A deferral is any action or inaction by an officer of the United States Government that temporarily withholds, delays or effectively precludes the obligation or expenditure of budget authority. Deferrals must receive prior approval from OMB. For the purposes of this handbook, deferrals include those actions within the Department that result from policy decisions to obligate apportioned funds provided for a specific purpose or project at a pace slower than intended by the Congress. However, the Department is not required to report normal internal management actions that affect the timing of obligations for reasons related to the routine financial management of a program or project or to comply with procurement regulation or sound procurement practices.
- b. Rescission A rescission is enacted legislation canceling budget authority previously provided by the Congress, prior to the time when the authority would otherwise have expired.

### 2. Policy.

While deferrals have rarely been used in recent years, rescissions are very common in the Department. A general discussion of the highlights of the effects of deferrals and rescissions on the apportionment is provided below. Any questions concerning proper procedures to be followed for a deferral are to be directed to the Office of Budget.

#### a. Deferrals

- i. Budgetary resources may be withheld from obligation temporarily through the apportionment process with the intent of apportioning them for use later, before they lapse. A deferral must be reported to the Congress in a special message from the President. If the Congress takes no action to disapprove a

reported deferral, it may remain in effect until the end of the fiscal year unless a special message indicates that an earlier release is planned. For annual accounts and the last year of multiple-year accounts, however, funds may be deferred for only part of the year. HUD allotment holders and staff are not authorized to unilaterally defer action on allotted funds.

- ii. If a determination is made that such deferred amounts should not be used, a rescission will be proposed prior to the beginning of the fourth fiscal quarter. Only in exceptional cases will rescissions be proposed during the fourth quarter.
- iii. Whenever it is determined that a deferred amount will not be required to carry out the purposes of the appropriation or other authority, it will be proposed for rescission as required by law.

b. Rescissions

- i. Whenever the President determines that all or part of any budget authority will not be required to carry out the full objectives or scope of programs for which it is provided, the President will propose to the Congress that the funds be rescinded.
- ii. If all or part of any budget authority limited to a fiscal year (i.e., annual appropriations or budget authority for the last year of multiple-year accounts) is to be withheld for the entire fiscal year, a rescission will be proposed.
- iii. As a rule, amounts proposed for rescission will be withheld during the time the proposals are being considered by the Congress. When approved by OMB, funds may be proposed for rescission without being withheld.
- iv. Rescissions must be enacted into law. If the Congress does not complete action on a rescission proposed by the President within 45 calendar days of continuous session, any funds being withheld must be made available for obligation.

3. Procedures for the Release of Deferrals.

- a. In situations where Congress takes positive action (in the form of an impoundment resolution) to disapprove an Executive deferral, the Department must take prompt action to ensure the release of the affected amounts.
- b. In those cases where funds have been deferred through the apportionment process, a reapportionment form, reflecting release of amounts previously deferred, will be submitted to OMB not later than the day following passage of the resolution.

4. Procedures for Rescissions.

- a. **Presidentially Proposed Rescissions.** At the time that a rescission is proposed, apportionment forms will be submitted to OMB showing that those funds are being withheld pending rescission.
    - i. If Congress rescinds the exact amount proposed, reapportionment action is not required to reflect the reduction in budget authority since it is already being withheld.
    - ii. If Congress rescinds an amount different from that initially proposed, reapportionment requests will be submitted to OMB promptly upon completion of the Congressional action.
    - iii. If Congress takes no action on a rescission proposal within 45 days following the receipt of the proposed rescission message, reapportionment requests reflecting the release of the affected amounts must be submitted to OMB. The Office of Budget will keep appropriate offices informed of the status of rescission actions, and provide advice as to the exact timing for submission under these circumstances.
  - b. **The Congressionally Proposed Rescissions.**
    - i. Where initial apportionment action has not been completed before rescission action is taken and sufficient time exists to revise the apportionment request (i.e., within 30 days after the date of enactment of the appropriation bill), the Department or OMB will make appropriate changes to the SF-132.
    - ii. When there is insufficient time to adjust the initial SF-132, the Department will submit a reapportionment request within five calendar days after the date of enactment of the reconciliation or rescission bill, ensuring that the reduced appropriation is not exceeded.
- 2-11. **SUBALLOTMENT.** Allotment holders may, with the advance approval of the CFO, suballot authority made available to them to officials directly responsible to them, without authority for further reallotment. Approved suballotment holders will be formally designated in writing by the CFO and the suballotment carries the responsibility for compliance with the Antideficiency Act. Officials to whom authority has been suballotted could be determined to have violated the Antideficiency Act should they exceed the authority suballotted to them. Allotment holders shall not suballot authority to Field Offices or to officials of other organizations of the Department. There are currently no instances in the Department where funds are suballotted. Fund assignments, as they are currently used in accordance with Section 2-12 of this handbook, do not constitute a suballotment of funds. The conditions of the suballotment must be described in the allotment holder's funds control plan, with signed acceptance by the suballotment holder and approval by the CFO. It is the responsibility of the allotment holder and the OCFO

to ensure that funds are only suballotted to officials that have the proven capacity to properly administer and account for the funds they will manage.

## 2-12. SUBDIVISION OF PROGRAM FUNDS.

### 1. Headquarters.

Allotments and suballotments will be established at the highest practical level and each operating unit will be financed from no more than one subdivision for each appropriation or fund and are subject to the provisions of the Antideficiency Act. Such subdivisions or assignments should be coordinated within a central point in the allotment holder's organization. The system of management controls established by the allotment holder for such subdivisions or assignments must be described in the applicable funds control plan and approved in advance by the CFO. Funds control plans for each allotment must cover all program line items and any subcomponents thereof, broken down to the lowest distinct funding activity with applicable accounting codes used to roll-up the funding activity to the program line item and allotment (see Chapter 4).

### b. 2. Field Offices.

Distribution of program funds to Field Office Directors will be in the form of fund assignments, using the form HUD-185 or an alternative format that provides the same information. Any fund assignments to the Field Office Directors shall be made by allotment holders of the program funds. The allotment holders should designate, to the extent practicable, a fixed point in their organization for the coordination and issuance of such fund assignments. Information on the distribution of fund assignments, and the basis on which they are made and controlled, should be contained in the applicable funds control plan for CFO approval.

Assignment holders may not commit, obligate, or expend more than the authority assigned to them. While an overobligation or overexpenditure of assigned funds does not constitute a violation of the Antideficiency Act unless it causes an overobligation or overexpenditure of the suballotment, allotment, apportionment, or appropriation from which it originated, assignment holders are subject to administrative action for exceeding their authority.

2-13. **STAFF EXPENSE FUNDS.** The ACFO for Budget allots S&E funds to the program Assistant Secretaries or equivalents for all object classes.

2-14. **APPORTIONMENT AND ALLOTMENT OF ADVANCES, REIMBURSEMENTS, AND OTHER RECEIPTS.** Advances of funds to the Department, reimbursements, and other anticipated receipts of funds are subject to apportionment and allotment. This includes advances, reimbursements, and other receipts that are the result of interagency agreements as well as those that may be generated from a continuing cycle of program operations. These anticipated funds must be apportioned and allotted to be available for

obligation. Any exceptions to this policy may be approved by the CFO as part of a proposed Funds Control Plan.

2-15 APPORTIONMENT AND ALLOTMENT OF RECOVERIES/RECAPTURES OF PRIOR YEAR OBLIGATIONS (UNEXPIRED FUNDS). These recoveries/recaptures must be apportioned and allotted to be available for obligation.

2-16 APPORTIONMENTS REQUIRING DEFICIENCY ESTIMATES.

1. Subject to the critical limitation explained in section 4, below, 31 U.S.C. 1515(a) allows an appropriation required to be apportioned under 31 U.S.C. [1512](#) to be apportioned on a basis that indicates the need for a deficiency or supplemental appropriation to the extent necessary to permit payment of pay increases that may be granted pursuant to law to officers and employees, including prevailing rate employees whose pay is fixed and adjusted under subchapter [IV](#) of chapter [53](#) of U.S.C. title [5](#).
2. Except as provided in 31 U.S.C. 1515(a), 31 U.S.C. 1515(b) authorizes, using SF-132, an official to make, and the head of an executive agency to request, an apportionment under section [1512](#) of this title that would indicate a necessity for a deficiency or supplemental appropriation only when the official or agency head decides that the action is required because of:
  - a. A law enacted after submission to Congress of the estimates for an appropriation that requires an expenditure beyond administrative control; or
  - b. An emergency involving the safety of human life, the protection of property, or the immediate welfare of individuals when an appropriation that would allow the United States Government to pay, or contribute to, amounts required to be paid to individuals in specific amounts fixed by law or under formulas prescribed by law, is insufficient.
3. If an official making an apportionment decides that an apportionment would indicate a necessity for a deficiency or supplemental appropriation, the official shall submit immediately a detailed report of the facts to Congress. The report shall be referred to in submitting a proposed deficiency or supplemental appropriation.
4. Please note that 31 U.S.C. 1515 in no way authorizes HUD to incur obligations in excess of the total amount of money appropriated for a period. It only provides an exception to the general apportionment rule set out in 31 U.S.C. 1512(a) that an appropriation be allowed so as to insure it is not exhausted prematurely. Section 1515 says nothing about increasing the total amount of the appropriation itself or authorizing the incurring of obligations in excess of the total appropriated. On the contrary, apportionment only involves the subdivision of appropriations already enacted by Congress. *The sum of the parts shall not exceed the total amount of the appropriation being apportioned.*

## CHAPTER 3. PROCESSING COMMITMENTS, OBLIGATIONS AND EXPENDITURES

- 3-1. **PURPOSE.** This chapter establishes policy and prescribes requirements for the commitment, obligation, and expenditure phases of the Department’s overall administrative control of funds process, in accordance with statutory requirements, guidelines established by the OMB, GAO, and the Secretary of the Treasury. It is intended to accomplish the following:
1. Establish Departmental policy for a two-step funds control process that requires the verification of the availability of funds both prior to making any internal commitment of funds and prior to incurring any legal obligation to expend funds;
  2. Prescribe a process to restrict obligations and expenditures to the authorized amounts available, to prevent violations of the Antideficiency Act, as well as violations of other administrative subdivision of funds that are not violations of the Antideficiency Act, per se;
  3. Establish, in accordance with recent HUD appropriation Acts, that for purposes of funds control and determination of whether a violation exists under the Antideficiency Act (31 U.S.C. 1341), the point of obligation shall be the executed agreement or contract, except with respect to insurance and guarantee programs, certain types of S&E funding and incremental funding that is authorized under an executed agreement or contract and this point of obligation shall be designated in the approved funds control plans; and
  4. Enable the CFO to identify the person or persons responsible for any commitment, obligation or expenditure exceeding the amount available in the appropriation or fund account.
- 3-2. **DEFINITION OF COMMITMENT.** The “commitment” of funds sets aside funds for anticipated needs, to assure the availability of funds before entering into a legally binding obligation that will require an expenditure of funds. Essentially, a “commitment” is the earmarking of funds that will be used in the future for the purchase of goods or services, the award of grants or subsidies, or other authorized purposes. As pre-obligations, commitments are internal actions that are not legally binding. However, for administrative control of funds purposes, commitments are treated as reductions in available budgetary resources. Throughout this handbook, except as noted below, the term “commitment” is used to describe the pre-obligation of funds and includes, and replaces, the term “reservation” previously used in some HUD programs. The use of the term “commitment” in the administrative control of funds process is consistent with the U.S. Government Standard General Ledger.

**NOTE:** The term “commitment” is also used with reference to a loan guarantee commitment and a mortgage-backed securities commitment, which differ from an administrative control of funds commitment. A loan guarantee commitment is a legally binding agreement to make a loan guarantee when specified conditions are

fulfilled by the borrower, the lender, or any other party to the guarantee agreement and, as such, is recorded and reported against the guaranteed loan level apportionment in a guaranteed loan financing account. A mortgage-backed securities commitment commits GNMA to guarantee a certain dollar amount of mortgage-backed securities. GNMA mortgage-backed security commitment authority is recorded and reported against the amount authorized by statute.

- 3-3. **GENERAL POLICY ON COMMITMENTS.** HUD's administrative control of funds policy requires the processing and recording of commitments for all HUD funding activity, unless the CFO approves an exemption from this policy. The commitment of funds (previously called the reservation of funds in some HUD programs) is an internal administrative accounting procedure to validate and assure the availability of funds prior to entering into a legally binding obligation that requires an expenditure of HUD funds. All commitments of funds shall be for the purpose authorized by law, within amounts authorized, executed before the end of the period of availability of the appropriation, and supported by documentary evidence approved by a duly authorized official. Commitments will be processed and approved on standard forms established by the CFO. This process significantly reduces HUD's risk of an Antideficiency Act violation.
- 3-4. **COMMITMENT POLICY EXEMPTIONS.** An allotment holder may request the CFO to exempt an activity from the requirement for a commitment of funds stage in their funding process. The request must be in writing with a full justification, including an explanation of any other compensating controls over the funds. In deciding whether or not to exempt the activity, the CFO will consider: the nature of the activity and HUD's budgetary authority; the cost of establishing and maintaining the commitment control; and the risk of an Antideficiency Act violation in the applicable account without the commitment process. A blanket exemption to this commitment policy is made in accordance with procurement procedures that allow for simplified acquisitions and delivery orders against established government contracts (usually issued by the General Services Administration), up to \$100,000 in value, to be obligated in the Small Purchase System (SPS) without prior funds commitment.

**NOTE:** For a limited set of payment types, validation of the availability of funds is performed at the same time as obligation and expenditure (e.g., local travel, bankcard transactions, and telephone bills). Where such limited exceptions exist, they must be defined in the allotment holder's funds control plan and procedures must be set up to check for the availability of funds prior to payment. This is normally an automated systems control feature, but may be performed manually where necessary. In addition, prompt recording of the expenditure is required to avoid exceeding total available funds. The need and availability of funds for such activities must be closely monitored and managed to avoid over spending in the authorized account.

- 3-5. **PROCESSING COMMITMENTS.** The CFO will prescribe the standard form(s) to be used for committing funds. Unless otherwise approved by the CFO, the form HUD-718, "Funds Commitment," will be used for approving all commitments of funds (see Appendix No. 7). The commitment form must contain the authorized approval signatures

stipulated in the Allotment Holder's funds control plan before the requested funds can be committed. The commitment form must also include a funds availability certification. Staff must be sure to use the current 05/2004 version of the form HUD-718, which includes the verification certification in block 7. The commitment form will also cite the fund symbol, source of funds, budget fiscal year, program code, budget organization code, cost organization, budget object code, and unique sequentially numbered identifier for each commitment. When a machine readable file is used to request the commitment of funds for multiple actions at a time, a signed paper copy of the commitment form, with summary level information associated with the automated file, should be converted to electronic form and forwarded with the machine readable file to approve continued processing. Commitments shall be promptly recorded coincident with the occurrence of the events from which they originate. Commitments must be recorded against an approved and applicable allotment to allow for the proper future obligation of these funds. Any external communications referring to a commitment of funds or other pre-obligation processes should clearly distinguish these preliminary events from the intended actual point of obligation discussed in Sections 3-10 through 3-27, below.

- 3-6. **REVERSING COMMITMENTS AT FISCAL YEAR-END.** Commitments that are recorded and remained unobligated at fiscal year-end are automatically reversed prior to the fiscal year-end closing process and become part of the unobligated carryover balance that needs to be brought forward on the SF-132, "Apportionment/Reapportionment Schedule" requests for the new fiscal year. Valid commitments for unexpired multi-year and no-year funds must be reestablished against the new fiscal year apportionment. The OCFO will notify allotment holders of commitment levels reversed at year-end for inclusion in their apportionment requests. Upon receipt of sufficient apportionments to cover the carryover activity, the OCFO will automatically reestablish the commitments and notify the applicable allotment holder(s). If commitment amounts have not been obligated at the end of the FY and they are available for expiring annual or multi-year funds, they are no longer valid commitments and therefore, become part of the unobligated balance in the expired account. This unobligated balance is available only for upward adjustments of previously recorded obligations, where the correct amount of the valid obligation was not previously fully recognized. In this case, upward adjustments can be made in the respective expired accounts for a period of five years after the year of expiration.
- 3-7. **ROLES AND RESPONSIBILITIES.** Each allotment holder is responsible for designating the Funds Control Officer authorized to oversee the proper processing of requests for the commitment of funds. The Funds Control Officer will be identified in the allotment holder's funds control plan (see Chapter 4), along with the process for requesting, approving, recording and reporting on commitments. The Funds Control Officer will usually be the Budget Officer for the allotment holder's organization. The allotment holder's designated Funds Control Officer is responsible for assuring that current, complete and accurate records of available funds are maintained for all funding activities for which they are responsible. The funds control plan shall designate a Funds Verification Official who is responsible for determining the propriety of each requested commitment, and the availability of funds for each commitment, before the commitment

is approved and then recorded in the applicable funds control system or log. The Funds Verification Official should reject any commitment request that is not properly approved, or for which there is any question about compliance with the legal limits of HUD's budgetary authority. The Funds Control Officer will also assure that regular reports on the levels of committed and uncommitted authorized funds are disseminated to HUD managers with responsibility for the activity.

- 3-8. **COMMITMENT NUMBERING AND CONTROL.** For control purposes, a unique sequentially numbered identification number must be assigned to each commitment, and this commitment reference number should be associated with any subsequent obligation. Unless exempted by the CFO, the commitment coding structure should conform to the structure established for recording commitments and obligations in HUDCAPS or its subsidiary systems (e.g., Program Accounting System (PAS)), to provide consistency across the Department and foster further future systems integration efforts. For procurement actions, the HUD Procurement System (HPS) generates commitment numbers to be used for each commitment. For Simplified Acquisition actions, the Small Purchase System (SPS) generates commitment numbers for each action.
- 3-9. **MONITORING FUNDS AVAILABILITY AND NEED.** Any commitment made should be immediately captured in a central system or control log for each allotment or suballotment that provides current and accessible data for the use of responsible managers, to enable them to either curtail activity or request authorization of additional funds when commitment levels approach authorized funding limits. Close monitoring and management of commitment levels and authorized funding limits is required to ensure adequate funds control and avoid incurring an obligation that could result in an Antideficiency Act violation.
- 3-10. **DEFINITION OF OBLIGATION.** An obligation is a binding agreement that will require an outlay or expenditure of funds, immediately or in the future. Examples of HUD obligations generally include purchase orders, contracts, task orders, interagency agreements and grant awards. Modifications of these actions can also represent obligations requiring an expenditure of funds (see related section 3-12).
- 3-11. **GENERAL POLICY ON OBLIGATIONS.** All obligations of budgetary resources shall be for the purpose authorized by law, within amounts authorized, executed before the end of the period of availability of the appropriation, and supported by documentary evidence that is in writing and approved by a duly authorized official. Obligations should be limited to bona fide needs during a given period, and should comply with applicable laws and regulations. An obligation may not be authorized before enactment of the applicable appropriation and the issuance of an apportionment and an allotment, unless otherwise provided by law. Each obligation should be recorded in the appropriate accounts as it is incurred, in the appropriate source year accounts. Obligations should never exceed available funds, and should reference and be verified against a prior commitment of funds in order to assure that sufficient funds are available, unless exempted from the funds commitment stage by the CFO.

- 3-12. **INCURRING OBLIGATIONS.** Care must be taken to properly establish the legally binding point of obligation in a manner that protects the interests of the government and assures compliance with the limits of HUD's authority on its budgetary resources, including any requirements that may be specified in statute or regulation. Allotment holders should request the assistance of the Office of General Counsel and the OCFO's Appropriations Law Staff to review the legal sufficiency of the proposed point of obligation for funded activities, including the proper sequencing of signatures on the obligating documents. Recent HUD appropriation acts have provided that the point of obligation shall be the executed agreement or contract, except with respect to insurance and guarantee programs, certain types of salaries and expenses funding and incremental funding that is authorized under an executed agreement or contract and the point of obligation shall be designated in the applicable funds control plan. The Office of General Counsel and the OCFO's ALS should also be asked to review the form and content of any proposed pre-obligation communications on pending award processes, such as award notification letters prior to signing a grant agreement, to assure such communications will not prematurely obligate the government before all terms and conditions have been agreed to by HUD and the other party. Allotment holders and HUD staff are cautioned to avoid any communication that would improperly imply an obligation of funds prior to the intended point of obligation approved in the applicable funds control plan (see related sections 4-2, 4-3, and Appendix No. 9 of this handbook, as well as guidance within GAO's Principles of Federal Appropriations Law.) (see related section 3-10).
- 3-13. **POINT OF OBLIGATION LIST/MATRIX.** The Office of the Chief Financial Officer shall maintain a list called the Point of Obligation Matrix that identifies the point of obligation and the allotment holder for specified funded activities. The matrix is based on the point of obligation identified in each funds control plan. It is posted at [hud@work](mailto:hud@work) on the OCFO web site. To the extent that program offices need to change a point of obligation for a program, the change must be submitted to OCFO for review and approval and, if approved, the change must be made to the funds control plan and the matrix simultaneously.
- 3-14. **RECORDING OBLIGATIONS.** All obligations must be promptly recorded in the applicable funds control system when incurred and must reference any previously recorded commitment of funds for the obligation. For procurement and simplified acquisition actions, the HPS and SPS generated Accounting and Appropriation Data Forms must be included as part of the procurement package to be submitted to the CFO Accounting Center in Fort Worth, Texas. Obligations must be recorded against an approved budget with required classification elements. Obligations should never exceed available funds. Anyone discovering that an obligation has incurred in excess of available funds shall inform the OCFO immediately, so that appropriate action may be taken to avoid or appropriately address a violation of the Antideficiency Act.

When the amount of an obligation is not known at the time it is incurred, the best possible estimate shall be used to record the obligation. Where an estimate is used, the basis for the estimate and the computation must be documented and approved by a duly authorized

official. Appropriate adjustments must be made when events permit a more accurate estimate of the amount of the obligation and when the actual obligation is determined.

The principles used in determining which fiscal year's appropriation is to be charged with obligations for any period within the fiscal year will also be used at the end of the fiscal year.

- 3-15. **OBLIGATING FUNDS FOR INDEFINITE QUANTITY CONTRACTS.** HUD must properly obligate the required minimum purchase amount upon execution of any indefinite quantity contract. It is not sufficient to obligate funds after the subsequent issuance of a task order, since the obligation occurred at the time an indefinite quantity contract was executed. Under current regulations, an indefinite quantity contract must include a minimum purchase requirement that must be more than nominal (48 C.F.R. 16.50(a)). According to the GAO appropriations law guidance, any required minimum purchase amount must be obligated when the contract is executed. Subsequent obligations occur as work orders or delivery orders are placed, and after the initial orders have fulfilled the minimum, are chargeable to the fiscal year in which the order is placed.
- 3-16. **OBLIGATIONAL PERIOD.** Section 1501(d) of the Supplemental Appropriation Act of 1955 (Title 31, United States Code (USC), Section 1107) provides that the nature of an appropriation or fund determines its period of obligational availability:
- One-year accounts are available for incurring obligations only during a specified fiscal year;
  - Multiple-year accounts are available for the specified multiple-year period;
  - No-year accounts are available indefinitely;
  - At the end of a fiscal year, unobligated balances in accounts carried forward may not be obligated in the following fiscal year without a new apportionment and allotment of funds;
  - HUD maintains separate obligated and unobligated balances within an expired account until that account is cancelled at the end of the fifth year; and
  - Expired funds that are five years old are cancelled at September 30. Prior to year-end, a detailed report of these funds is sent to program managers. This is to notify program managers that any unexpended amounts under an expired account at the end of the year will be cancelled.

Following the enactment of appropriations for HUD each fiscal year, the OCFO will prepare a chart that identifies the obligation periods applicable to HUD and HUD recipients that are imposed by statute or regulation on the obligation and expenditure of appropriated funds. The chart will be used to validate or update HUD's funds control plans, with notification of any required changes to applicable allotment holders.

- 3-17. **DETERMINATION OF NEED.** It is not a requisite that the delivery of goods or the rendering of services be completed within the fiscal year in which funds were obligated. However, obligations recorded should represent a bona fide need for the full period of the contract or for the fiscal year in which the contract is in effect. The determination of what constitutes a bona fide need for the full period of the contract or for the fiscal year depends in large measure upon the facts and circumstances of the particular case. The term “bona fide need” recognizes the necessity of providing for the orderly flow of goods or services and avoiding the unnecessary obligations of funds.

An obligation for a fiscal year relates to:

- Goods or services for which a contract or purchase order or other obligation document is issued in the current fiscal year and for which there is an actual need in that fiscal year; or
  - A contract entered into during the fiscal year when lead-time or an advance of funds is required in order to have the goods or services available when needed in a subsequent year.
1. Generally, contracts or purchase orders for goods and services shall be obligated in the fiscal year in which the bona fide need arises or for the replacement of stock used in that fiscal year. When materials or supplies are not obtainable on the open market for use at the time need is determined, a contract for such materials or supplies may be considered a bona fide need of the fiscal year in which the contract is made, provided that the time intervening between contracting and delivery is necessary for producing, processing, or fabricating the materials or supplies. The amount of the obligations under contracts of this type will vary under different conditions. If such a contract is for the needs of the current year only, the full amount of the contract shall be obligated at the time the contract is executed. If such a contract is entered into to provide a continuing supply needed by HUD for over a number of years, they should be obligated at the time the contract is executed and only for the needs of the current fiscal year: needs of each successive fiscal year for which the contract is renewed by execution of HUD’s option should be obligated against funds of each such fiscal year (20 C.G. 572, 20 C.G. 868, 33 C.G. 90, 37 C.G. 155). However, multiyear contracts may be authorized under special circumstances and in accordance with 41 U.S.C. § 254c. Comptroller General (C.G.) Decision B-277165 (January 10, 2000). Obligations for rent, utilities, materials, and supplies should generally not exceed one fiscal year in duration (37 C.G. 155, 159).
  2. Amounts for rent, travel, training and household moves scheduled to begin in the next fiscal year should normally not be obligated during the current fiscal year, nor should contracts for housekeeping and facility maintenance services of HUD operational facilities when the services are to be performed in the next fiscal year.

HUD’s year-end training obligation policy, as a general rule is:

Current Year funds may be used only for training that is scheduled to occur in the current year. The bona fide need for the training must exist in the current fiscal year for an obligation to occur with current year funds. For example, FY 2005 funds cannot be used for any FY 2006 training.

Exceptions to this general rule:

- Prepayment of tuition: Current year funds can be used for a course that starts during the current fiscal year and continues into next fiscal year. For example, a college level class where the semester begins in September and ends in December.
  - An obligation was made for a class that was scheduled during the current fiscal year and the vendor cancelled the class and rescheduled the class for the next fiscal year. Since the bona fide need existed during the current year and the obligation was valid, unforeseen delays, which cause delivery or performance to extend into the following fiscal year will not invalidate the obligation. The purpose and scope of the original obligation cannot change once the period of obligation has ended.
  - If a vendor requires payment not later than September 30 of the current year for essential training that begins in early October of the following year, current year funds can be used. The training must be critical to the performance of the employee's job and no similar training can be available within an acceptable timeframe within the next fiscal year. Any proposed training fitting this exception must be submitted to the OCFO Budget office for review and approval.
3. For program funds, obligations shall be recorded in the fiscal year in which the act that makes the contract or agreement binding takes place, as long as there is a bona fide intent that performance under the contract will commence in the near future without unnecessary delay, even though the first act of performance may not take place until the succeeding fiscal year. To be considered valid obligation documents, such contracts or agreements must not restrict the contractor or grantee from incurring expenses except where the expenses would violate requirements that funds be spent only to carry out purposes of the program, within budget restrictions, and not in excess of the contract amount.
  4. Grant and loan (program) funds, when obligated for a particular project, shall provide obligational authority to the grantee or borrower to cover the estimated costs of the authorized project. Such funds shall not be available for other projects nor for purposes other than those contemplated and agreed upon in the obligating document.
  5. If the scope of a contract, grant agreement, or loan agreement is expanded as to area of performance and/or total amount after the close of the year in which the contract or agreement was originally obligated, such added amounts must be obligated against

the current fiscal year appropriation (37 C.G. 861). However, overruns of estimated obligations without a change in scope may be obligated against the year in which the original contract was obligated. On expired appropriations, however, such overruns are limited to the amounts of appropriations previously withdrawn (or lapsed) to the Treasury. Any expansion of a grant agreement governing funds awarded competitively must be in compliance with the requirements of the Notice of Funding Availability (NOFA) under which the funds were awarded and the HUD Reform Act, as applicable. Any expansion of a contract must be in compliance with HUD's Acquisition Regulations and policies and procedures of HUD's Contract Management Review Board, as applicable.

6. Interest penalties for late payment of vouchers and invoices subject to the Prompt Payment Act (P.L. 97-177, as amended) shall be obligated against the current year of the appropriation or fund against which the goods or services giving rise to the voucher/invoice was initially obligated.
- 3-18. **DOCUMENTARY EVIDENCE FOR RECORDING OBLIGATIONS.** Amounts shall only be recorded as obligations against the applicable appropriation, fund, or statutory authority when supported by sufficient documentary evidence that a legally binding obligation has been established. Obligations should not be recorded until the obligating documents have been properly signed and dated in the correct sequence, as specified in the applicable funds control plan. All required actions to make the document a legally binding obligation must be completed within the period of availability for obligation of the funds being used. The recording of obligation process must be clearly identified in the applicable funds control plan. For example, if in the funds control plan, the process for recording obligations includes using a machine readable file, submitted to the CFO/Financial Systems Maintenance to record obligation of funds for multiple actions at a time, a signed paper copy of a certification for obligations letter, signed by the allotment holder or designee, as described in the funds control plan must be attached to the file of obligations to process before that file is processed. The program areas and the CFO will maintain current funds control plans. Any processing requests that deviate from the points of obligation and funds control plan must be approved through written authorization from both the allotment holder and the issuer of the allotment.
- 3-19. **PROMPT RECORDING.** Original obligations shall be recorded promptly after receipt of authorizing documents in the accounting office. Any changes in recorded obligations shall be recorded promptly upon receipt in the accounting office of a signed document that authorizes the change. Any change in the contract, purchase order, grant, cooperative agreement, or other obligating instrument, which will alter the scope and/or increase the amount of the obligation, shall not be made until the availability of funds is ascertained in the same manner as for an original obligation. Before processing requests to decrease or cancel existing obligations, the accounting office shall determine that the unliquidated amount remaining from the original obligation is equal to or greater than the amount to be deobligated.

It is essential that all obligating documents are promptly forwarded to the accounting office for recording, especially at yearly closeout so that these obligations can be processed in the accounting system no later than September 30.

- 3-20. **PROHIBITION AGAINST WITHHOLDING OBLIGATIONS.** No employee of the Department shall withhold the recording of a known obligation, even if such recording will cause the allotment or other budget limitation to be exceeded. All valid obligations shall be recorded and supported with the required documentation. However, when a recorded obligation exceeds budget authority, the CFO must be notified immediately to further assess and act on this occurrence. Estimated obligations are unavoidable in some cases. Some instances will be encountered where the amount of an obligation as established must later be changed and must be amended through the appropriate approval process. There may be some instances where valid obligations not recorded are uncovered after the period in which they should have been recorded and when such instances occur they must be reported to the CFO.
- 3-21. **ESTIMATING AMOUNTS OF OBLIGATIONS.** In those cases where the precise amounts of obligations are not known at the time they are incurred, the best available estimates of the amounts that will subsequently be paid shall be used. Such estimates shall be converted to actual amounts as soon as the precise information is known.
- 3-22. **CHANGES IN RECORDED AMOUNTS OF OBLIGATIONS.** Balances reported as of the close of a fiscal year shall contain all obligations that are properly chargeable to the appropriation, fund or statutory authority. For expiring appropriations, any increases made after the close of the fiscal year in the amount recorded for an obligation are reviewed for supporting documentary evidence as required by Section 1501 of the Supplemental Appropriations Act of 1950. If revisions to estimated obligations and changes to obligations have been made in a timely manner throughout the fiscal year, changes made after the end of the fiscal year should be relatively minor and should not result in cumulative obligations significantly in excess of the September 30 certified amounts. See Section 3-26 for procedures required when making year-end changes in recorded amounts of obligations.
- 3-23. **ADJUSTMENTS TO OBLIGATIONS.** Increases and decreases in obligations must be recorded as they occur, using the appropriate obligating document, in order to ensure that obligations do not exceed the authorized limitation and to ensure the validity of recorded obligations at the end of the fiscal year. In addition, the continuing need for obligations should be confirmed and, as necessary, made current during the annual review of obligations.
- 3-24. **ANNUAL REVIEW OF UNLIQUIDATED OBLIGATIONS.** The OCFO will coordinate a review and confirmation of unliquidated obligations for both program and administrative funds. The unliquidated obligation review will be conducted as of May 31 of each year.

1. Identification of unliquidated obligations for review. Particular attention must be given to unliquidated obligations whose status has not changed for six months or more, to ensure that they are still valid outstanding obligations. The OCFO will at that time identify such unchanged obligations to the designated Funds Control Officer for each allotment holder. The CFO will at that time also designate a threshold amount of obligations that must be examined in more detail.
  
2. Deadline for certification. The CFO will establish a date by which each allotment holder shall provide to the CFO a written certification of obligations that were open as of May 31. When responses are not received by the designated date, the OCFO shall notify the allotment holder not responding. If responses are still not provided, the Deputy Secretary shall contact the allotment holder whose responses remain delinquent.
  
3. Requirements for certification of obligations open as of May 31. Allotment holders must provide the CFO with written certification of obligations open as of May 31. (Appendix No. 9 contains a sample format of certification by program or administrative personnel to their allotment holder and sample formats of certifications by allotment holders to the CFO, for program obligations and for administrative obligations.) For those obligations in excess of the threshold established each year by the CFO, program or administrative personnel will certify to the allotment holder (generally their Assistant Secretary or equivalent) that his/her office has reviewed the underlying support to determine the validity of the obligations. The certifications to allotment holders must identify for deobligation all invalid obligations for Headquarters and for Field Offices as follows:
  - a. For program amounts to be deobligated, in full accordance with program requirements, attach the listings required to deobligate the amounts (showing code D); and
  - b. For administrative amounts to be deobligated, either process the deobligations or, in situations where the administrative personnel could not deobligate the invalid obligations, attach the listings (showing code D) required to deobligate the amounts.
  
4. Reduction and reinstatement of certain obligations. When obligations are reduced as of September 30 to meet Section 1501 requirements (e.g., bills of lading), it will be necessary to reinstate as of October 1, against the new appropriation or the reduced portion of the obligations, if the travel and transportation is still scheduled to take place.
  
5. Support for audits. The workpapers and records supporting annual reviews and any adjustments of unliquidated obligations for Section 1501 purposes shall be retained in such form as to facilitate an audit.
  
6. Other review efforts. Review of programs or activities not covered in the OCFO's annual review of unliquidated obligation balances should be accomplished and

recapture processes defined in the allotment holder's funds control plan to assure the continuing need for obligated funds. Such processes should also cover older and small balances.

- 3-25. **ADJUSTMENTS TO CONSTRUCTION PROGRAM COMMITMENTS.** Particular attention must be paid to the continuous review of the validity of commitments in HUD construction related programs (e.g., Public Housing, Section 202 and Section 811) that have not reached the contract/agreement stage. Such commitments in HUD's accounting records are for specific projects for which a contract has not been executed to obligate all or a part of those funds. Continuous review is needed to determine whether a project is still viable and whether the commitment should be modified or cancelled. The program staff, as part of their continuous routine program monitoring process, must furnish the proper documentation to the applicable accounting office so that commitments that have progressed to the contract/agreement stage are promptly and properly reflected as obligations on the accounting records.
- 3-26. **TERMINATION OF CONTRACTS AND AGREEMENTS.** When HUD terminates a contract or agreement (for convenience or for cause, i.e., "default"), the pertinent obligation shall be decreased to an amount sufficient to meet the settlement costs included under the terms of the termination. For procurement contracts, contracting officers shall comply with the requirements of Federal Acquisition Regulation 49.105-2 concerning timely release of excess funds. For grants, the closeout procedures set forth in Handbook 2210.17, "Discretionary Grant and Cooperative Agreement Policies and Procedures," should be followed. The office executing the termination (e.g., the Office of the Chief Procurement Officer or applicable program grant office) shall promptly notify the OCFO and provide supporting documentation for an adjustment to unliquidated obligations resulting from the closeout process. Upon the normal termination of a contract or agreement, the cognizant or responsible office shall provide the appropriate accounting office with supporting documentation for an adjustment to unliquidated obligations remaining after the contract or agreement is closed out.
- 3-27. **CUTOFF DATE FOR REVIEW AND ADJUSTMENT OF SEPTEMBER 30 OBLIGATIONS.** The GAO regulations provide that (1) agencies are not restricted, for liquidation purposes, to the amounts certified and reported as September 30 obligations, but that such amounts should be as firm as possible, and (2) in determining amounts to be reported, agencies may establish a reasonable cutoff date subsequent to September 30 for completing a final review of obligations for Section 1501 certification purposes. The regulations also provide that payments made and reports of costs received during the period between September 30 and the cutoff date should be considered in determining valid obligations as of September 30. Therefore, no later than the close of business October 15, each year, each accounting office shall complete a final review and inventory of its September 30 obligations to determine that all known obligations are recorded and correctly stated and that each meets the requirements of Section 1501(a), P.L. 97-258, for valid September 30 obligations for certification purposes. An obligation that is indefinite as to amount shall be adjusted in the course of such final review to the soundest available estimate of the amount obligated as of September 30. Adjustments based on data

received after October 15 will be reported as adjustments on the following year's reports. Material adjustments shall be properly noted. When obligations are reduced as of September 30 to meet Section 1501 requirements for supporting documentation (e.g., travel orders, change-of-station orders, training authorization, bills of lading), it will be necessary to reinstate as of October 1, against the new appropriation, the reduced portion of the obligations, if the travel and transportation is still scheduled to take place.

- 3-28. **DEFINITIONS OF EXPENDITURES AND ADVANCES.** For purposes of funds control, "expenditure" is the disbursement or payment of funds from an appropriation or other budgetary resource to liquidate an obligation. An "advance" is an amount paid prior to the receipt of goods or services and includes funds paid to a grant or other recipient prior to the incurrence or accrual of an actual expense that HUD is obligated to pay. Under HUD's grants payment policy, payments to grantees are not considered advances if the grantee requests the funds not more than three business days prior to the day on which HUD makes the disbursement.
- 3-29. **GENERAL POLICY ON EXPENDITURES.** HUD will not make or authorize expenditures in excess of an appropriation or apportionment in violation of the Antideficiency Act. Payment requests must properly reference a previously recorded obligation document to ensure payments do not exceed available authorized funds. The total of expenditures and advances under an agreement shall not exceed the total funds obligated under the agreement at any point in time. Advances must be reconciled to actual expenses, and any required adjustments to payments made prior to closing-out the agreement. The allotment holder and employees responsible for making payments must follow government-wide requirements governing payments and the guidelines and instructions issued for the applicable payment system. Those responsible for approvals of payments must ensure that payments do not exceed the unliquidated obligation balances of the specific appropriation involved. This requires that obligations be properly incurred and recorded before payments are made.

Electronic Funds Transfer (EFT) is the much preferred method of disbursement throughout the Department for all program and administrative offices.

It is also the policy of HUD that:

- Penalty interest payments pursuant to the Prompt Payment Act are charged, first, to the fiscal year, appropriation and apportionment (e.g., specific program) used when the obligation to pay interest was incurred, or, if undisbursed funds are not available for this purpose, to the current year funds available for the same appropriation and apportionment;
- Interest penalties required by the Cash Management Improvement Act (CMIA) are to be minimized to the extent possible;
- Reimbursements from other federal agencies for joint projects are considered to be earned, and eligible for collection, when the interagency agreement is signed and

approved by both parties. However, the funds are allotted by HUD for usage only after collection. The collected resource remains unavailable for allotment and use until made available on the SF-132, "Apportionment/Reapportionment Schedule," as reimbursement;

- Since payments made by credit card and third party draft payments are classified as outlays at the time the funds are paid from the Treasury, staff issuing the payments must insure that the proper appropriation fund account is charged and that the obligation establishing the need for the payment is expended or liquidated on a timely basis; and
- Payments and collections between federal agencies are made through the Intergovernmental Payment and Collection System (IPAC). The allotment holder is responsible for the obligation of a payment that is being made or collected, for the program for which a payment is made or collection is received through the IPAC system and for providing the necessary information to the OCFO to ensure that the appropriate appropriation, program, and project is charged or credited.

NOTE: For a limited set of transactions (e.g., local travel, telephone bills), validation of the availability of funds may be performed at the same time as obligation and expenditure, provided these exceptions are described and approved in the allotment holder's funds control plan, with procedures to monitor the availability of funds to avoid a violation of the Antideficiency Act. Monitoring the availability of funds is normally an automated systems control feature, but may be performed manually where necessary. In addition, prompt recording of the outlay, fully coded with accounting code information, is required to avoid exceeding available funds for these special types of transactions.

- 3-30. **ROLES AND RESPONSIBILITIES REGARDING EXPENDITURES.** The OCFO has overall responsibility for recording, monitoring, external reporting and estimating payments of funds as required by the Treasury Financial Manual and OMB Circulars. The OCFO is responsible for the specific monitoring and projections requirements of OMB Circular No. A-11, except for the separate identification, projection, and reporting of large amounts over \$50 million, which is the responsibility of the originating office. However, allotment holders, their Funds Control Officer and other officials approved in their funds control plans to process obligations and expenditure requests, are required to monitor the status of obligations and expenditures to report inconsistencies and variances from normal outlay patterns. Payments include outlays, disbursements and advances. While causing the over-disbursement of an appropriation account is a violation of the Antideficiency Act, making payments in excess of unliquidated fund balances in an appropriation account can be an Antideficiency Act or administrative violation. OCFO is responsible for reviewing any disbursement procedures developed by the Assistant Secretaries or equivalents. OCFO will also periodically review the disbursement systems to ensure that the most effective mechanisms are in use. The CFO is responsible for payments made within the Department, including processing the EFT enrollment forms, payment rejections, inquiries on payment status, and reconciliation of payment data.

1. Allotment holders have overall responsibility for implementation of the above expenditure policy for the funds allotted to them. This includes developing and implementing appropriate procedures and designating Headquarters and/or Field Office personnel to examine and approve requests for expenditures of funds as part of their funds control plans.

2. Payment certifying or disbursing officers in HUD's accounting operations--within the OCFO, FHA, or GNMA--are responsible for reviewing and accepting the allotment holder's prepayment examination and approval processes, and any necessary systems or other controls over the subsequent processing of such payment requests, as the basis for certifying the funds for payment.

- 3-31. **PREPAYMENT EXAMINATION, APPROVAL, AND CERTIFICATION OF PAYMENT DOCUMENTS.** All basic vouchers, voucher schedules and invoices or bills used as vouchers must be approved and certified as legal, proper, and correct for payment by an authorized certifying or disbursement officer. The certification of a document attests to all administrative determinations having been made as required of an approving official. The certification of a voucher applies to all individual vouchers listed on the schedule. The responsibilities and liabilities of accountable officers are discussed in more detail in Chapter 9 of GAO's Principles of Federal Appropriations Law Manual. The disbursements shall be supported by basic payment documents, either hard copy or machine readable source records, which include purchase orders, contracts, receiving reports, invoices, bills, statements of accounts, etc., showing sufficient information to adequately account for the disbursements. The documents should link all supporting records and enable audit of the transactions and settlement with the Certifying or Disbursing Officers, as required by law.

The examination of the voucher shall be done to ensure:

1. The payment is permitted by law and complies with the terms of the applicable obligating documents;
2. The required administrative authorizations and approvals are obtained;
3. The payment is supported by basic payment request documents and/or other acceptable forms of support;
4. The amount of the payment and the name of the payee are correct;
5. The goods received or the service performed complies with the agreement;
6. The quantities, prices and calculations are accurate;
7. All cash, trade, quantity, or other discounts are taken and, if not, that the reason therefore is shown on the appropriate document;

8. All applicable deductions are made and credited to the proper account in the correct amount;
9. Proper payment arrangements are followed;
10. Appropriated funds are available for the time period, purpose and amount of the proposed payment;
11. Special Certificates, if required, are furnished; and
12. Duplicate payments are prevented.

Effective control over disbursements ordinarily requires the prepayment examination and approval of vouchers before they are certified for payment. However, permissible exceptions have been allowed under plans that combine elements of fast pay and statistical sampling of vouchers under \$2500.

- 3-32. **PAYMENT PROCESSING.** Payment requests must reference a previously established obligation document. Payment request documents that do not reference previous obligations or commitments must be researched immediately to assure that the Antideficiency Act is not violated (see Section 3-37, below) and to establish the proper accounting classification information prior to payment. Requests for payment should be processed and approved in accordance with the requirements of the funds control plan for the applicable funding source. Activities related to payment processing may be supported by other systems that lead up to the payment stage, such as systems used to record obligations and expenditures and to establish payables. Some program and administrative systems provide machine-readable summary schedule data to payment systems for processing. The payment system processes the actual payment, followed by recording in the standard general ledger. Adequate controls must be established to assure the integrity of any machine-readable payment request data, and any movement of the data from one system to another through actual disbursement and posting to the general ledger.

1. Vendor and miscellaneous payments - per the authority granted under the Federal Acquisition Regulations, all contractors shall be paid by EFT, unless a determination is made that it is not in the best interest of the Department to do so; or that payment by EFT adversely impacts the vendor. Such determinations shall be made on a case-by-case basis.

To minimize cash outlays the Department requires maximum use of the Government Small Purchase Card. Additionally, payments to other government agencies shall be made via the IPAC. In those rare instances in which the payee agency does not have access to IPAC, the payment shall be made by using the SF-1081, "Voucher and Schedule of Withdrawals and Credits."

2. Grants, subsidies and loans - all grant, subsidy and loan program payments shall be made by EFT.
  3. Salary - direct deposit is the preferred method for salary and related payments (including bonuses and cash awards), and deductions (e.g., allotments, insurance, charitable contributions). Title IV of the Government Management Reform Act established that recipients of federal wage, salary, and retirement payments that begin to receive such payments on or after January 1, 1995, shall be paid by EFT.
  4. Travel - the Department requires maximum use of the Government Travel Card. While direct deposit is the preferred method for travel related payments, the Government Travel Card should be used for travel advances.
- 3-33. **PROMPT PAYMENT.** Specifies government policy for payments (5 CFR Part 1315) made to vendors against contracts. It states in part, that agencies must make payments on time, pay interest penalties when payments are late, and take discounts only when payments are made on or before the discount date and when it is advantageous to the government. Each head of an executive agency shall, under such regulations as the Secretary of the Treasury shall prescribe, provide for the timely disbursement of federal funds through cash, checks, electronic funds transfer, or any other means identified by the Secretary. Any charge assessed by the Secretary under this section, to the maximum extent practicable:
1. Shall be paid out of appropriations available for executive agency operations; and
  2. Shall not be paid from amounts available for funding programs of an executive agency.
- 3-34. **THE CASH MANAGEMENT IMPROVEMENT ACT (CMIA)** requires the Department to make timely payments to States for all programs covered under the Act. Regulations implementing CMIA are at 31 CFR Part 205.
- 3-35. **THE DEBT COLLECTION IMPROVEMENT ACT OF 1996 (DCIA)** provided for access to taxpayer identification numbers and enhanced administrative offset and salary-offset authorities. Other regulations affect payments made for travel, payroll, benefits, etc.
- 3-36. **PENALTY INTEREST PAYMENT.** Penalty interest payments pursuant to the Prompt Payment Act are charged first to the fiscal year appropriation and apportionment (i.e., specific program) used when the obligation to pay interest was incurred, or, if undisbursed funds are not available for the same appropriation and apportionment, penalty interest payments should be charged to the current year.

Section 3902(f) of the Prompt Payment Act states that the interest payment is charged to the fiscal year of the day after the invoice payment due date (which is the day the agency incurred the obligation to pay interest).

Interest penalties required by the CMIA are to be minimized to the extent possible. This requires particular attention to the timely obligation of all grants that are made to state entities so that states do not need to use their own funds to carry out programs while awaiting the obligation authorization allowing them to draw down federal funds.

- 3-37. **REIMBURSEMENTS FROM OTHER FEDERAL AGENCIES.** Reimbursements from other federal agencies for joint projects are considered to be earned, and eligible for collection, when the interagency agreement is signed and approved by both parties. Funds are apportioned and allotted only after collection. The resources will, therefore, be available for making jointly supported grant or contract award. Payments are collected between federal agencies and are made through IPAC. The program office responsible for the obligation for which a payment is being made or collected, or for the program for which a payment is made through the IPAC system, is responsible for providing the necessary information to the OCFO to ensure that the appropriate appropriation, program, and project is charged or credited.
- 3-38. **DOCUMENTARY EVIDENCE FOR MAKING PAYMENTS.** Obligations established and recorded against an appropriation, fund, or statutory authority shall be the basis for making payments, when payment requests are submitted in the form and content required by the terms and conditions of the applicable obligating documents and corresponding funds control plan.
- 3-39. **METHOD OF DISBURSEMENT.** Once expenditure request documents are approved and processed in the applicable HUD accounting system, payments are scheduled for disbursement by one of several disbursing models used to determine how the payments of funds actually occur. HUD's accounting systems support several Treasury disbursing models, through EFT using Automated Clearing House (ACH) transfers or the Treasury Financial Communication System (TFCS), or by printing and sending checks. Disbursement or payment is an expenditure using cash, check or electronic transfer. It also covers executed expenditure transfers to other federal agencies. Disbursements or payments include any advances and credit card and third party draft payments that have been made, as well as those expenditures that have been paid.

The Department's payment systems must provide for the efficient, effective, and timely transfer of funds. EFT is the much preferred method of disbursement throughout the Department and funds are to be disbursed by EFT, when cost-effective, practicable, and consistent with current statutory authority. Cash payments and printed checks are the least desirable method of payment, to be avoided whenever possible, applying to all program and administrative offices within HUD. Upon written request, recipients may request waivers to this policy on a case-by-case basis.

- 3-40. **AUTOMATED DISBURSEMENTS SUBSYSTEMS.** Such systems record, monitor, and control all activities associated with the disbursement of funds. These activities include:

- Disbursing funds by EFT or generating Treasury disbursement tapes;
- Generating General Ledger entries; and
- Reconciling all disbursements with Treasury's records.

Disbursement of funds occurs through the U.S. Department of Treasury. Automated disbursements create SF-1166 schedules and tapes that contain information about the amount of funds to be disbursed and who should receive the funds. The Department of Treasury uses the information on these schedules and tapes to disburse funds through EFT using ACH transfers or TFCS or by printing and sending checks.

- 3-41. **MANUAL DISBURSEMENT PROCESS.** The manual disbursement process is used when payments are processed outside of the Automated Payment System and later recorded. Electronic Certification System (ECS) and Federal Reserve FEDWIRE System payments are examples of manual disbursement processes. Responsible individuals must ensure that funds are available before making a manual payment and must enter the transaction into the appropriate accounting system immediately upon processing.
- 3-42. **DIRECT PAYMENT AND DISBURSEMENT DOCUMENTS.** Direct payment and disbursement documents are used for direct payment requests, which are entered directly into the accounting system without referencing a purchase order or obligation document. Direct payments may be manual payments or system generated payments. A local travel reimbursement request, SF 1164, or a Spot Award request is an example of a direct disbursement document.
- 3-43. **DIRECT DEPOSIT.** Notwithstanding any other provision of law, all Federal wage, salary, and retirement payments shall be paid to recipients of such payments by EFT, unless another method has been determined by the Secretary of the Treasury to be appropriate. The head of each agency shall waive the requirements for a recipient of federal wage, salary, or retirement payments authorized or certified by the agency upon written request by such recipient, based on the following:
- “Each recipient of federal wage, salary, or retirement payments shall designate one or more financial institutions or other authorized payment agents and provide the payment certifying or authorizing agency information necessary for the recipient to receive electronic funds transfer payments through each institution so designated. The crediting of the amount of a payment to the appropriate account on the books of a financial institution or other authorized payment agent designated by a payment recipient under this section shall constitute a full acquittance to the United States for the amount of the payment.”
- 3-44. **PAYMENT CONTROL PROCESS REVIEW.** On a monthly basis, the OCFO, along with the respective Program Offices, will review financial reports to ensure that no Antideficiency Act violation has occurred. If a potential violation is disclosed, refer to Chapter 5.



## CHAPTER 4. FUNDS CONTROL PLANS

- 4-1. **POLICY ON FUNDS CONTROL PLANS.** All allotment holders shall be required to prepare a funds control plan describing the administrative control of funds allotted to them. The funds control plan shall be submitted annually for review until the CFO determines further submission and review are not needed. This determination shall be based on the funds control plans adhering to the guidelines in this handbook. Once the CFO has determined that further review of a funds control plan is unnecessary, then submission of the plan for annual review will not be required unless changes in law, policy or procedure have occurred that would be inconsistent with the existing plan. With respect to administrative changes, the allotment holder shall advise the CFO of any changes to the funds control plan during the course of the year, in writing, including the precise timing of any changes to the persons or positions authorized to initiate, approve, and process actions that commit, obligate, or expend funds.
- 4-2. **ROLES AND RESPONSIBILITIES FOR PLANS.** Each allotment holder is ultimately responsible for the preparation, submission and implementation of a funds control plan that provides for an effective administrative control of funds allotted to them. The allotment holder's designated Funds Control Officer is responsible for maintaining and assuring adherence to the funds control plan, and for providing orientation and training to HUD staff involved in carrying-out activities related to the administrative control of funds prescribed in the funds control plan. The allotment holder should request his/her Program Counsel in the Office of the General Counsel and the OCFO's Appropriations Law Staff to review and sign-off on any newly developed or revised funds control plan. This review should be made from the standpoint of legal sufficiency of the documents used as the intended point of legal obligation, as well as the legal sufficiency of any application, selection and announcement processes leading up to the intended legal point of obligation. Any problems or risks identified by the Program Counsel or Appropriations Law Staff should be discussed with the applicable Funds Control Officer, and the allotment holder, if warranted, for correction before approving the funds control plan or processing actions towards an obligation.
- 4-3. **FORM AND CONTENT OF PLANS.** Each funds control plan will contain a certification with original signatures from the allotment holder, any suballotment holders and their Funds Control Officers that they: (i) are aware of the requirements of HUD's Administrative Control of Funds Handbook; (ii) acknowledge their responsibility to administer funds allotted to their control in accordance with those requirements; and (iii) have established and will properly execute a funds control plan that provides reasonable assurance that obligations and expenditures will not exceed the authorized limits of the funds allotted to them. The general format for the required content of the funds control plan is provided in Appendix No. 9. The specific content of an allotment holder's funds control plan must meet the requirements of this handbook and include all relevant information requested in Appendix No. 9 for each program or activity for which funds are allotted.

- 4-4. **PROCESSING OF PLANS.** All Allotment holders shall be required to prepare a funds control plan describing the administrative control of funds allotted to them. The funds control plan shall be submitted annually for review until the CFO determines further submission and review are not needed. This determination shall be based on the funds control plans adhering to the guidelines in this handbook. Once the CFO has determined that further review of a funds control plan is unnecessary, then submission of the plan for annual review will not be required unless changes in law, policy or procedure have occurred that would be inconsistent with the existing plan. With respect to administrative changes, the allotment holder shall advise the CFO of any changes to the funds control plan during the course of the year, in writing, including the precise timing of any changes to the persons or positions authorized to initiate, approve, and process actions that commit, obligate, or expend funds.
- 4-5 **NEW OR REVISED PLANS.** Program offices may not disburse funds on a requested program code until an approved funds control plan is established. The allotment holder must immediately advise the OCFO of any changes to their funds control plan, and the Funds Control Officer must maintain a complete record of any changes to the designated positions or persons authorized to initiate, approve and process actions that commit, obligate or expend funds, including the precise timing of those changes. The OCFO Office of Financial Management ensures that no program codes are established in the financial system without approval by the ACFO (or Deputy ACFO) for Financial Management through the following procedures:
1. Requests for new program codes are submitted to OCFO Systems by OCFO Budget, OCFO Accounting, or a HUD program office, including a completed Data Form to establish, change or delete information.
  2. Requests for a new program code and the associated Data Form are forwarded to OCFO for Financial Management, Funds Control Assurance Division (FCAD) for review.
  3. FCAD will determine whether a funds control plan exists for the requested program code. If a funds control plan exists, FCAD forwards the request to the ACFO (or Deputy ACFO) for Financial Management for approval.
  4. The ACFO (or Deputy ACFO) for Financial Management provides approval to OCFO Systems to establish the new program code in the financial system. FCAD ensures that the funds control plan is updated for the new program code.
  5. If it is determined that there is not a funds control plan for the requested program code, FCAD directs the respective program office to provide a funds control plan for the new program code. FCAD notifies the ACFO (or Deputy ACFO) for Financial Management that there is not an approved funds control plan. The ACFO (or Deputy ACFO) for Financial Management sends the OCFO Systems a disapproval of the request for a new program code.
  6. Once a funds control plan for a new program code is received by FCAD, the plan is reviewed. Approval from the ACFO (or Deputy ACFO) for Financial Management is required before the new program code is established.

7. For approved funds control plans for new program codes, FCAD notifies the ACFO (or Deputy ACFO) for Financial Management, who forwards the approved request for new program code to the OCFO Systems.

4-6. **COMPLIANCE REVIEWS.** The OCFO will conduct periodic reviews of compliance with funds control plans (both conditionally approved and unconditionally approved) to assure adequate funds control is being applied in actual practice. Any deficiencies disclosed in the content or execution of funds control plans will be promptly communicated to the responsible Funds Control Officer and allotment holder for timely corrective action.

## CHAPTER 5. RESPONDING TO ANTIDEFICIENCY ACT VIOLATIONS

5-1. **PROHIBITIONS OF THE ACT.** The Antideficiency Act (Revised Statute 3679, as amended) is now codified in 31 U.S.C., Chapters 13 and 15. The Act prohibits:

- Making or authorizing an expenditure from, or creating or authorizing an obligation under, any appropriation or fund in excess of the amount available in the appropriation or fund unless authorized by law;
- Involving the government in any contract or other obligation for the payment of money for any purpose in advance of appropriations made for such purpose, unless the contract or obligation is authorized by law;
- Accepting voluntary services that could give rise to claims against the United States Government or employing personal services in excess of that authorized by law, except in the cases of emergency involving the safety of human life or the protection of property; and
- Making obligations or expenditures in excess of an apportionment, reapportionment, allotment or suballotment.

For credit programs, OMB Circular A-11 provides that the Department is required to report Antideficiency Act violations for the overobligation or over-expenditure of (a) the subsidy, (b) the credit level supportable by the enacted subsidy, (c) the amount appropriated for administrative expenses, (d) the expired unobligated balance of the subsidy, and (e) the apportioned borrowing authority in a financing account.

5-2. **REPORTING REQUIREMENTS OF THE ANTIDEFICIENCY ACT AND OMB CIRCULAR A-11.** The Antideficiency Act provides that if an officer or employee of an executive agency violates its key provisions the head of the agency shall report immediately to the President and congress all relevant facts and a statement of actions taken. [31 U.S.C. 1351.] OMB Circular A-11 section 145.7 states how. For special provisions on Antideficiency Act violations at HUD see section 5-4 of this Handbook, below.

5-3. **PENALTIES FOR VIOLATION OF THE ACT.** The criminal penalty for an officer or employee knowingly and willfully violating the Act is a fine of not more than \$5,000, imprisonment for not more than two years, or both. Penalties for violations of the Antideficiency Act, as noted in OMB Circular A-11, specifies that an employee shall be subject to appropriate administrative discipline, including, when circumstances warrant, a written reprimand, unsatisfactory performance rating, transfer to another position, suspension from duty without pay or removal from office. Corrective action and administrative discipline will also be taken, as needed for correction and prevention of other violations of administrative subdivision of funds that are not violations of the Antideficiency Act. This would include not adhering to the policies and procedures as noted within this funds control handbook and program funds control plans.

5-4. HUD HANDLING OF POSSIBLE VIOLATIONS. HUD's Fiscal Year (FY) 2003 Appropriations Act provided that notwithstanding any other provision of law, hereafter, HUD's CFO shall, in consultation with the Budget Officer, have sole authority to investigate potential or actual violations of the Antideficiency Act and all other statutes and regulations related to the obligation and expenditure of funds in this or any other Acts; shall determine whether violations exist; and shall submit final reports on violations to the Secretary, the President, the OMB, the Comptroller General, and the Congress in accordance with applicable statutes and OMB circulars. Recent HUD Appropriation Acts have also provided that the CFO shall: (a) appoint qualified personnel to conduct investigations of potential or actual violations; (b) establish minimum training requirements and other qualifications for personnel that may be appointed to conduct investigations; (c) establish guidelines and timeframes for the conduct and completion of investigations; (d) prescribe the content, format and other requirements for the submission of final reports on violations; and (e) prescribe such additional policies and procedures as may be required for conducting investigations of, and administering, processing, and reporting on, potential and actual violations of the Antideficiency Act and all other statutes and regulations governing the obligation and expenditure of funds made available in this or any other Act. Early reporting of any potential violation of the Antideficiency Act can help avoid or curtail an actual violation and is therefore an important element of the administrative control of funds. HUD's process for the disclosure, review, reporting and action on potential and actual violations is as follows:

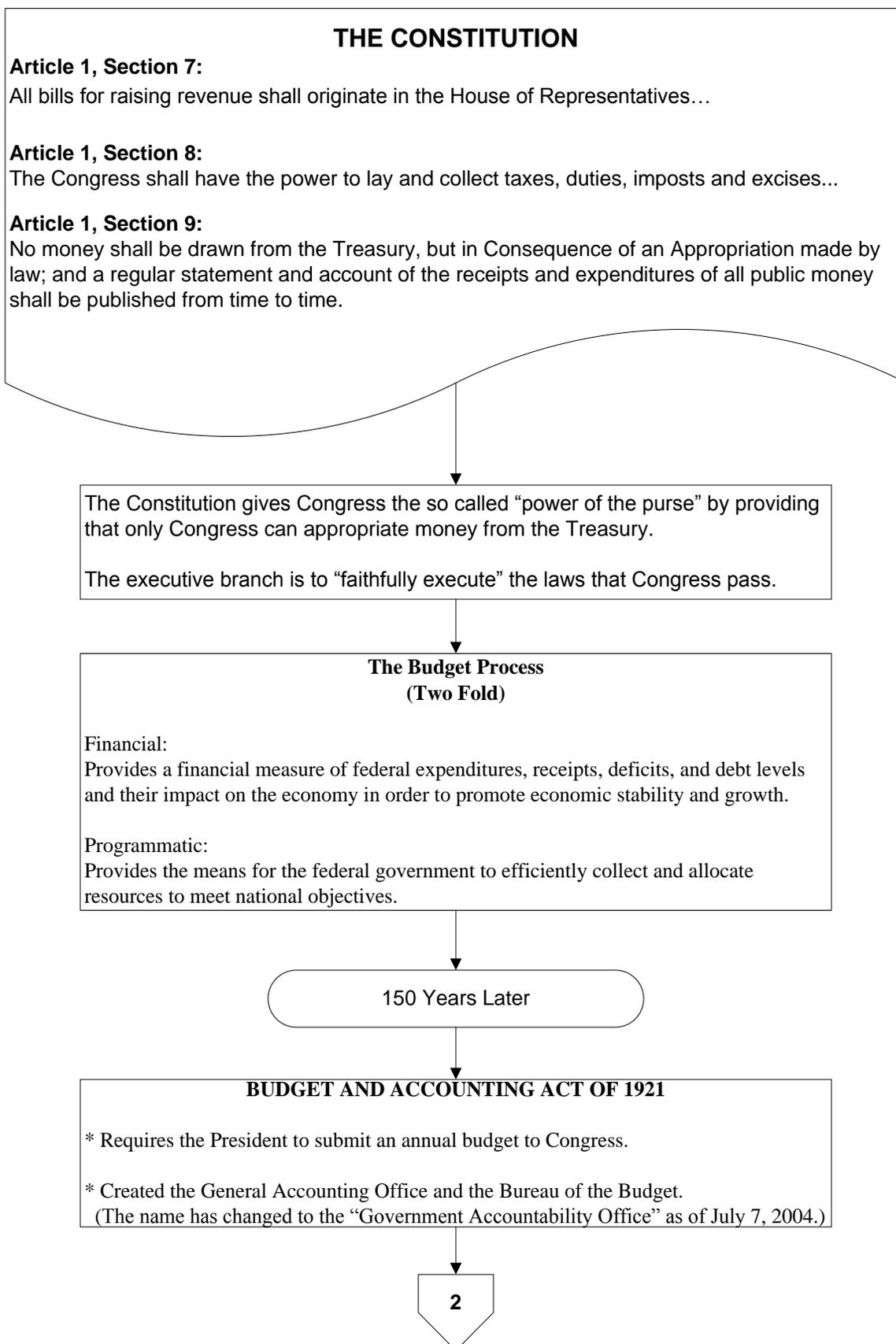
1. Employee Notification of Possible Violations Any HUD employee having knowledge of a possible Antideficiency Act violation must immediately notify the OCFO about the activity in question. The employee should provide information and documents that support their belief that a possible Antideficiency Act violation exists. The OCFO will maintain a file on each alleged Antideficiency Act violation that will include reports documenting action taken to review and address the issue. If the Office of Inspector General, OMB, or GAO informs HUD that there may be a possible Antideficiency Act violation, the OCFO will consider the information as a referral that needs to be investigated, and if determined to be a violation, will explain why it had not previously discovered and reported the violation prior to the external notification. Upon notification or referral, the CFO will assign OCFO employees to a review team that will investigate the potential Antideficiency Act violation and will assist the OCFO and the CFO in carrying out their responsibilities throughout the review process. The review team should consist of staff that are independent of the activity in question. The review team may consult with, or obtain the assistance of, the Office of General Counsel and such other officials as the review team determines necessary to carry out its duties. All HUD employees are required to cooperate with the review team in their investigations of potential Antideficiency Act violations.
2. Preliminary Assessment of No Violation The OCFO will conduct a preliminary assessment of any alleged violation and determine whether a possible Antideficiency Act violation exists. Throughout the review process, the OCFO and the office of the allotment holder will make every effort to ensure that no funding or disbursement

- actions are taken that might continue or compound any violation. If the preliminary assessment clearly determines that there is no violation, the OCFO will document the file that an Antideficiency Act violation was alleged but a determination was made that there is no Antideficiency Act violation, with the basis for the determination. However, whenever the OCFO's preliminary assessment identifies opportunities for improvements in funds control, the OCFO's findings will be forwarded to all program areas concerned.
3. Preliminary Assessment of Possible Violation After the OCFO completes a preliminary assessment and determines that there is a possible Antideficiency Act violation, the OCFO will notify the Secretary and Deputy Secretary of a possible violation in writing, advising them of the basis of the need for further review, with a copy sent to the allotment/suballotment holder and the General Counsel.
  4. Review to Determine Whether an Antideficiency Act Violation Occurred. The OCFO will further review, gather additional information, and prepare a report that will serve as the Department's report under the Antideficiency Act. If the review determines no violation occurred, the CFO will issue a report to the Secretary, Deputy Secretary, allotment holder and General Counsel advising them of the finding and supporting facts. If the review determines that a violation did occur, then the OCFO will take three actions (may be concurrent) before the CFO issues a final report. First, the OCFO will provide due process for the named official or officials viewed as responsible for the violation of the Antideficiency Act, allowing them an opportunity to provide comments that may impact the final report of the investigation. Second, the supervisor(s) of the employee(s) responsible for a violation will be consulted on the violation to recommend disciplinary action to the OCFO. Third, the OCFO will provide a copy of the draft report to the offices of the Secretary, Deputy Secretary, and the General Counsel to allow them an opportunity to review and provide comments. The final report of a violation must advise of all pertinent facts of the Antideficiency Act violation, and the individual or individuals responsible (including any disciplinary action), and make recommendations on corrective actions that should be taken to preclude a recurrence. Even though subsequent actions were taken to correct the cause of a violation, it does not eliminate that violation and it must still be reported. If the review determines that a violation did occur and possible criminal activity is suspected, the CFO will refer such activity to the Inspector General for a criminal investigation and the CFO will proceed with the review and report process in coordination with the criminal investigation of the Inspector General.
  5. Final Report. The FY2003 Appropriations Act states that, "notwithstanding any other provision of law, hereafter, the Chief Financial Officer of the Department of Housing and Urban Development... shall submit final reports on violations to the Secretary, the President, the Office of Management and Budget and the Congress in accordance with applicable statutes and Office of Management and Budget circulars." Hence, as provided in the FY 2003 Appropriations Act, the OCFO will submit a final report on a Antideficiency Act violation to the Secretary, the President, OMB, and the Congress in accordance with applicable statutes and OMB circulars. On the same

date, the OCFO will provide GAO, the allotment holder, the Deputy Secretary, the General Counsel, and any other appropriate officials with a copy of the final report. Any recommended penalties will be imposed on the person(s) determined to be responsible for the violation and any other recommendations or corrective actions in the final report will be implemented by the Department.

6. As provided in the FY 2003 Appropriations Act, the OCFO will submit a report on an Antideficiency Act violation to the Secretary, the President (through OMB), and the Congress in accordance with applicable statutes and OMB circulars. A copy of each report will also be sent to the Comptroller General on the same date the report is transmitted to the President and the Congress, as required in the FY 2005 Consolidated Appropriations Act. After submission, the OCFO will provide the allotment holder and any other appropriate officials with a copy of the report. The Department will impose any recommended penalties on the person(s) determined to be responsible for the violation. Also, the Department will implement corrective actions to prevent the recurrence of this type violation.

# LEGAL BASIS FOR CONTROL OF FUNDS FORMULATING THE BUDGET



# FORMULATING THE BUDGET (continued)

2

Post WWII Budgeting

## HOOVER COMMISSION OF 1949

- \* Coined the term “performance budget” which was intended to shift the focus from inputs of government to its functions, activities, costs, and accomplishments.
- \* De-emphasized objects of expenditure and emphasized outputs resulting from a specific function or activity.
- \* Led to the passage of the Budgeting and Accounting Procedures Act of 1950.

## BUDGETING AND ACCOUNTING PROCEDURES ACT OF 1950

- \* “ The Budget shall set forth in such form and detail as the President may determine (a) functions and activities of the Government.”
- \* Requires accurate support of budget justification with cost and performance data.
- \* Requires the establishment of internal control procedures.
- \* Requires full disclosure of financial results of agency activities.
- \* Requires suitable integration between agency accounting systems and those maintained by Treasury.

## Budgeting Today

The  
Congressional  
Budget and  
Impoundment  
Control Act of  
1974

The Balanced  
Budget and  
Emergency  
Control Act of  
1985

The Budget  
Enforcement  
Act of 1990

The  
Government  
Performance  
and Results Act  
of 1993

3

# FORMULATING THE BUDGET (continued)

3

## **THE CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974**

- \* Describes the current congressional budget process and controls certain aspects of budget execution, i.e., the budget resolution process.
- \* Created the deferral and rescission process.
- \* Created the House and Senate Budget Committees.
- \* Established the Congressional Budget Office.
- \* Moved the start of the fiscal year from July 1 to October 1.

## **THE BALANCED BUDGET AND EMERGENCY CONTROL ACT OF 1985**

- \* Commonly known as the Gramm-Rudman-Hollings Act, this law describes rules and procedures (including sequestration) designed to eliminate excess deficits.
- \* Goal: To balance the budget in five years.

## **THE BUDGET ENFORCEMENT ACT OF 1990**

- \* Significantly amended the laws pertaining to the budget process, including the Congressional Budget Act and the Balanced Budget and Emergency Deficit Control Act.
- \* Changed the deadline for the President to submit the budget - it must now be submitted between the first Monday in January and the first Monday in February.

Goal: To keep the deficit from getting worse.

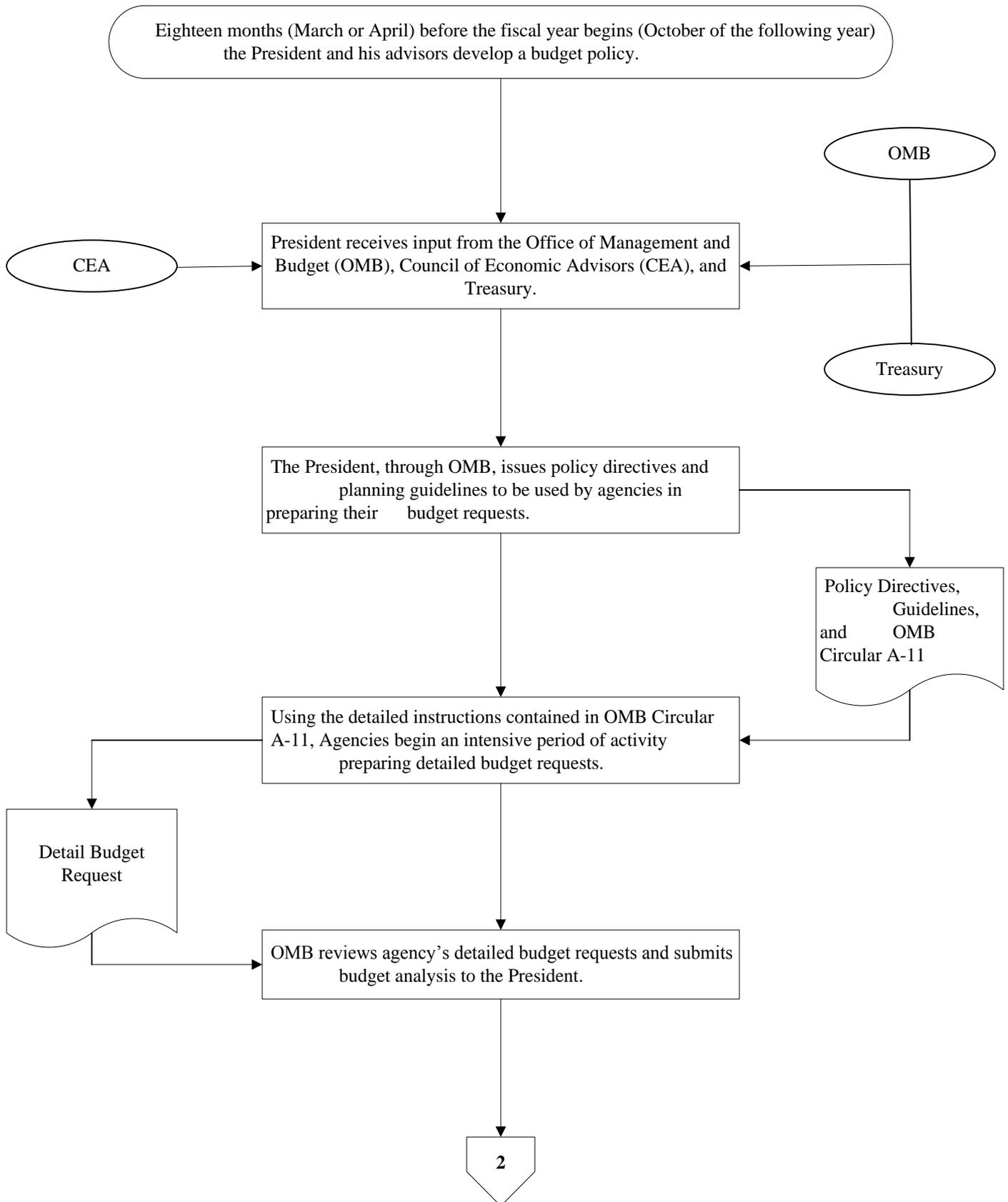
## **THE GOVERNMENT PERFORMANCE AND RESULTS ACT OF 1993**

- \* Requires agencies to prepare and submit five year strategic plans, annual performance plans, and annual performance reports.
- \* May require the preparation and submission of performance based budgets.

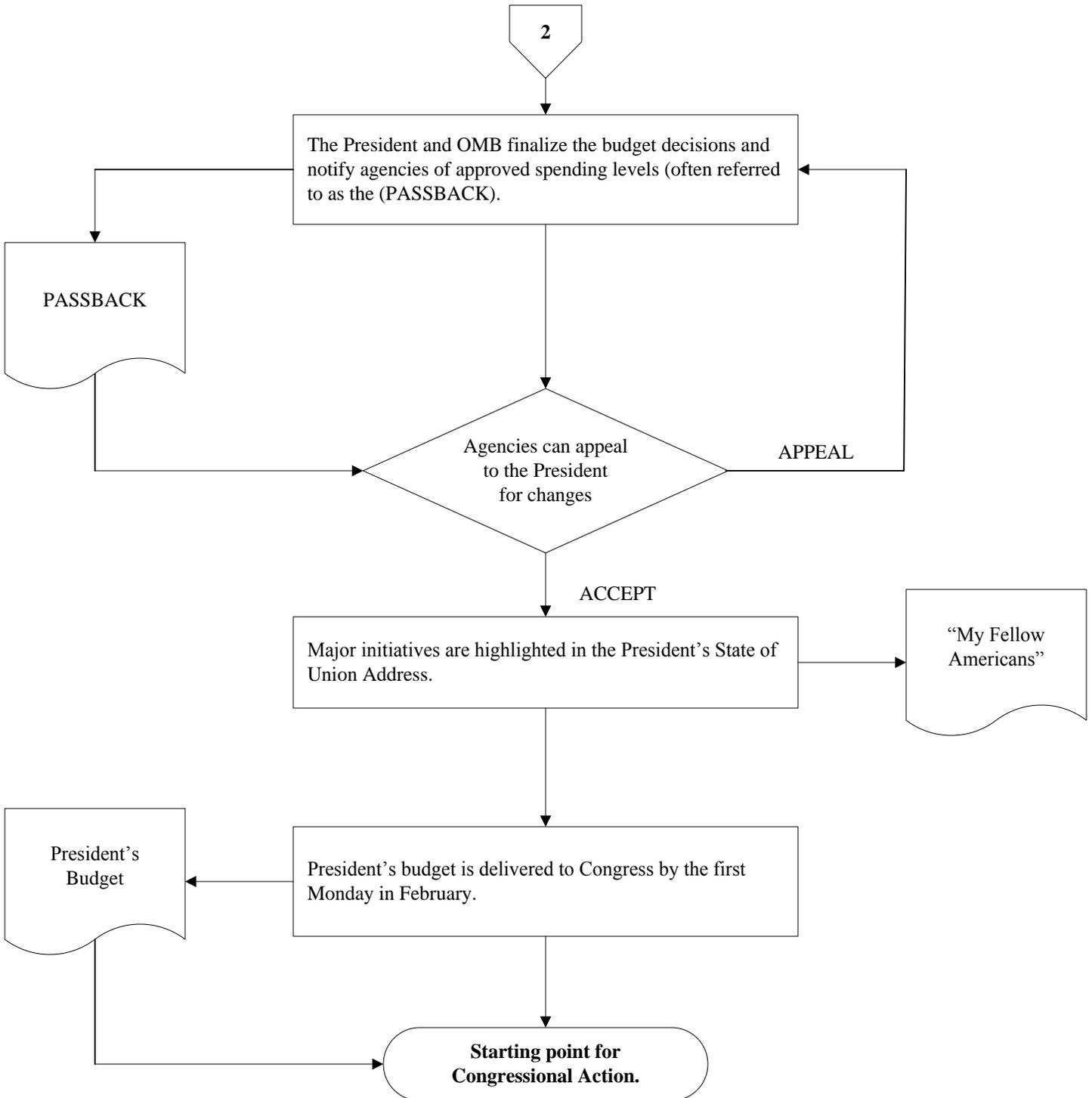
## **THE BALANCED BUDGET AGREEMENT OF 1997**

The Balanced Budget Agreement of 1997, among other things, calls for a balanced budget by year 2002.

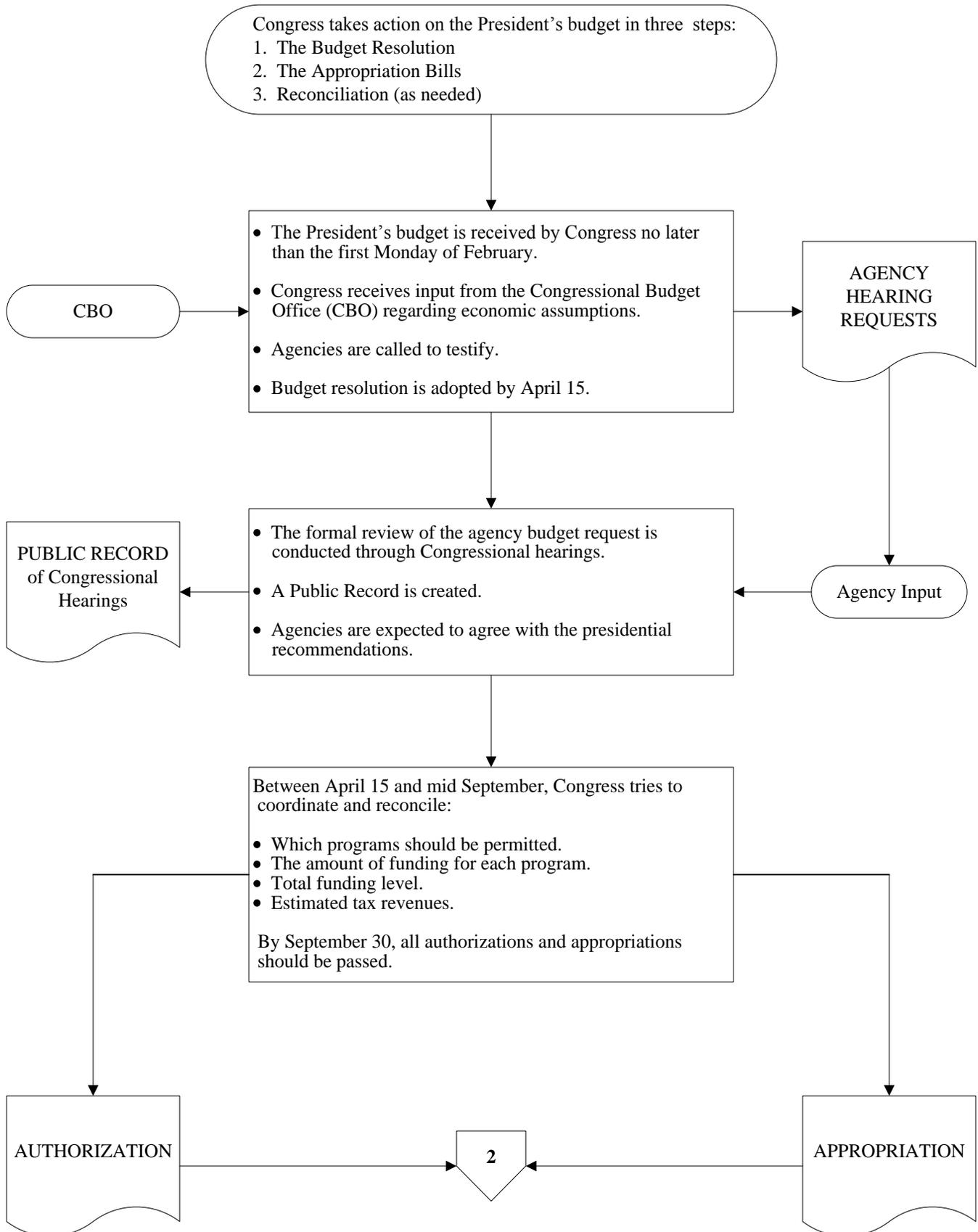
# PROCESSING THE BUDGET



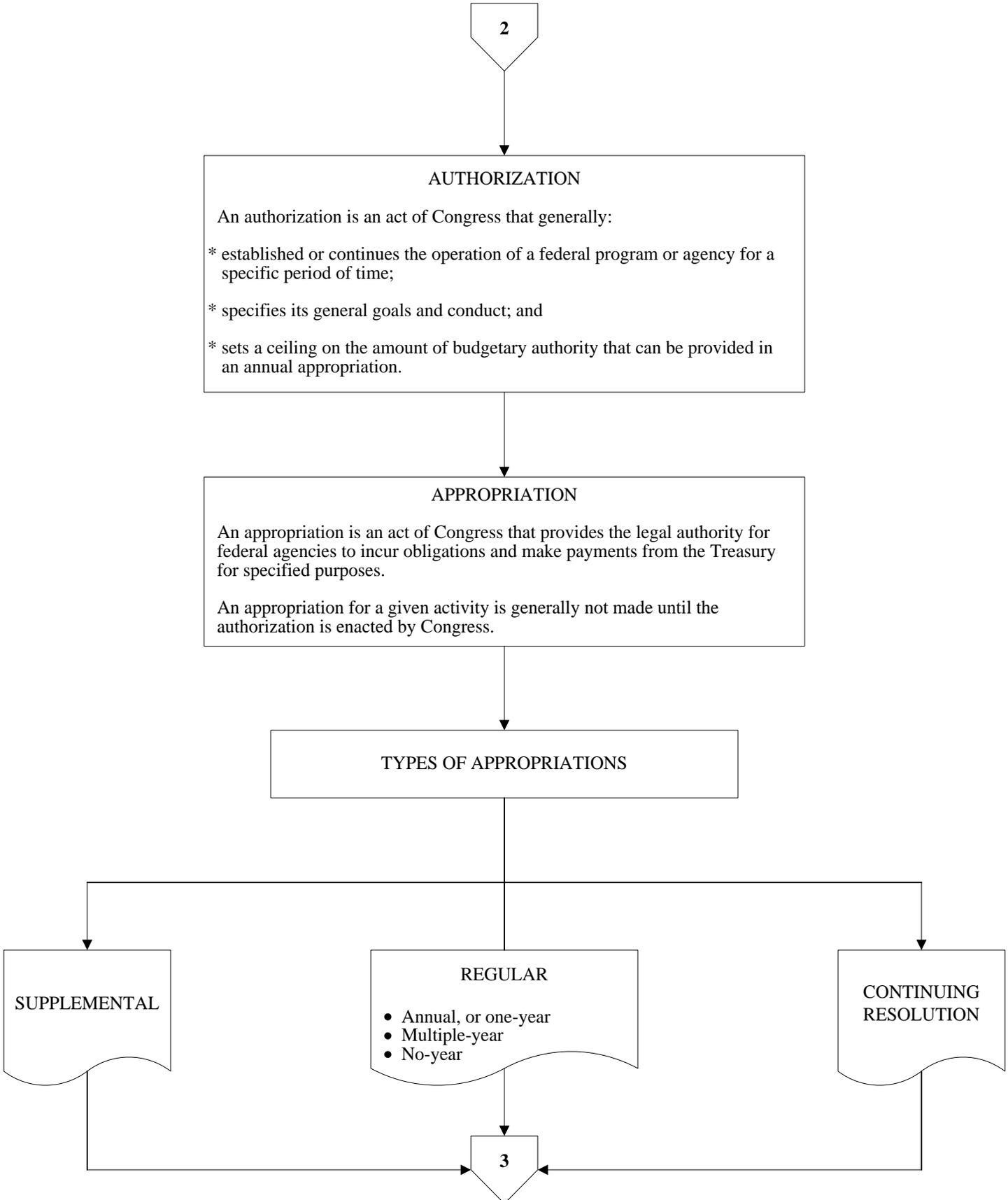
# PROCESSING THE BUDGET (continued)



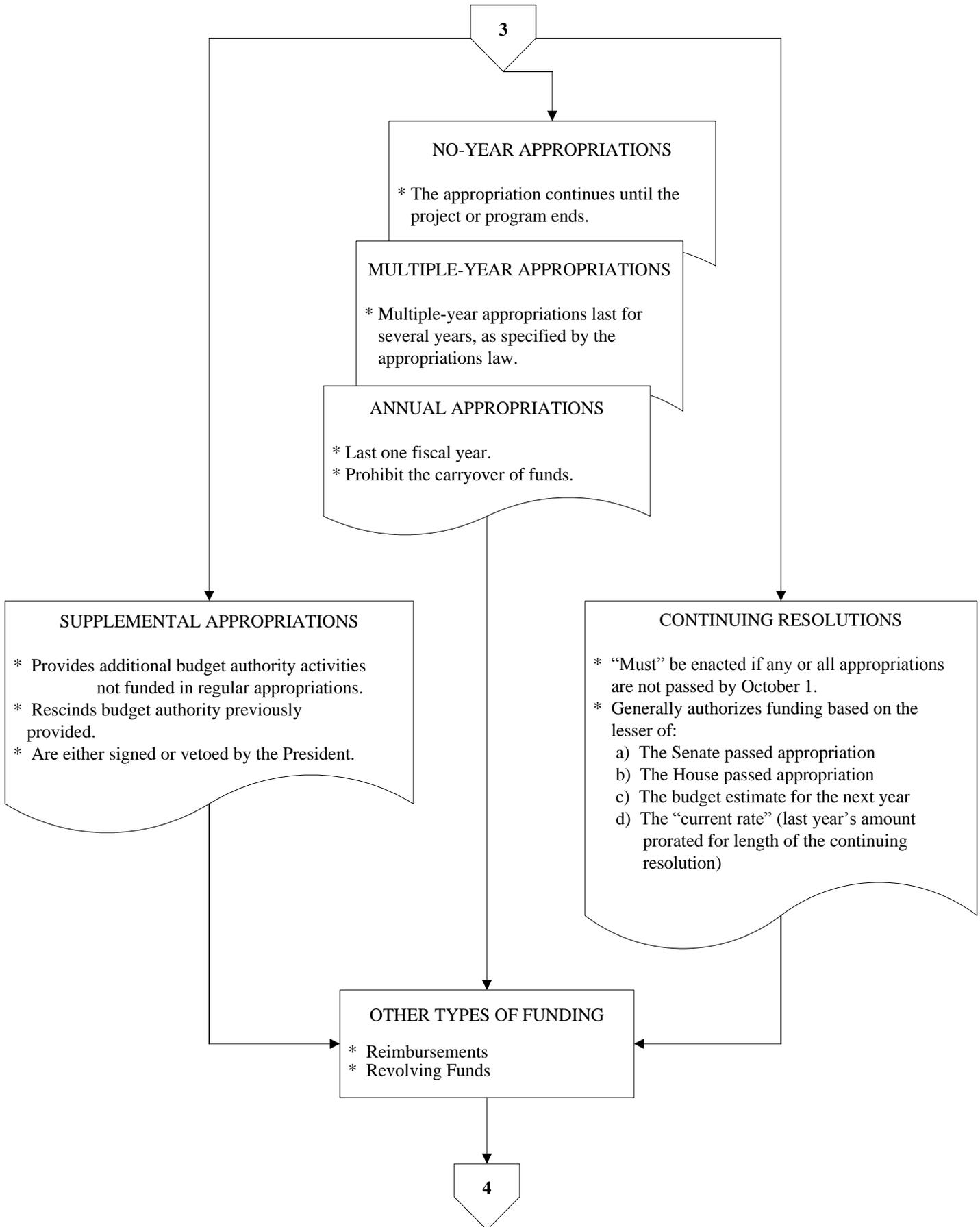
# CONGRESSIONAL ACTION



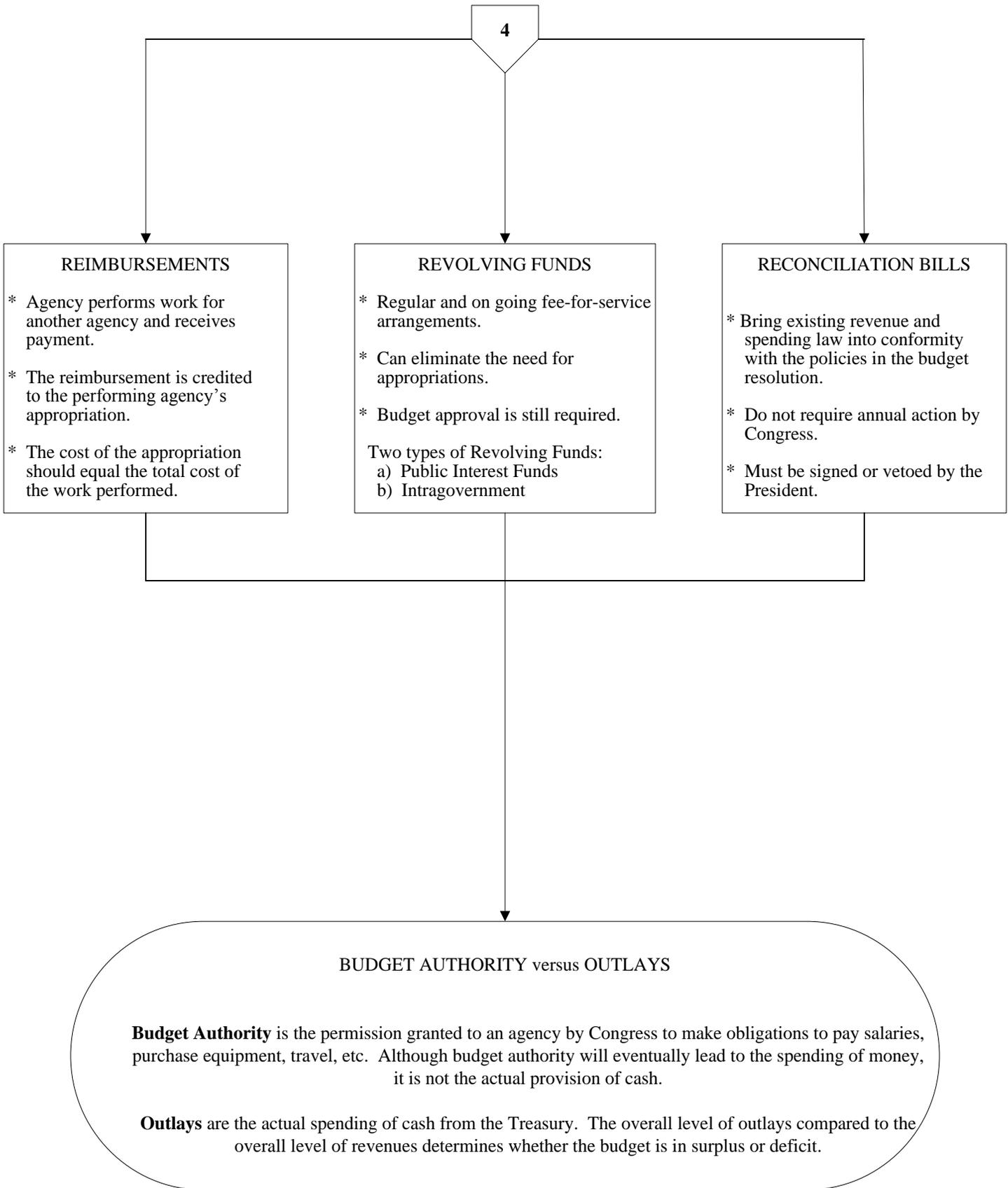
# CONGRESSIONAL ACTION (continued)



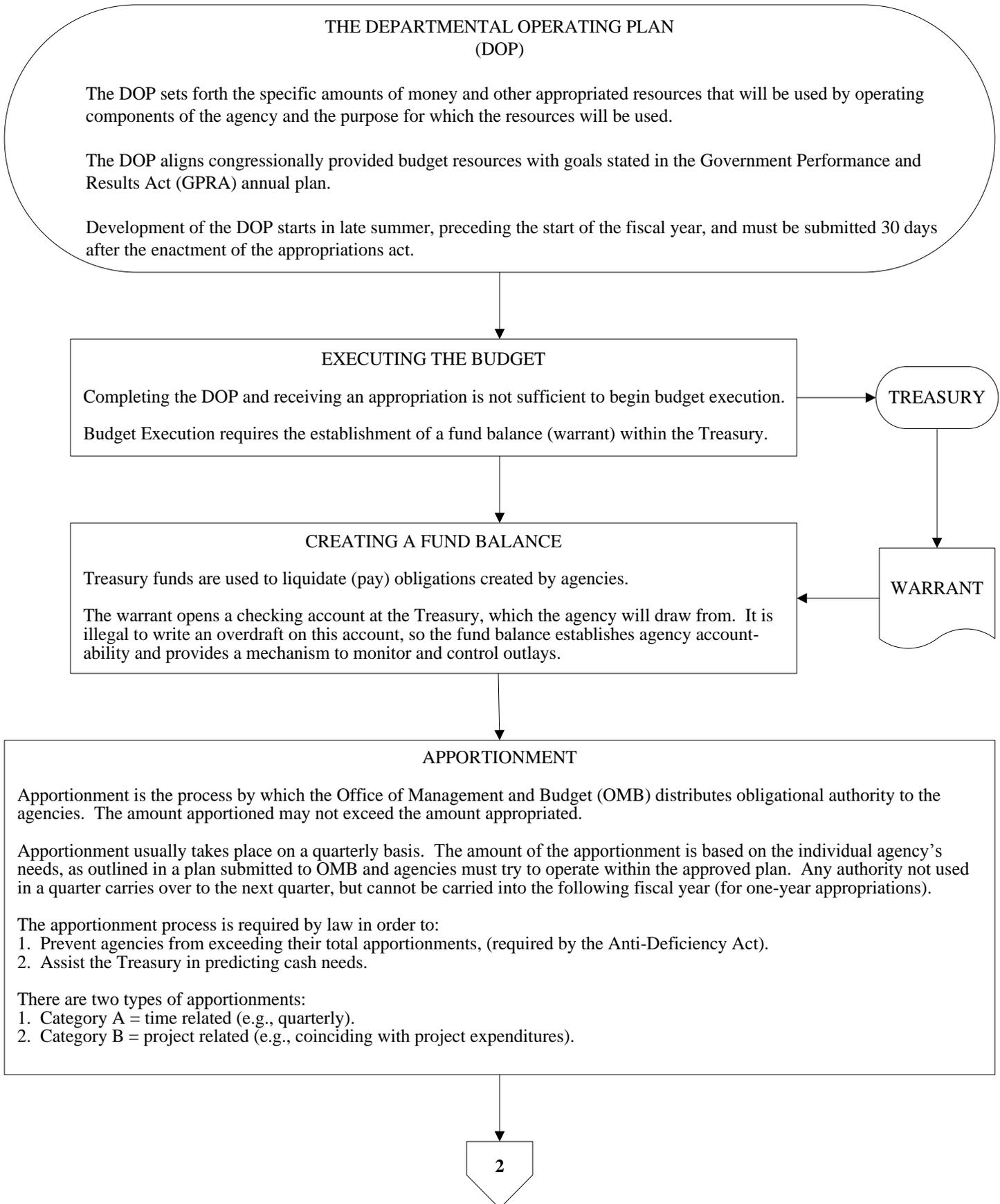
CONGRESSIONAL ACTION  
(continued)



# CONGRESSIONAL ACTION (continued)



# BUDGET EXECUTION AND CONTROL



# BUDGET EXECUTION AND CONTROL (continued)



**ALLOTMENT**

Allotments are the division and distribution of the apportionment within the agency. In other words, an agency allots its obligational authority among its various operating units based on their submitted budgets.

- The total amount allotted may not exceed the apportionment, and the allotment represents the spending limit for the operating unit.
- Like apportionments, allotments are made quarterly to reflect activities of the operating unit. For example, allotments might reflect seasonal variations in the operating unit's activities.
- Unused allotments are carried over into the next quarter, but not the next fiscal year (for one-year appropriations).
- Further subdivision of the allotments are often referred to as allocations. The agency's operating components must divide resources in the operating plan to the lowest level of responsibility for the management and use of resources.

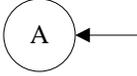
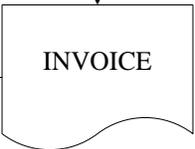
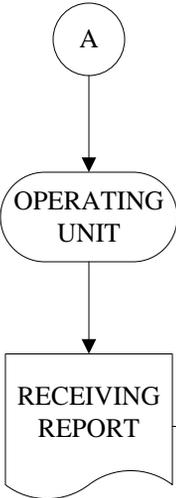
**OBLIGATIONS AND PAYMENTS**

- Operating units receive obligational authority and begin executing their budgets.
- An obligation is a legally binding agreement to purchase goods or services.
- Vendors receive payment from the Treasury.

**THE PAYMENT PROCESS**

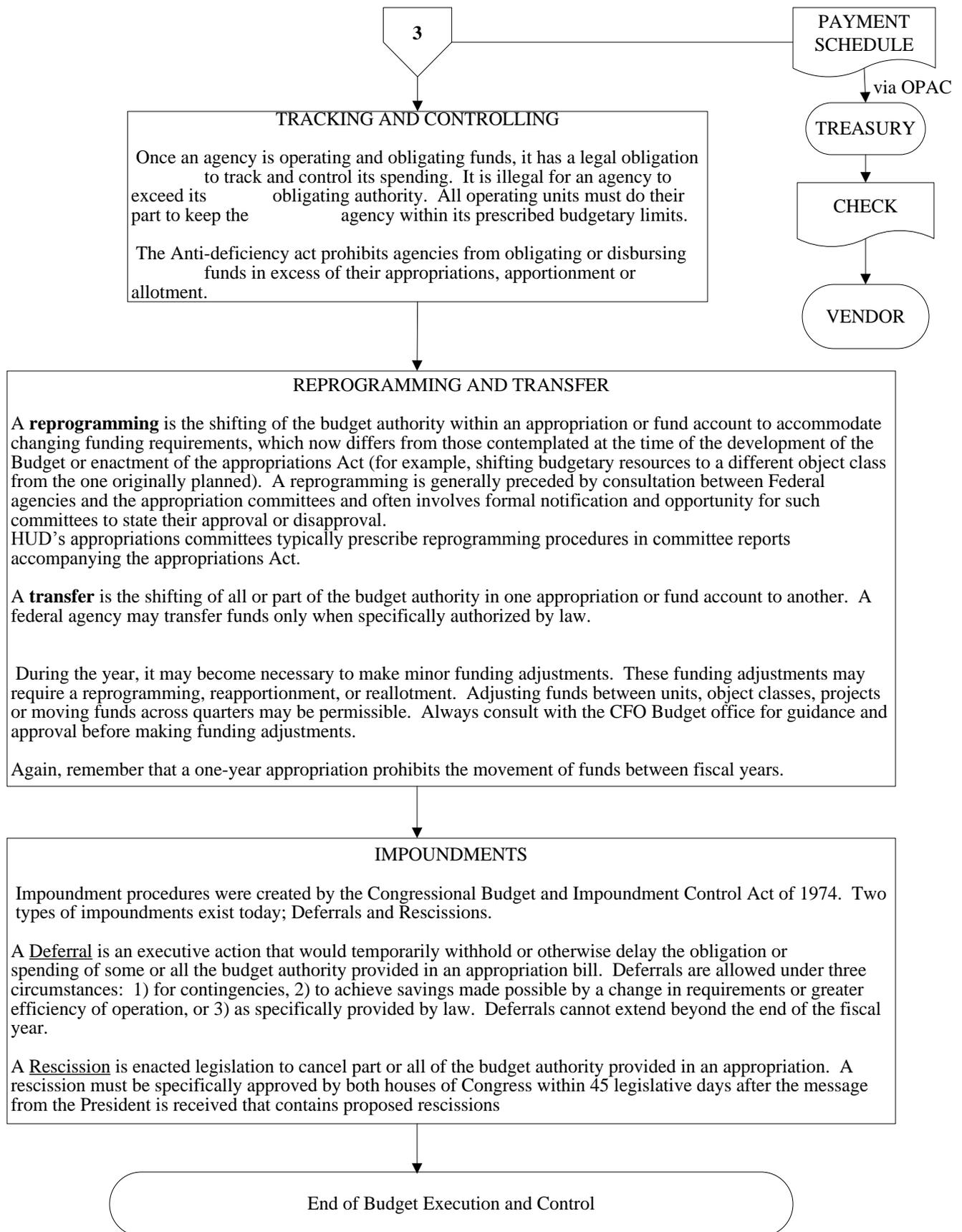
Payment of cash from the Treasury is called an outlay. The steps involved are:

1. An agency Voucher Examiner verifies the:
  - a) copy of the invoice submitted by the vendor
  - b) receiving report documenting receipt of ordered goods or services
  - c) agency purchase order
 The Voucher Examiner verifies that these documents match.
2. A schedule of payments, which indicates the payee's name, address and amount of the invoice is prepared and approved.
3. The approved schedule of payments is forwarded to the Treasury. Then, the Treasury makes payment by electronic funds transfer, wire or check. The transfer (of the payment schedule) occurs via the On-Line Payment and Collection (OPAC) system.



# BUDGET EXECUTION AND CONTROL

(continued)



Footnote: Online Payment and Collection (OPAC)

# OBLIGATION OF FUNDS

## Legal Controls

The legal controls on the use of funds are administered through its purpose, time and amount established by Congress.

### PURPOSE

The basic principle is stated in the Purpose Law, 31 U.S.C. 1301 (a): Appropriations shall be applied only to the objects for which the appropriations were made except as otherwise provided by law.”

To satisfy the Purpose Law, four conditions must exist. (generally known as the necessary expense rule or doctrine). An expense must be:

- 1) Necessary (or incidental);
- 2) Logically connected to the appropriation;
- 3) Not prohibited by some other law; and
- 4) Not otherwise provided for.

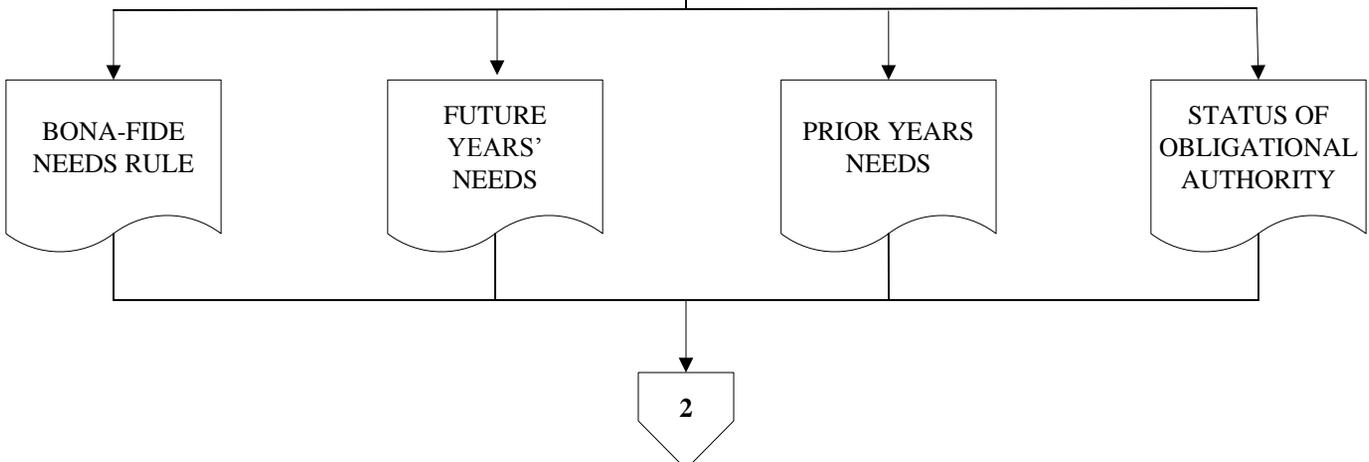
Remember, an agency cannot do indirectly what it is prohibited from doing directly. For example, you cannot use reimbursable agreements, grants, contracts, or revolving funds to accomplish what you could not achieve by direct expenditure.

### TIME

The placing of time limits on the availability of appropriations is one of the primary means of Congressional control. By imposing a time limit, Congress reserves for itself the prerogative of periodically reviewing a given program's or agency's activities.

All appropriations are presumed to be annual appropriations unless the appropriating act expressly provides otherwise.

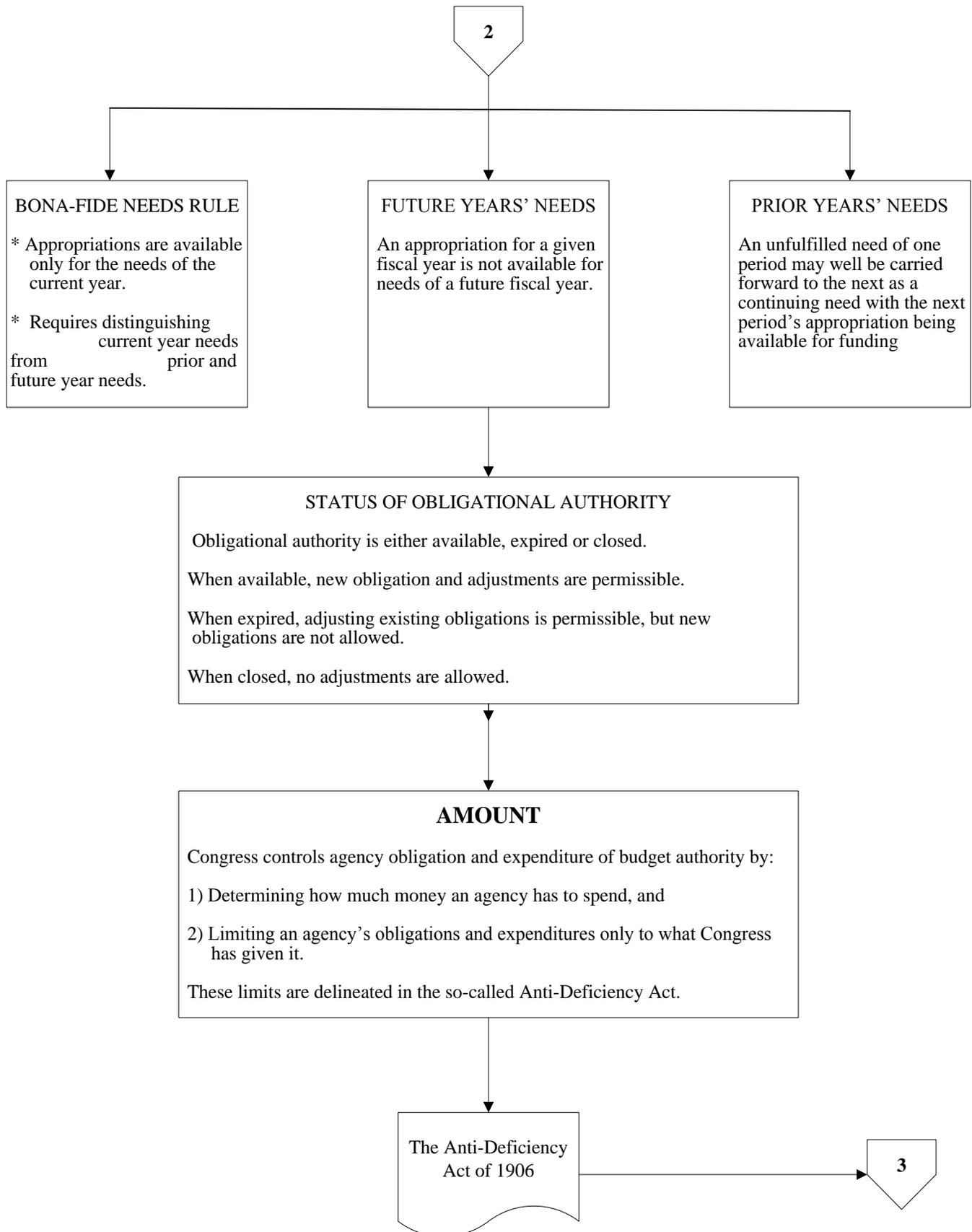
If an agency fails to obligate its annual funds by the end of the fiscal year for which they were appropriated, they cease to be available for obligation and are said to have “expired” for obligational purposes.



# OBLIGATION OF FUNDS

## Legal Controls

(continued)



# OBLIGATION OF FUNDS

## Legal Controls

(continued)

3

### THE ANTI-DEFICIENCY ACT

The Anti-Deficiency Act prohibits:

\* Obligations in advance of, or in excess of:

- 1) Appropriations
- 2) Apportionments
- 3) Allotments

\* Accepting voluntary services that could give rise to claims against the government.

### PENALTIES

Violations of the Anti-Deficiency Act are subject to sanctions of two types, administrative and penal.

#### **Administrative Penalties**

An officer or employee who:

- \* obligates/expends in excess or advance of an appropriation; or
- \* violates the voluntary services prohibition; or
- \* obligates/expends in excess of an apportionment or administrative subdivision (allotment) as specified by regulation, shall be subject to appropriate administrative discipline including, when circumstances warrant, suspension from duty without pay or removal from office.

#### **Criminal Penalties**

An officer or employee who “knowingly and willfully” violates any of the three provisions cited above:

- \* shall be fined not more than \$5,000, imprisoned for not more than 2 years, or both.

### THE RULE AGAINST AUGMENTATION

\* Is not contained in a single statute.

\* Is really an amalgam of separate laws, primarily the “miscellaneous receipts” statute, 31 U.S.C. Section 3302(b).

\* Prohibits executive branch agencies from operating at a level above and beyond what Congress has authorized. Only Congress has the “power of the purse,” and the power to appropriate cannot be augmented in any way.

4

# OBLIGATION OF FUNDS

## Legal Controls

(continued)

4

### STATUTE, 31 U.S.C. SECTION 3302(B)

Monies received for the use of the United States must be deposited in the Treasury unless otherwise authorized, and cannot be withdrawn without an appropriation.

### EXCEPTIONS TO THE RULE AGAINST AUGMENTATION

**Statutory Exceptions:** An agency can retain money if it has specific statutory authority to do so; for example:

- \* Reimbursement made under the Economy Act
- \* Revolving funds (a common exception)

**Other Authorized Exceptions:**

- \* Receipts that qualify as authorized repayments to an appropriation may be retained and credited to that appropriation.
- \* Refunds of amounts collected from outside sources for payments made in error, overpayments, or adjustments for previous amounts disbursed, including returns of authorized advances, may be credited to the account from which the original payment was made. (considered a type of repayment)
- \* Excess Reprourement Costs: Funds recovered from contractors who default or perform unsatisfactory work may be retained and used to complete or correct the inadequately performed work.
- \* Trust Funds: Money properly received by a federal agency in a trust capacity and receipts generated by trust fund activities do not have to be deposited in the Treasury as miscellaneous receipts.

End Obligation of Funds  
Legal Controls

**SUMMARY LISTING OF AUTHORITIES  
APPLICABLE TO HUD FUND CONTROL DIRECTIVES**

- Money and Finance. Title 31, United States Code:
  - Sections 1341-1342, 1349-1351, 1511-1519 (part of the Antideficiency Act, P.L. 97-258, as amended).
  - Sections 1101, 1104-1108, 3324 (part of the Budget and Accounting Act, 1921, as amended).
  - Sections 1501-1502 (part of section 1311 of the Supplemental Appropriations Act of 1950).
  - Sections 1112, 1531, 3511-3512, 3524 (part of the Budget and Accounting Procedures Act of 1950).
- Title X of P.L. 93-344, found at 2 USC 681-688.
- Supplemental Appropriations Act of 1950
- Budget and Impoundment Control Act of 1974, “Line Veto Act” (31 USC 1400-1407)
- Federal Managers’ Financial Integrity Act (FMFIA) of 1982, P.L. 97-255
- Prompt Payment Act Amendments of 1988, P.L. 100-496, 31 USC 3902
- Chief Financial Officers (CFO) Act of 1990, P.L. 101-579
- Federal Credit Reform Act of 1990
- Government Management Reform Act of 1994 (Title IV - Federal Financial Management Act of 1994)
- Part 4 of the OMB Circular No. A-11, “Preparation, Submission and Execution of the Budget” and related OMB guidelines
- OMB Circular No. A-123, “Management’s Accountability and Control”
- OMB Circular No. A-127, “Financial Management Systems”

## APPENDIX NO. 2

- OMB Circular No. A-129 “Policies for Federal Credit Programs and non-Tax Receivables
- GAO Core Financial System Requirements
- Principles of Federal Appropriations Law. GAO is currently developing a comprehensive listing of all authorities cited in Principles of Federal Appropriations Law, Volumes 1-4.
- JFMIP Core Financial Systems Requirements (Funds Management Section)
- GAO Principles of Federal Appropriations Law
- Treasury Financial Manual (TFM) Vol. 1 Part 2 Chapter 4200
- SFFAS 5 “Accounting for Liabilities of the Federal Government”
- SFFAS 7 “Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting”

**ADMINISTRATIVE CONTROL OF FUNDS HANDBOOK  
TERMS AND DEFINITIONS**

The terms used in this Handbook or any supplemental instructions shall generally have the same meaning as those defined in Office of Management and Budget OMB, Circular No. A-11, Revised, July 25, 2003.

**ALLOTMENT**

All authorizations issued on behalf of the Secretary to specified HUD officials to commit, obligate and expend funds pursuant to apportionments, reappportionments or other statutory authority.

**ALLOTMENT HOLDER**

Represents the holder of the Allotment, usually Assistant Secretary, who will further distribute funds to a Program Class or Budget Object Classification.

**APPORTIONMENT**

An apportionment is a plan, approved by OMB, to spend resources provided by law. The law providing the resources may be a permanent law (mandatory appropriations), one of the 13 annual appropriations acts, a supplemental appropriations act, or a continuing resolution. The apportionment also identifies meaningful program reporting categories that agencies will report obligations against in their SF 133 Reports on Budget Execution and Budgetary Resources.

**APPROPRIATION**

An appropriation is an act of Congress that provides the legal authority for federal agencies to incur obligations and make payments from the Treasury for specified purposes. An appropriation for a given activity is generally not made until the authorization is enacted by Congress.

**BUDGET AUTHORITY**

Authority provided by law to enter into obligations, which will result in immediate or future outlays involving Government funds.

**CARRYOVER FUNDS**

Carryover funds are unexpired multi-year and no-year funds that have not been obligated as of the end of a fiscal year; but which are available to carryover for apportionment, allotment and obligation in the next fiscal year. (Expiring annual and multi-year funds that have not been obligated by fiscal year-end are not available to carryover for apportionment, allotment and obligation the following fiscal year.)

## APPENDIX NO. 3

### COMMITMENT

A commitment is the setting aside or reservation of funds to assure the availability of funds for pending funding actions for the planned purchase of goods or services, the award of grants or subsidies, or other authorized purposes. As pre-obligations a commitment of funds is an internal administrative process that is not legally binding.

### CONTRACT AUTHORITY

Contract authority is a type of budget authority that is authorized by statute to permit obligations to be incurred in advance of appropriations or in anticipation of receipts to be credited to a revolving fund or other account. (By definition, contract authority is unfunded and must subsequently be funded by an appropriation to liquidate obligations incurred under the contract authority, or by the collection and use of receipts.) Since the passage of the Congressional Budget Act of 1974, it is not in order for either House of the Congress to consider any bill that provides new contract authority for HUD programs unless that bill also provides that such new authority will be effective only to the extent or in such amounts as provided in appropriation acts.

### DEFERRAL

A deferral is any action or inaction by an officer of the United States Government that temporarily withholds, delays, or effectively precludes the obligation or expenditure of budget authority. Deferrals must receive prior approval from OMB. A deferral request within the Department, may result from policy decisions to obligate apportioned funds provided for a specific purpose or project at a pace slower than intended by Congress. (However, the Department is not required to report as deferrals normal internal management actions that affect the timing of obligations for reasons related to the routine financial management of a program or project or to comply with procurement regulations or sound procurement practices.)

### DIRECT LOAN

A disbursement of funds (not in exchange for goods or services) by the Government to a non-Federal borrower that is contracted to be repaid with or without interest, or either of the following transactions: direct Federal participation in loans privately made or held; and purchase of private loans through secondary market operations. A direct loan is counted against the annual limitation when the principal amount is obligated. For direct loans, gross obligations means the amount obligated during a fiscal year, without reductions for such items as repayments, sale of loan assets, defaults, or forgiveness.

### FUND ASSIGNMENTS

The administrative distribution of program funds to the Regional Directors and the further distribution of such funds to field offices. Fund assignments are not

control devices but rather a means of distributing available authority. They are, therefore, not considered allotments, and the use of funds in excess of an assigned amount shall not be considered a violation of Section 3679 of the Revised Statutes, as amended. However, such use is subject to administrative review and discipline under paragraphs 5-3 and 5-4 of this Handbook.

#### GROSS OBLIGATIONS

All accounting reports and presentations to the Congress will show obligations on a gross basis. This means that all downward adjustments of prior year obligations are to be shown in the accounts and in the Budget as recovery of prior year obligations. All obligations will be shown as new obligations incurred whether or not the obligations are of prior year funds. However, these rules do not apply to recoveries of obligations made during a given year. For example, a cancellation of a Fiscal Year (FY) 2005 commitment may continue to be reused in FY 2005 without showing as an additional obligation. (See also “Direct Loan” and “Guaranteed Loan” for specific meanings in those contexts.)

#### GUARANTEED LOAN

A guaranteed loan is the principal amount of any loan for which the Government pledges to pay part or all of the loan principal and interest to a lender or holder of a security, in the event of default by a third party borrower. For the purposes of credit control, the term includes agreements in the form of loan insurance, i.e., a program to pool risks, pledging the use of insurance premiums, and, under some circumstances, other resources to secure a lender against default by a borrower. The term also includes direct Federal loans that the government has sold under guarantee or repurchase agreements. For loan guarantees, gross commitments means the amount committed during a fiscal year, without reductions for such items as repayments, prepayments, sale of guaranteed loans, or defaults (see “commitment” above).

#### OBLIGATION

An obligation is a binding agreement that will require an outlay or expenditure of funds, immediately or in the future (Section 3-10 contains the same definition). For specific guidance regarding obligations, see Sections 3-11 through 3-24.

#### PROGRAM FUNDS

All obligational authority, whether provided by appropriations or in the form of borrowing, lending, or contract authority, available for grants, loans or other forms of financial assistance under any program of the Department. “Program funds” shall not include appropriations to liquidate contract authority. The term shall include the authorization for contracts and grants for research, and for other special purposes or activities that may be specifically budgeted as “program funds.”

## **APPENDIX NO. 3**

### **RESCISSION**

A rescission is enacted legislation canceling budget authority previously provided by the Congress, prior to the time when the authority would otherwise have expired.

### **STAFF EXPENSE FUNDS**

All funds which are appropriated or otherwise made available for personal services and related costs of travel, space, equipment, supplies, and similar operating expenses of any part of the Department, including interagency agreements and other contracts for the performance of services where such agreements or contracts are not made in the course of carrying out a program and funded from program funds.

### **SUBALLOTMENT**

The allotment by a prior allotment holder of a specified part of the authority conveyed by an allotment subject to the conditions and limitations applicable to the original allotment. The issuance of a suballotment transfers primary responsibility for compliance with the Antideficiency Act to the suballotment holder.

## ALLOTMENT HOLDER LISTING

ALLOTMENT HOLDER	ACCOUNT	PROGRAM/ACTIVITY
<b>OFFICE OF FAIR HOUSING AND EQUAL OPPORTUNITY</b>		
Assistant Secretary, Fair Housing and Equal Opportunity	0144	Fair Housing Assistance Program
		Fair Housing Initiatives Program
		Fair Housing Initiatives Program Technical Assistance
		Fair Housing Limited English Proficiency Initiative
Assistant Secretary, Fair Housing and Equal Opportunity	0402	Transformation Initiative Technical Assistance
Assistant Secretary, Fair Housing and Equal Opportunity	0333, 0335, 0340	Salaries and Expenses
<b>OFFICE OF HEALTHY HOMES AND LEAD HAZARD CONTROL</b>		
Director, Office of Healthy Homes and Lead Hazard Control	0174	Lead Hazard Reduction
		Healthy Homes
		Lead Hazard Demonstration
		Lead Technical Studies
		Operation LEAP (Lead Elimination Action Plan)
		Big Buy Program
Director, Office of Healthy Homes and Lead Hazard Control	0177	Lead Hazard Reduction Grants
		Lead Hazard Reduction Demonstration
		Healthy Homes Demonstration
		Healthy Homes Technical Studies
Director, Office of Healthy Homes and Lead Hazard Control	0402	Transformation Initiative Technical Assistance
Director, Office of Healthy Homes and Lead Hazard Control	0341, 0335	Salaries and Expenses
Director, Office of Healthy Homes and Lead Hazard Control	0347, 0328	American Recovery and Reinvestment Act (ARRA) Salaries and Expenses
<b>OFFICE OF POLICY DEVELOPMENT AND RESEARCH</b>		

## ALLOTMENT HOLDER LISTING

ALLOTMENT HOLDER	ACCOUNT	PROGRAM/ACTIVITY
Assistant Secretary, Office of Policy Development and Research	0108	Research and Technology
Assistant Secretary, Office of Policy Development and Research	0176	Housing Assistance Council
Assistant Secretary, Office of Policy Development and Research	0402	Transformation Initiative Program Demonstrations
		Research, Evaluation, and Program Metrics
Assistant Secretary, Office of Policy Development and Research	0333, 0335, 0339	Salaries and Expenses
<b>OFFICE OF HOUSING</b>		
Assistant Secretary for Housing – Federal Housing Commissioner	0129	Rent Supplement
Assistant Secretary for Housing – Federal Housing Commissioner	0148	Rental Housing Assistance Program
Assistant Secretary for Housing – Federal Housing Commissioner	0183	Mutual Mortgage Insurance Fund (Education and Outreach – Bank Card Purchases)
Assistant Secretary for Housing – Federal Housing Commissioner	0205	Housing Counseling Assistance Program
Assistant Secretary for Housing – Federal Housing Commissioner	0234	Manufactured Housing Fund
Assistant Secretary for Housing – Federal Housing Commissioner	0237	Housing for the Disabled (Section 811)
		Initial Project Rental Assistance Contract (PRAC) and Capital Advance
		PRAC Renewal Section 811 (Disabled)
		Other Expense Section 811 (Disabled)
Assistant Secretary for Housing – Federal Housing Commissioner	0303	Project-Based Rental Assistance
		Section 8 Contract Renewals
		Section 8 Amendments
		Contract Administrators
Assistant Secretary for Housing – Federal Housing Commissioner	0306	ARRA <b>Green Retrofit Program</b> (Grants Account)
Assistant Secretary for Housing – Federal Housing Commissioner	0319	Housing Certificate Fund
		Section 8 Contract Renewals

## ALLOTMENT HOLDER LISTING

ALLOTMENT HOLDER	ACCOUNT	PROGRAM/ACTIVITY
		Section 8 Amendments
Assistant Secretary for Housing – Federal Housing Commissioner	0320	Housing for the Elderly (Section 202) (Initial PRAC and Capital Advance)
		Service Coordinators and Congregate Services
		PRAC Renewal Section 202 (Elderly)
		Other Expense Section 202 (Elderly)
		Conversion to Assisted Living
		Housing for Special Populations Pre-Construction
Assistant Secretary for Housing – Federal Housing Commissioner	0348	ARRA Green Retrofit Program – Loans Program Account (Credit Subsidy)
Assistant Secretary for Housing – Federal Housing Commissioner	0402	Transformation Initiative Technical Assistance
		Combating Mortgage Fraud – Non-IT
Assistant Secretary for Housing – Federal Housing Commissioner	4041	Rental Housing Assistance Fund
Assistant Secretary for Housing – Federal Housing Commissioner	4115	Housing for the Elderly or Handicapped Fund
		Administrative Expense for Field Property Disposition (PD)
		Administrative Expense for HQ Multifamily Property Disposition
		Final Closing for Hubs
		Reverse Auction Inspections
		Housing for the Elderly or Handicapped – Operating Expenses
Assistant Secretary for Housing – Federal Housing Commissioner	4589	ARRA Green Retrofit Program – Loans Financing Account
Assistant Secretary for Housing – Federal Housing Commissioner	8119	Manufactured Housing Fees Trust Fund
Assistant Secretary for Housing – Federal Housing Commissioner	0183	FHA – Mutual Mortgage Insurance/Cooperative Management Housing Insurance Program Account
		Administrative Contract Expenses (AC)
		FHA – Mutual Mortgage Insurance Fiscal Year Program Account
		Upward Re-estimates
Assistant Secretary for Housing – Federal Housing Commissioner	0200	FHA – General and Special Risk Program

## ALLOTMENT HOLDER LISTING

ALLOTMENT HOLDER	ACCOUNT	PROGRAM/ACTIVITY
		Credit Subsidy Available (CS)
		Upward Re-estimates (UP)
		Administrative Contract Expenses (AC)
Assistant Secretary for Housing – Federal Housing Commissioner	4070	FHA – Mutual Mortgage Insurance Fund Guaranteed Loan Liquidating Account
		Capital Investment and Other (CO)
Assistant Secretary for Housing – Federal Housing Commissioner	4072	FHA – General and Special Risk Fund, Guaranteed Loan Liquidating Account
		Multifamily Upfront Grants (UT)
		Payment to Financing Account – Negative Credit Subsidy(M3)
		Capital Investments (CI) – Asset Management and Disposition Contracts
		Operating Expenses (OE)
Assistant Secretary for Housing – Federal Housing Commissioner	4077	FHA – General and Special Risk Fund, Guaranteed Loan Financing
		Negative Subsidy (RN)
		Payment to Receipt Account – Negative Credit Subsidy (M3)
		SF Upfront Grants (UG)
		Downward Re-estimates
Assistant Secretary for Housing – Federal Housing Commissioner	4105	FHA – General and Special Risk Fund, Direct Loan Multifamily Bridge Financing Account (BF)
		Interest to Treasury (IT)
		Direct Loan Financing Account – General Insurance (GI)/Special Risk Insurance (SRI)
		Direct Loans SF Property Disposition (PD)
Assistant Secretary for Housing – Federal Housing Commissioner	4242	FHA – Mutual Mortgage Insurance (MMI) Fund Direct Loan Financing
		Interest to Treasury (IT)
		Direct Loan Financing Account – MMI/Cooperative Management Housing Insurance (CMHI)
		Claims and Other (CO)
		Direct Loans (DL)
Assistant Secretary for Housing – Federal Housing Commissioner	4587	FHA – Mutual Mortgage and Cooperative Management Housing Insurance Funds Guaranteed Loan Financing

## ALLOTMENT HOLDER LISTING

ALLOTMENT HOLDER	ACCOUNT	PROGRAM/ACTIVITY
		Negative Subsidy to Capital Reserve Account (NS)
		FHA – Mutual Mortgage Insurance Fund, Guaranteed Loan Financing Account
		Capital Investments and Other (CO)
		FHA – Mutual Mortgage Insurance Fund
		Downward Re-estimates (DR)
Assistant Secretary for Housing – Federal Housing Commissioner	0333, 0334, 0335	Salaries and Expenses
Assistant Secretary for Housing – Federal Housing Commissioner	0328	ARRA Salaries and Expenses
<b>COMMUNITY PLANNING AND DEVELOPMENT</b>		
Assistant Secretary, Office of Community Planning and Development	0161	Community Development Block Grants Technical Assistance
		Neighborhood Stabilization Program 2 (NSP 2)
		ARRA Non-Entitlement
		ARRA Entitlement
		ARRA Insular
Assistant Secretary, Office of Community Planning and Development	0162	Entitlement
		Non-Entitlement
		Insular
		Management Information System (MIS)
		Economic Development Initiative (EDI) Special Projects
		Economic Development Initiative (EDI) – Competitive
		Economic Development Initiative (Annual Contribution for Assisted Housing – Competitive)
		Economic Development Initiative (Annual Contributions for Assisted Housing – Non-Competitive)
		National Council of La Raza
		National Housing Development Corporation
		Neighborhood Initiative Program

## ALLOTMENT HOLDER LISTING

ALLOTMENT HOLDER	ACCOUNT	PROGRAM/ACTIVITY
		Youthbuild
		Youthbuild Capacity Building
		Youthbuild Technical Assistance
		Community Development Block Grant, CDBG - Technical Assistance
		Disaster Assistance
		Section 805 Economic Development Training
Assistant Secretary, Office of Community Planning and Development	0170	Urban Development Action Grants (UDAG)
Assistant Secretary, Office of Community Planning and Development	0176	Capacity Building
		Self-Help Homeownership Opportunity
Assistant Secretary, Office of Community Planning and Development	0192	Homeless Assistance Grants Technical Assistance
		Emergency Shelter Grants
		National Homeless Data Analysis
		Supportive Housing Program
		Homeless Assistance Grants – Technical Assistance
		Section 8 Moderate Rehabilitation Single Room Occupancy-SRO
		Shelter Plus Care (S+C)
		Shelter Plus Care (S+C) Renewals
		Shelter Plus Care Rehabilitation (SRO)
		Renewal of Expiring Shelter Plus Care S8 Mod. Rehab. SRO (S+C SRO) Program Housing Assistance Payments (HAP) Contracts
Assistant Secretary, Office of Community Planning and Development	0193	Homelessness Prevention and Rapid Re- Housing
Assistant Secretary, Office of Community Planning and Development	0196	HOPE 3
Assistant Secretary, Office of Community Planning and Development	0198	Community Development Loan Guarantees Program Account
Assistant Secretary, Office of Community Planning and Development	0200	Loan Guarantee Recovery Fund for Church Arson and Other Acts of Terrorism
Assistant Secretary, Office of Community Planning and Development	86-46X0200	HUD Administered Appalachian Regional Commission Projects
Assistant Secretary, Office of Community Planning and Development	0203	ARRA HOME Investment Partnership Program
		Tax Credit Assistance Program

## ALLOTMENT HOLDER LISTING

ALLOTMENT HOLDER	ACCOUNT	PROGRAM/ACTIVITY
Assistant Secretary, Office of Community Planning and Development	0205	HOME Investment Partnerships Program
		HOME States and Local Government
		HOME Down payment Assistance Initiative
		HOME Disaster Assistance
		HOME Management Information System
		HOME Technical Assistance
Assistant Secretary, Office of Community Planning and Development	0303	Renewal of Expiring Section 8 Mod Rehab SRO HAP Contracts
Assistant Secretary, Office of Community Planning and Development	0308	Housing Opportunities for Persons with AIDS (HOPWA)
		Competitive Grants
		Formula Grants
		Technical Assistance
Assistant Secretary, Office of Community Planning and Development	0314	Brownfields Economic Development Initiative (BEDI)
Assistant Secretary, Office of Community Planning and Development	0315	Empowerment Zones, Enterprise Communities and Renewal Communities
Assistant Secretary, Office of Community Planning and Development	0324	Rural Housing and Economic Development (RHED)
Assistant Secretary, Office of Community Planning and Development	0344	Neighborhood Stabilization Program (NSP 1)
Assistant Secretary, Office of Community Planning and Development	0402	Transformation Initiative – Technical Assistance
Assistant Secretary, Office of Community Planning and Development	4015	CPD Revolving Fund
		Loan Servicing Public Facility Loans
Assistant Secretary, Office of Community Planning and Development	4071	Nehemiah Housing Opportunity Grants – Homeownership Zones (HOZOs)
Assistant Secretary, Office of Community Planning and Development	4096	Community Development Loan Guarantee – Financing Account
Assistant Secretary, Office of Community Planning and Development	4097	Community Development Loan Guarantee – Liquidating Account
Assistant Secretary, Office of Community Planning and Development	4106	Loan Guarantee Recovery Fund for Church Arson and Other Acts of Terrorism – Financing Account
Assistant Secretary, Office of Community Planning and Development	86-69X8083.1	DOT Transfers to the Department of HUD for Surface Transportation Projects
Assistant Secretary, Office of Community Planning and Development	0333, 0335, 0338	Salaries and Expenses

## ALLOTMENT HOLDER LISTING

ALLOTMENT HOLDER	ACCOUNT	PROGRAM/ACTIVITY
	0346, 0328	ARRA CDBG/NSP 2 – Salaries and Expenses
		ARRA Homeless Prevention and Rapid Re-Housing Program – Salaries and Expenses
<b>OFFICE OF PUBLIC AND INDIAN HOUSING</b>		
Assistant Secretary, Office of Public and Indian Housing	0161	ARRA Community Development Block Grants (CDBG) Indian Tribes
Assistant Secretary, Office of Public and Indian Housing	0162	Community Development Block Grants (CDBG)
		Indian Tribes
Assistant Secretary, Office of Public and Indian Housing	0163	Public Housing Operating Subsidy Fund
		Non-troubled PHAs under Performance Funding System (PFS)
		Troubled PHAs under Operating Program
		Turnkey or Mutual Help
		Asset Management Technical Assistance
Assistant Secretary, Office of Public and Indian Housing	0218	Revitalization of Severely Distressed Public Housing (HOPE VI)
		Technical Assistance
		Tenant Protection Vouchers
		Revitalization Grants
Assistant Secretary, Office of Public and Indian Housing	0223	Indian Housing Loan Guarantee Program Account
		Indian Housing Block Grant - Title VI Indian Federal Guarantee – Program Account
Assistant Secretary, Office of Public and Indian Housing	0233	Native Hawaiian Housing Loan Guarantee Section 184A Program Account
Assistant Secretary, Office of Public and Indian Housing	0235	Native Hawaiian Housing Block Grant
		Native Hawaiian Block Grant
		Training and Technical Assistance Assignment of Funds
Assistant Secretary, Office of Public and Indian Housing	0237	Housing for Persons with Disabilities (Housing for Special Populations)
		Mainstream Voucher Contract Renewals
		Supportive Housing for Persons with Disabilities

**ALLOTMENT HOLDER LISTING**

ALLOTMENT HOLDER	ACCOUNT	PROGRAM/ACTIVITY
		Mainstream Voucher Amendments
Assistant Secretary, Office of Public and Indian Housing	0302	Housing Certificate Fund (Tenant-Based Rental Assistance)
		Disaster HAP
		Disaster Administrative Fees
		Tenant Protection Vouchers
		Voucher Conversion
		Public Housing Relocation/Replacement
		Preservation
		Preservation Enhanced
		Family Unification Program
		Veterans Affairs Supportive Housing (VASH) Vouchers
		Non-Elderly Disabled Incremental Vouchers
		Family Self-Sufficiency Coordinators
		Section 8 Contract Renewals
		Section 8 Administrative Fees
		Section 8 Administrative Fees – Contract Renewal Administrative Fees
Assistant Secretary, Office of Public and Indian Housing	0303	Housing Certificate Fund (Project-Based Rental Assistance)
		Project-Based Rental Assistance
		Moderate Rehabilitation Contract Renewals
Assistant Secretary, Office of Public and Indian Housing	0304	Public Housing Capital Fund
		Financial and Physical Assessments
		Formula Grants
		Emergency/Disaster Funding Katrina/Rita Redevelopment
		Neighborhood Networks
		Neighborhood Networks Technical Assistance
		Resident Opportunities and Self-Sufficiency Program Tenant Opportunities Program
		Technical Assistance
		Administrative and Judicial Receivership Assistance

## ALLOTMENT HOLDER LISTING

ALLOTMENT HOLDER	ACCOUNT	PROGRAM/ACTIVITY
Assistant Secretary, Office of Public and Indian Housing	0305	ARRA Public Housing Capital Fund Formula Grants
		ARRA Public Housing Capital Fund Competitive Grants
Assistant Secretary, Office of Public and Indian Housing	0311	Prevention of Resident Displacement
		Katrina/Disaster Displacement HAP
		Katrina/Disaster Displacement Administrative Fees
Assistant Secretary, Office of Public and Indian Housing	0313	Native American Housing Block Grants
		Technical Assistance Funds
		Title VI Indian Federal Guarantee – Program Account
		National American Indian Housing Council
		Indian Housing Block Grants Turtle Mountain Tribe
Assistant Secretary, Office of Public and Indian Housing	0327	Native American Housing Block Grants
		Indian Housing Block Grant – Competitive
		Indian Housing Block Grant – Formula
		Native Hawaiian Housing Block Grant
Assistant Secretary, Office of Public and Indian Housing	0342	Permanent Supportive Housing
Assistant Secretary, Office of Public and Indian Housing	4098	Low-Rent Public Housing
Assistant Secretary, Office of Public and Indian Housing	0402	Transformation Initiative Technical Assistance
Assistant Secretary, Office of Public and Indian Housing	4104	Indian Housing Loan Guarantee Financing Account
Assistant Secretary, Office of Public and Indian Housing	4244	Indian Housing Block Grant Loan Guarantee Financing Account Title VI: Indian Federal Guarantee Program
Assistant Secretary, Office of Public and Indian Housing	4351	Native Hawaiian Housing Loan Guarantee Financing Account
Assistant Secretary, Office of Public and Indian Housing	86-70X0702	FEMA HUD DHAP FEMA HUD Ike/Gustav
Assistant Secretary, Office of Public and Indian Housing	0333, 0335, 0337	Salaries and Expenses
Assistant Secretary, Office of Public and Indian Housing	0328, 0346	ARRA Public Housing Capital Fund – Salaries and Expenses

## ALLOTMENT HOLDER LISTING

ALLOTMENT HOLDER	ACCOUNT	PROGRAM/ACTIVITY
		ARRA Indian Housing Block Grant – Salaries and Expenses
<b>OFFICE OF SUSTAINABLE HOUSING AND COMMUNITIES</b>		
Director, Office of Sustainable Housing and Communities	0162	Sustainable Communities Initiatives
Director, Office of Sustainable Housing and Communities	0335	Salaries and Expenses
<b>OFFICE OF ADMINISTRATION</b>		
Assistant Secretary/Chief Human Capital Officer, Office of Administration	0333, 0335	Salaries and Expenses
<b>OFFICE OF THE CHIEF FINANCIAL OFFICER</b>		
Chief Financial Officer	0333, 0335	Salaries and Expenses
Chief Financial Officer	0402	Transformation Initiative - Information Technology
		Combating Mortgage Fraud – IT
Chief Financial Officer	4586	Working Capital Fund
Chief Financial Officer	4585	ARRA Working Capital Fund
<b>OFFICE OF DEPARTMENTAL OPERATIONS AND COORDINATION</b>		
Director, Office of Departmental Operations and Coordination	0335	Salaries and Expenses
<b>OFFICE OF THE SECRETARY</b>		
Executive Operations Officer, Office of the Secretary	0333	Salaries and Expenses
<b>OFFICE OF FIELD POLICY AND MANAGEMENT</b>		
Director, Office of Field Policy and Management	0335	Salaries and Expenses
<b>GOVERNMENT NATIONAL MORTGAGE ASSOCIATION</b>		
President, Government National Mortgage Association	0336, 0335	Salaries and Expenses

## ALLOTMENT HOLDER LISTING

ALLOTMENT HOLDER	ACCOUNT	PROGRAM/ACTIVITY
<b>OFFICE OF THE CHIEF PROCUREMENT OFFICER</b>		
Chief Procurement Officer	0335	Salaries and Expenses
<b>OFFICE OF GENERAL COUNSEL</b>		
General Counsel	0333, 0335	Salaries and Expenses
<b>OFFICE OF DEPARTMENTAL EQUAL EMPLOYMENT OPPORTUNITY</b>		
Director, Office of Departmental Equal Employment Opportunity	0335	Salaries and Expenses
<b>OFFICE OF STRATEGIC PLANNING AND MANAGEMENT</b>		
Director, Office of Strategic Planning and Management	0335	Salaries and Expenses
<b>OFFICE OF SUSTAINABLE HOUSING AND COMMUNITIES</b>		
Director, Office of Sustainable Housing and Communities	0335	Salaries and Expenses
<b>OFFICE OF THE CENTER FOR FAITH-BASED AND NEIGHBORHOOD PARTNERSHIPS</b>		
Director, Office of the Center for Faith- Based and Neighborhood Partnerships	0335	Salaries and Expenses
<b>OFFICE OF THE INSPECTOR GENERAL</b>		
Inspector General	0189	Salaries and Expenses

SF 132, APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

SF 132 FORMAT

[\* Treasury agency code]  
 [ = first year of availability, or blank for annual and no-year]  
 [ = last year of availability, or "X" for no-year]  
 [ = Treasury account code]  
 2003 [ = fiscal year]  
 No [ = program report categories (Yes or No) included]

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

Line No Line Split	AGENCY:	APPROPRIATION OR FUND TITLE AND SYMBOL		
	BUREAU	DESCRIPTION	AMOUNT ON LATEST SF 132	AGENCY REQUEST
	<b>PROGRAM LEVEL</b>			
	Guaranteed loan levels:			
	Current year.....			
	Unused from prior years.....			
	<b>APPLICATION</b>			
	Apportioned:			
	Category A:			
	First quarter.....			
	Second quarter.....			
	Third quarter.....			
	Fourth quarter.....			
	Category B:			
	Guaranteed loan program.....			
	<b>BUDGETARY RESOURCES</b>			
	Budget authority:			
1A	Appropriation.....			
1B	Borrowing authority.....			
1C	Contract authority.....			
1D	Net transfers (+ or -).....			
1E	Other.....			
	Unobligated balance:			
2A	Brought forward October 1.....			
2B	Net transfers, actual (+ or -).....			
2C	Anticipated transfers (+ or -).....			
	Spending authority from offsetting collections (gross):			
	Earned:			
3A1	Collected (Source 1).....			
3A1	Collected (Source 2).....			
3A2	Receivable from Federal sources.....			
	Change in unfilled customer orders (+ or -):			
3B1	Advance received.....			
3B2	Without advance from Federal sources.....			
3C	Anticipated for rest of year, without advance.....			
	Transfers from trust funds:			
3D1	Collected.....			
3D2	Anticipated.....			
	Recoveries of prior year obligations:			
4A	Actual.....			
4B	Anticipated.....			
5	Temporarily not available pursuant to P.L. (-).....			
	Permanently not available:			
6A	Cancellations of expired and no-year accounts (-).....			
6B	Enacted rescissions (-).....			
6C	Capital transfers and redemption of debt.....			
6D	Other authority withdrawn (-).....			
6E	Pursuant to Public Law (-).....			
6F	Anticipated rest of year (+ or -).....			
7	<b>Total budgetary resources.....</b>			
	<b>APPLICATION OF BUDGETARY RESOURCES</b>			
	Apportioned:			
	Category A:		Memorandum Obligations:	
8A1	First quarter.....			
8A2	Second quarter.....			
8A3	Third quarter.....			
8A4	Fourth quarter.....			
	Category B:			
8B1	Program 1.....			
8B2	Recipient Type 4.....			
8B3	Recipient Type 5.....			
	Category C:			
8C	FY 20##.....			
9	Withheld pending rescission.....			
10	Deferred.....			
11	Unapportioned balance of revolving fund.....			
12	<b>Total budgetary resources.....</b>			

When using Line 8C, provide the future fiscal year(s)

SUBMITTED Authorized officer 8/21/CY (Date)  
 APPORTIONED \_\_\_\_\_ (Date)

NOTE: Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriation for this account is apportioned for the purpose of paying legitimate obligations related to canceled accounts

# Advice of Allotment

U.S. Department of Housing  
and Urban Development  
Office of ~~Public~~ ~~Assistance~~ ~~Administration~~

Allotment to (Name and Location)	Advice Number
	Date (mm/dd/yyyy)
	Period Covered (give dates as mm/dd/yyyy)

Description	Current Allotment	Change Authorized	New Allotment

Remarks

Approved by (Signature)	Title	Date (mm/dd/yyyy)
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# Funds Commitment Form

U.S. Department of Housing  
and Urban Development

APPENDIX NO. 7

1a. Description of Proposed Use of Funds:	1b. Identification No. (RFP, Contract, IAA, Grant, etc.)
Proposed Recipient Name (If known):	2. Date of Preparation: (mm/dd/yyyy)
3. Commitment No:	4. Name & Title of Funds Control Officer:

### 5. Funding & Accounting Classification

Account Symbol/ Apportionment Line Code  A	Allotment Holder/ Allotment Line Code (Program class/Object class) B	Program Code  C	Organization Code(s)  D	Commitment Outstanding  E	Increase (Decrease)  F	Net Amount  G
				\$0.00	\$0.00	\$0.00
				\$0.00	\$0.00	\$0.00
				\$0.00	\$0.00	\$0.00
				\$0.00	\$0.00	\$0.00
				\$0.00	\$0.00	\$0.00
				\$0.00	\$0.00	\$0.00
				\$0.00	\$0.00	\$0.00
				\$0.00	\$0.00	\$0.00
<b>Net Totals</b>				\$0.00	\$0.00	\$0.00

### 6. Purpose of This Action (Check applicable boxes)

- a.  Initial Commitment
- b.  Increase or (Decrease) Commitment (amendment no: \_\_\_\_\_ )
- c.  Cancel Commitment (bracket amount in 5E)

### 7. I certify the funds identified in Block 5 are authorized for the purpose identified in Block 1a, and those funds are available for obligation.

7a. Date: (mm/dd/yyyy)	7b. Signature of Funds Control Officer:  X _____
------------------------	--

### 8. Senior Level Approvals To Be Completed by Originating Office

a. Requesting Official (Optional): (signature)  X	d. Approving Official (Required): (signature)  X
b. Title:	e. Title:
c. Date: (mm/dd/yyyy)	f. Date: (mm/dd/yyyy)

### 9. For Accounting Use Only

- Funds Available and Commitment Recorded or Adjusted to Amount Shown in 5G
- Funds Not Available

By: \_\_\_\_\_ Date: \_\_\_\_\_

### 10. Comments:

## APPENDIX NO. 7

### HUD-718 FUNDS COMMITMENT - INSTRUCTIONS

- 1a. Briefly describe the proposed use of funds. Additionally, include the proposed recipient's name, if known.
- 1b. Insert the identification number, which is a specific project number or vendor code that references a Request for Proposal (RFP), contract, Interagency Agreement, (IAA), grant, etc.
2. Insert preparation date.
3. Insert the commitment number.
4. Insert name and title of the funds control officer.
- 5A. Insert the account symbol/apportionment line code.
- 5B. Insert applicable allotment line code of either program class/object class that corresponds to the SF 132, Apportionment and Reapportionment Schedule.
- 5C. Insert the applicable program code.
- 5D. Insert the applicable organization code(s).
- 5E. Insert the amount of outstanding commitment. If this is an initial commitment, do not enter an amount.
- 5F. Insert the increase or decrease to indicate a change from the previous commitment. Also, check box 6b.
- 5G. Insert the net amount of Block 5E and 5F.
6. Check the applicable box if this is an initial commitment, an increase or decrease to a previous outstanding commitment, or a cancellation of a commitment. If box b is checked, insert the amendment number of the referenced commitment.
- 7a. Insert the date that funds verification was made for the purpose noted in Block 1a and amount as noted in Block 5.
- 7b. Funds control officer signs here to certify funds availability for the authorized purpose identified in Block 1a.
- 8a. Insert signature of requesting official (optional).
- 8b. Enter requesting official's title.
- 8c. Insert date of the request.
- 8d. Insert signature of the approving official, who is designated in the applicable Funds Control Plan.
- 8e. Insert the title of approving official.
- 8f. Insert the date of the approving official's signature. This date must not be earlier than the date noted in Block 7a.
9. Leave blank, to be completed by accounting office.
10. Leave blank, to be completed by accounting office.



## HUD-720 REQUEST FOR CONTRACT SERVICES - INSTRUCTIONS

1. Insert requisition number assigned to the action. If none, leave blank.
  2. Insert control number, if any, used by requesting office.
  3. Briefly describe requested action (e.g., new contract for multifamily property management for the state of Washington).
  4. Check appropriate box. Insert contract and order number if delivery or task order.
  5. Check the applicable boxes and insert all identifying numbers.
  6. For new actions, insert total estimated performance period. For modifications, insert new completion date, if changed.
  7. Check applicable box if action is recommended for preference program. Otherwise, leave blank.
  8. Insert estimated total amount of requested action. If a new award, include all options, if any, and provide break-out of amounts for basic award and options. If a modification, insert amount of requested action (e.g., option) only.
  9. Insert amount of funds to be obligated by requested action. For REO contract actions, leave blank.
  10. Check applicable box and complete blanks with appropriate funding identification.
  11. Insert name, etc. of Government Technical Representative.
  12. Insert name, etc. of Government Technical Monitor, if known.
  13. Insert name, etc. of designated Source Selection Authority, **if known** (new, negotiated contracts using "tradeoff" selection method ONLY).
  14. For modifications, insert name of contractor.
  15. Refer to Section 508 Supplemental Forms: *Determination of Section 508 Compliance – Request for Contract Services; Commercial Non-availability; and, EIT Undue Burden Exception*. The individual signing in block 16 (Requestor) will be the certifying official for Section 508 compliance.
  16. Insert name, etc. and signature of requestor and date.
  17. Insert name, etc. and signature of requestor's approving official and date. (*Headquarters: cognizant Assistant Secretary. Field: cognizant program office head.*)
  18. For funding from a HUDCAPS account, check if funds are available, sign and date. If S&E, complete funding account number. **For other funding sources**, attach funding certification (e.g., HUD-718), if any. Cognizant accounting office shall check, sign and date. For REO actions, leave blank. Signature in block 16 shall serve as authorized funds reservation.
- Requesting Office stop here.** *Following to be completed by the contracting office, and Office of Small and Disadvantaged Business Utilization or Field Contracting Small Business Specialist:*
19. Check applicable box. If set-aside, provide NAICS code and Size Standard.
  20. Cognizant OSDBU personnel or SBS sign and date.

**LIST OF ATTACHMENTS.** Include the following **as applicable** (see also Handbook 2210.3, Chapter 4):

**NEW CONTRACTS:**

- Statement of Work/Specifications
- Detailed cost estimate by cost element/category
- Evidence of funds availability
- Proposal or bidding instructions
- Required HUD approvals (e.g., IT, forms, etc.)
- Evaluation Factors for Award and Evaluation Plan (*negotiated contracts*)
- Designation of Technical Evaluation Panel (*negotiated contracts*)
- Recommended source list
- Justification for Other Than Full and Open Competition (HUD-24012)(*noncompetitive or limited competition other than 8(a)*)
- Name of recommended firm and assessment of firm's ability to perform the proposed effort (*proposed noncompetitive 8(a) contracts*)

**NEW TASK/DELIVERY ORDERS:**

- Statement of Work (*task orders only*)
  - Detailed cost estimate (*task orders only*)
  - Evidence of funds availability
  - Justification for Advisory and Assistance Services (*as applicable*)
  - Selection Factors for Award (*competitive task orders only*)
  - Required Departmental Approvals (*as applicable*)
- Note: *All requested delivery/task orders must be within the maximum ordering limit of the contract, be issued prior to the expiration date of the contract, and not extend beyond the date specified in FAR clause 52.216-20, 52.216-21, or 52.216-22.*

**MODIFICATIONS:**

- Revisions to Statement of Work/Specifications (e.g., *change orders, partial terminations, etc.*)
- Detailed cost estimate (*modifications changing contract price - increase or decrease*)
- Evidence of funds availability (*modifications adding money to the contract*)
- Other supporting documentation (e.g., *exercise of option*)
- Required Departmental Approvals

**INTERAGENCY AGREEMENTS** (see also Handbook 2210.3, Chapter 6):

- Name of other Department or Agency
- Indication if funds are incoming to HUD or outgoing from HUD, and whether services/items will be acquired by contract issued by HUD (incoming) or other agency (outgoing)
- Authority (e.g., U.S.C. 1535, "Economy Act")
- Statement of Work/Specifications
- Rationale for obtaining supplies/services from another Department or Agency
- Funds Reservation, unless funds are coming from another agency
- Payment Instructions - include procedures and responsibilities (e.g., *Automated Clearing House*), required documents (e.g., *SF-1034*) and accounting codes

**OTHER - all action types:**

- Miscellaneous Certifications (Advisory & Assistance Services; Prohibited Activities; and Outside Assistance in Developing Contract Documents) (see 2210.3, Chapter 4)
- Any special instructions for the Contracting Officer

**ANNUAL REVIEW OF UNLIQUIDATED OBLIGATIONS:  
SAMPLE FORMATS OF CERTIFICATIONS BY PRINCIPAL STAFF TO CFO**

**For Program Obligations Only:**

MEMORANDUM FOR: [Name of Chief Financial Officer],

FROM: [Name of Program Assistant Secretary or Equivalent]

SUBJECT: Certification of Program Obligations Open as of May 31, XXXX

This memorandum is to provide the following certification:

1. My office has provided a listing of all program obligations (with no disbursement activity for 6 months) that were open as of May 31, XXXX, to all appropriate program personnel within my office, to determine the validity of all obligations.
2. All appropriate program personnel have reviewed the underlying support for program obligations in excess of thresholds established by your office, to determine the validity of the obligations. These personnel have identified those program obligations to be deobligated, pursuant to your instructions.
3. Attached is the following information:
  - all certifications from Headquarters and field personnel stating that they have performed the review of the unliquidated program obligations; and
  - the listings of obligations (showing code “D”) required by your office, to deobligate Headquarters and field program amounts.
4. I have reviewed the above information. Based on my review, this is to certify that the annual review of unliquidated obligations relating to my office has been properly performed; that all program obligations to be deobligated have been identified; and the documentation required to deobligate is either included with this certification or has been provided to the appropriate office. All other obligations relating to my office are valid and should remain on HUD’s books and records.

\_\_\_\_\_  
Signature of Program Assistant Secretary or Equivalent

\_\_\_\_\_  
Date

Attachments

**APPENDIX NO. 8**

**For Administrative Obligations Only:**

MEMORANDUM FOR: **[Name of Chief Financial Officer]**,

FROM: **[Name of Program Assistant Secretary or Equivalent]**

SUBJECT: Certification of Administrative Obligations Open as of May 31, XXXX

This memorandum is to provide the following certification:

1. My office has provided a listing of all administrative obligations (with no disbursement activity for 6months) that were open as of May 31, XXXX, to all appropriate administrative personnel within my office, to determine the validity of all obligations.
2. All appropriate administrative personnel have reviewed the underlying support for administrative obligations in excess of thresholds established by your office, to determine the validity of the obligations. These personnel have identified those administrative obligations to be deobligated, pursuant to your instructions.
3. Attached are all certifications from Headquarters and field personnel stating that they have performed the review of the unliquidated obligations and that they have either (a) processed the deobligations, or (b) attached the listings of obligations (showing code "D") to deobligate Headquarters and field administrative amounts.
4. I have reviewed the above information. Based on my review, this is to certify that the annual review of unliquidated obligations relating to my office has been properly performed; that all obligations to be deobligated have been identified and deobligated by the appropriate personnel in my office; or the documentation required to deobligate is included with this certification. All other obligations relating to my office are valid and should remain on HUD's books and records.

\_\_\_\_\_  
Signature of Program Assistant Secretary or Equivalent

\_\_\_\_\_  
Date

Attachments

Sample format of certification from program or administrative personnel to Assistant Secretary or equivalent

MEMORANDUM FOR: [Name of Program Assistant Secretary or Equivalent]

FROM: [Name of Program or Administrative Personnel]

SUBJECT: Certification Relating to Annual Review of Obligations Open as of May 31, XXXX (select the applicable category below):

- [Headquarters Program Obligations]
- [Field Program Obligations]
- [Headquarters Administrative Obligations other than travel]
- [Field Administrative Obligations other than travel]

This memorandum is to provide the following certification:

1. I have been provided with a listing of all **[identify one or more of the following category of obligations: Headquarters program; Field program, Headquarters administrative other than travel; or Field administrative other than travel;]** obligations (with no disbursement activity for 6 months) relating to my office and which were open as of May 31, XXXX, to determine the validity of all obligations in excess of thresholds determined by the Office of the Chief Financial Officer.
2. For those obligations in excess of thresholds established by the Office of the Chief Financial Officer, my office has:
  - reviewed the underlying support to determine the validity of the obligations; and
  - identified all invalid obligations and,
    - a. for Headquarters and field program amounts to be deobligated, attached the listings (showing code “D”) required to deobligate the amounts; and
    - b. for Headquarters and field administrative invalid obligations, either processed the deobligations, or in situations where the administrative personnel could not deobligate them, attached the listings (showing code “D”) required to deobligate the amounts.
3. Based on my review, this is to certify that the annual review of unliquidated obligations relating to obligations under my purview has been properly performed, and that all obligations under my purview not included in item 2a and 2b above are valid and should remain on HUD’s books and records.

\_\_\_\_\_  
Signature of Program or Administrative Office Personnel

\_\_\_\_\_  
Date

Attachments

## FORM AND CONTENT OF FUNDS CONTROL PLANS

### 1. INFORMATION TO BE INCLUDED IN FUNDS CONTROL PLAN

Allotment Holders will develop a separate Funds Control Plan for each Advice of Allotment issued to them. Funds Control Plans must contain detailed information for program line item or other activity included in the allotment, broken down to the lowest level of any corresponding assignment of funds, as described below. Please follow the format as listed below and reference any attachments provided in support of the plan. For Salary and Expense and Working Capital Funds, please contact the OCFO for guidance on funds control plan format and specific requirements.

1. Identify apportionment/allotment title and account number:  
Attach initial apportionment request or most recent approved apportionment/Allotment.
2. List Allotment Holder/Suballotment Holder(s) [Name(s) and Title(s)].
3. List designated Funds Control Officer(s) [Name(s) and Title(s)].
4. List obligation and liquidation time limit(s) associated with the allotted funds.
5. Provide a description of any suballotment, subdivision and/or assignment of the allotted funds.
6. Provide hierarchy of the accounting codes associated with each funded activity covered in the allotment to show how funded activities are controlled and rolled-up to the allotment level.
7. Identify and describe the:
  - a. Authorized purposes for which the allotted funds can be used;
  - b. Any special terms, conditions, or limitations on the authorized purposes, including relevant legal opinions on the use of funds; and
  - c. Any special terms, conditions or limitations on the release of funds (for example, the recipient must first submit a certification that it has carried out its environmental review responsibilities).
- 8a. For each funded activity covered by the plan, describe in detail the chronological step-by-step process for committing funds, including a description of:
  - (1) How and when the official identified in item 10c verifies the availability of funds prior to making a commitment;
  - (2) The point of commitment, the commitment form (with an attached completed sample copy), and who signs such form; and
  - (3) Who records the commitment and how and when it is recorded.
- 8b. For each funded activity covered by the plan, describe in detail the chronological

## APPENDIX NO. 9

step-by-step process for obligating funds, including a description of:

- (1) How and when the official identified in item 10c verifies the availability of funds prior to incurring an obligation;
  - (2) The point of obligation, the obligating document(s) (with an attached completed sample copy), and the order of the recipient and HUD signatures on such document(s);
  - (3) Any letters or documents (with an attached completed sample copy) that are sent to the recipient along with or before the obligating document and whether any of those letters or documents contain signatures (and if so, whose) and are returned to HUD; and
  - (4) Who records the obligation and how and when it is recorded.
9. For each funded activity, describe the sequence(s) for validating and approving payment requests against an obligation.
10. For each funded activity identify the names and/or positions of the persons authorized and responsible for:
- a. Initiating requests for a commitment or obligation of the subject funds;
  - b. Approving requests for a commitment or obligation of the subject funds (Funds Approving Official);
  - c. Verifying the availability of funds prior to making a commitment or incurring a legal obligation of the subject funds (Funds Verification Official);
  - d. Reviewing and approving requests for payment of funds;
  - e. Certifying payment of the subject funds (Payment Certifying Officer); and
  - f. Maintaining official records on the funded activity, including documents supporting the commitment, obligation and payment of funds.
11. Provide information on funds control training:
- a. Identify those trained and type of training received by key officials identified in sections 2, 3 and 10 above; and
  - b. List those to receive training and type of training in the upcoming fiscal year.
12. Identify and describe the automated funds control and payment system(s) or alternative controls for assuring that the amount of commitments, obligations and expenditures do not exceed allotted funding levels. (In the case of accounts controlled by HUDCAPS, the Chief Financial Officer will maintain a HUDCAPS Budget Execution Manual as Appendix 11 to this Handbook, which can be incorporated by reference in Funds Control Plans for allotted funds controlled through HUDCAPS or the combination of HUDCAPS and a subsidiary system such as the Program Accounting System (PAS), the HUD Procurement System (HPS) or the Small Purchase System (SPS)).
13. Management of unliquidated obligations and recapture of funds:
- a. Identify process for tracking and review of unliquidated obligations;
  - b. Explain procedures for resolution and closeout of unliquidated obligations; and

**FORM AND CONTENT OF FUNDS CONTROL PLANS**

- c. Describe recapture process to include why and when recaptures take place.
- 14. Provide copies of all completed sample forms and documents used in the commitment or obligation of funds.
- 15. Include a copy of the funds control process flow chart, if available. Any changes made to the processes described in the funds control plan need to be reflected in the applicable flow chart.

**2. CERTIFICATION BY ALLOTMENT/SUBALLOTMENT HOLDER’S FUNDS CONTROL OFFICER**

The applicable apportionment/allotment title and account number should be inserted at the beginning of each Funds Control Plan certification section, followed by the following certification:

This is to certify that:

- 1. I am aware of the requirements of the Antideficiency Act and HUD’s Administrative Control of Funds Handbook;
- 2. I acknowledge my responsibility to administer funds allotted to my control in accordance with those requirements; and
- 3. I have established and will properly execute a Funds Control Plan that provides reasonable assurance that obligations and expenditures will not exceed the authorized limits of the funds allotted to me.

**Designated Funds Control Officer**

Name:  
Title:  
Signature/Date:

**Allotment/Suballotment Holder(s)**

Name:  
Title:  
Signature/Date:

The completed Funds Control Plan will contain the above described certification with original signatures and the date of the signature from the designated Funds Control Officer and the Allotment/Suballotment holder(s) for each Funds Control Plan.

# HUDCAPS Budget Execution Manual

**Administrative Control of Funds**

**Policies  
and  
Procedures  
Handbook**

**Appendix 10**

# HUDCAPS Budget Execution Manual

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## CHAPTER 1 – INTRODUCTION

- 1-1. **BACKGROUND.** The Secretary has vested overall responsibility for establishing an effective administrative control of funds process with the Chief Financial Officer (CFO). It is the CFO's responsibility to: develop and maintain integrated accounting and financial management systems in support of the funds control process that substantially comply with federal financial management systems requirements. This manual prescribes the HUD financial management systems designed for: (1) funds management to ensure that obligations do not exceed those appropriated and/or authorized; and (2) payments management to provide appropriate control over all payments.
- 1-2. **PURPOSE.** This document identifies the Department's financial management systems that support the funds control process (Budget Execution); and defines the standards and procedures required to record, distribute and track the Department's use of budgetary resources through the entire budgetary process. This includes "the apportionment of funds," commitment and "...the obligation of those funds over the course of the fiscal year, and the actual outlay (disbursement) of funds" in accordance with the provisions of *OMB Circular A-11, "Preparation, Submission, and Execution of the Budget."*
- 1-3. **SCOPE.** With the exception of program accounts not currently controlled in HUDCAPS e.g. GNMA, FHA and other non FHA credit reforms accounts, all of the Department's budgetary resources must be promptly recorded in the Execution Subsystems and are subject to the standards and procedures as prescribed by this manual and the requirements of the *Administrative Control of Funds (ACF): Policies and Procedures Handbook and Appendices.*
- 1-4. **AUTHORITY.** Power granting authorizations are cited in the *Administrative Control of Funds: Policies and Procedures Handbook, and Appendix 2 - Summary Listing of Authorities Applicable to HUD Fund Control Directives;*
- 1-5. **RESPONSIBILITIES.**
  - A. **The Chief Financial Officer** has overall responsibility to establish an effective administrative control of funds process; provide training and guidance on policies and procedures for the administrative control of funds; require and approve up-to-date funds control plans; monitor the overall budget execution process; provide financial management systems in support of the budget execution (funds control) process; designate certifying officers for oversight of payment controls and certification of payment documents.
    - **The Assistant CFO for Budget** processes apportionment request and the advice of allotments to allotment holders; timely and accurately records approved allotments in the budget execution subsystem; and maintains an up-to-date inventory of apportionments, allotments and allotment holders.

- **The Assistant CFO for Financial Management** reviews and approves funds control plans; investigates and reports on potential Antideficiency Act violations, as well as violations of other administrative subdivision of funds that are not violations of the Antideficiency Act.
  - **The Assistant CFO for Systems** develops and maintains financial management systems that support funds control; provides training to systems users; and develops system manuals and user guides.
  - **The Assistant CFO for Accounting** timely and accurately records OMB approved apportionments in the funds control subsystems; verifies the availability of funds, reviews commitments, obligation and expenditure documents for compliance with ACF Handbook requirements, timely records commitments, obligations and expenditure documents in the funds control subsystems; reviews, examines and verifies the appropriateness of payment request, designates certifying officers; certifies payments; and provides financial reports on the status of funds for management information and decision making.
- B. The Allotment Holder** bears overall responsibility for funds allotted to them; implements funds controls plans in compliance with the requirements of the ACF Handbook; designates Funds Control Officer; plans and structures new programs or activities to provided for administrative control of funds; develops and implements procedures to be followed by Headquarters and Field personnel in support of funds control; and provides OCFO with a current lists of persons authorize to approve and sign commitments, obligations and payment requests.
- C. The Funds Control Officer** supports the allotment holder and the CFO in the development, maintenance, implementation and enforcement of funds controls plans and underlying systems and processes; maintains complete, accurate and current records of request processed for commitments, obligations and expenditure of funds; serves as or designates a Funds Verification Officer to accurately certify the availability of funds in accordance with the ACF Handbook; records fund assignments/sub-assignments in the budget execution subsystem; manages and controls spending in accordance with the administrative operating budget plan. Require timely submission of commitment, obligation and payment documents to the CFO Accounting Center for processing in the funds control subsystems.
- D. The Chief Procurement Officer** verifies the availability of funds prior to entering into obligations; and records obligations by either transmitting obligation information through the HPS and SPS interface with the HUDCAPS Budget Execution Subsystem or by transmitting hard copy obligation documents to the OCFO for recording in the appropriate subsidiary financial control system.

1-6. **BUDGET EXECUTION SYSTEMS OVERVIEW.** The Housing and Urban Development’s Central Accounting and Program System (HUDCAPS) is the Department’s integrated financial management system. HUDCAPS system

architecture consists of several financial systems components that are integrated online or by financial system interfaces and interfaces with HUD's program/mixed financial systems. HUDCAPS provides the capability of capturing, recording, controlling, and summarizing the Department's accounting functions. The subsystems include: general ledger, budget execution, funds control, and payments management. It maintains interfaces with other accounting subsidiary ledgers and program/mixed systems to receive financial transactions for posting to the Budget Execution Subsystem and the General Ledger. These functions are performed in accordance with the requirements of the Office of Management and Budget (OMB), The General Accounting Office (GAO), Joint Financial Management Improvement Program (JFMIP) and Department of Treasury. HUDCAPS is the central component of the Department's administrative control of funds process.

#### **A. HUD'S Core Financial Budget Execution Subsystems:**

- 1. HUDCAPS General Ledger Subsystem (GL).** The GL posts and maintains account balances for all financial transactions recorded in the subsidiary systems in compliance with the U. S. Standard General Ledger (SGL). Transactions are sent to the GL through interfaces with the financial subsystems and mixed program and business activity systems. The GL provides the basis for the Department's Annual Financial Statements and the FACTS II Budgetary Reports.
- 2. HUDCAPS Budget Execution Subsystem.** The HUDCAPS Budget Execution Subsystem is the financial management system component that supports the budget execution process. It records and tracks on-line the establishment, and distribution of HUD's budget authority by appropriations, apportionments, allotments, assignments/sub-assignments. It interfaces with other accounting subsidiary systems and program/mixed systems to record commitments, obligations and disbursements. The systems can be accessed to monitor and track the status and use of budgetary resources at each spending level.
- 3. Program Accounting System (PAS) Subsystem.** PAS is an integrated subsidiary ledger for the Department's grant, subsidy, and loan programs. PAS stores fund assignment, commitment, obligation, contracts, and disbursement information. PAS maintains direct interfaces with HUDCAPS for nightly budget execution subsystem and GL transaction processing; and with LOCCS for nightly disbursement action updates. PAS sends disbursement limit, payment authorization, and project data to LOCCS for each project/grant according to contract information stored in PAS. PAS receives nightly updates on disbursement activity from LOCCS. PAS sends budget execution subsystem and GL transactions to HUDCAPS to update budget table and the consolidated GL. (See 1.6.C. for system interface details)
- 4. Line of Credit Control System (LOCCS) Subsystem.** LOCCS is the Department's primary system for processing and making grant, loan, and

subsidy disbursements. LOCCS contains specific payment and budget information to ensure total disbursements do not exceed total budget authority for each program, as defined in PAS. LOCCS makes direct payments to recipients in response to system-generated voucher requests, annual payment schedules, VRS requests, or Internet-based eLOCCS requests.

5. **HUDCAPS Purchasing/Accounts Payable/Disbursement Subsystems.** The Purchasing subsystem combined with the Accounts Payable and Automated Disbursements Subsystems records, monitors, and controls all activities in the purchasing process. Accounts Payable authorizes and records payments for goods and services and provides for disbursement of funds. The disbursement subsystem generates payment transactions authorized by the Purchasing and Accounts Payable Subsystems.
6. **HUD Travel Management System (HTMS).** HTMS provides automated entry and routing of travel authorization requests and voucher payments. Travel requests are automatically routed through appropriate chains of supervisory and budget approval. The budget approval function maintains a direct interface with HUDCAPS to create commitments and obligations. Travel vouchers are entered in the system and automatically routed through appropriate approval chains. When they are approved in HTMS, the transactions are entered in HUDCAPS through the online interface and scheduled for payment.
7. **Electronic Certification System (ECS).** ECS is an automated system for preparing, certifying, and verifying voucher payments. The Department uses ECS to certify LOCCS and HUDCAPS payment schedules sent to Treasury. The Department also uses ECS to make manual payments that are not processed in HUDCAPS or LOCCS. When a manual ECS payment is made, the transaction is recorded manually in the HUDCAPS or LOCCS, as appropriate. No automated interface exists between ECS and departmental disbursement or accounting systems.
8. **Personal Services Cost Report/National Finance Center.** The National Finance Center, a bureau of the Department of Agriculture, serves as the primary payroll processing facility for most Federal agencies. NFC processes payroll transactions for the Department and transmits those data to HUDCAPS through the Personal Services Cost System (PSCS). PSCS transforms NFC payroll data into HUDCAPS format for posting to the Department's budget execution subsystem and GL every other week.
9. **HUD Financial Data Mart (A75R).** Financial Datamart is a financial reporting tool that is a SQL Server database comprised of HUDCAPS tables to allow HUD users to view financial data in desired report format. These tables are updated nightly to reflect daily activities.
10. **HUD Consolidated Financial Statement System (A39), Hyperion.** Hyperion Enterprise reporting software is used to prepare the Departments

consolidated financial statements and Hyperion's HypFacts application software to prepare and transmit the Federal Agencies' Centralized Trial Balance Systems (FACTS II) budgetary reports. Data from the HUDCAPS general ledger (GL) is translated and imported into the Hyperion Enterprise software every month through a manually initiated data transfer. Data can be entered into Hyperion manually using journal vouchers.

11. **Scheduled Airline Trafficking Office (SATO)** SATO is HUD's travel purchasing agent. Travel reservations made through SATO are charged to HUD's Bank One corporate account and billed to the Department monthly. SATO sends a transaction file and summary reconciliation report to OCFO. The reconciliation report compares the travel transactions to the Bank One invoice prior to sending the SATO transaction file, reconciliation report, and the Bank One invoices to OCFO Systems for uploading into HUDCAPS. After all transaction data have been reconciled and validated, a HUDCAPS payment is made to Bank One.
12. **Bank One Card Program (Purchase Card).** The Purchase card payment process involves credit card transactions being transmitted through the HUDCAPS Bank One Card interface. The interface records expenditures in HUDCAPS and generates the automated payments for each monthly bill. Expenditure documents are generated and processed for each approved transactions. The interface provides an on-line table for supplying required accounting elements for each transaction
13. **FMS Regional Finance Center. The Financial Management Service (FMS),** a bureau of the Treasury Department, has Regional Finance Centers (RFCs) across the country to receive and disbursement requests and process EFT, paper check payments and FEDWIRE on behalf of Federal agencies. Each night, the Philadelphia RFC receives disbursement authorizations from LOCCS and HUDCAPS through a direct electronic interface. Treasury sends LOCCS and HUDCAPS' payments subsystem disbursement confirmation data upon manual request on bi-weekly basis.

## **B. Budget Execution Mixed Program/Business Activity Systems**

1. **Integrated Disbursement and Information System (IDIS).** IDIS supports the Office of Community Planning and Development's consolidated planning, disbursement, and reporting activities for the HOME, CDBG, ESG, and HOPWA entitlement grants. Funds for these programs are disbursed through LOCCS. Payment authorization data are passed between IDIS and LOCCS nightly through a direct electronic interface.
2. **HUD Procurement System, (HPS) and Small Purchase System (SPS).** HPS and SPS automate the Office of Procurement and Contract's contract procurement and acquisition process by recording, monitoring and reporting the status of all actions throughout the procurement lifecycle. Formal contracts over \$100,000 are tracked and recorded in HPS. Contracts less than

\$100,000 are tracked and recorded in SPS. These systems perform a real time interface with the HUDCAPS Budget Execution Subsystem to ensure availability of funds and to record commitments and obligations.

3. **Tenant Rental Assistance Certification System (TRACS).** TRACS creates contracts and maintains voucher request information for Project-based Section 8, Section 202, Section 811, Rent Supplemental, and Section 236 Rental Assistance programs. TRACS collects tenant data to verify eligibility for assistance and the accuracy of subsidy payments. TRACS sends voucher requests to LOCCS nightly through the TRACS-LOCCS feeder interface. LOCCS verifies funds availability with PAS before processing the disbursement and sends voucher receipt confirmations to TRACS.
4. **HUDCAPS Section 8 Subsystem (PIH Section 8).** The PIH Tenant-Based Section 8 subsystem is a program management information system that captures program and financial data related to the Housing Choice Voucher Program and the Moderate Rehabilitation Program. It captures financial information related to PHA budget estimates and year-end settlement statements. The Financial Management Center (FMC) uses the system to: record commitments and obligations; record approved budgets; establish payments schedules; and establish accounts receivable and accounts payable.

### C. HUDCAPS System Interfaces

1. **HUDCAPS to PAS.** The HUDCAPS to PAS Interface sends the HUD Sub-assignment level budgetary transactions to PAS for processing on a nightly basis. This includes the HUDCAPS Suballotment (SA) documents for programs still operating in PAS. In order to accommodate this processing model for HUDCAPS to PAS, one sort procedure, one filter program and one interface program is required.

The HUDCAPS to PAS Interface selects, on a daily basis, records from the HUDCAPS General Journal (GENJ) based on criteria defined in the interface design. This includes the SA documents for programs operating in PAS (i.e., non Section 8 and Administrative Funds). A sort procedure and filter program is used to further select data from the daily GENJ.

The interface generates the lowest level of the PAS budget (i.e. PAS TAC 082), which is the Sub-assignment record in PAS. One PAS TAC 082 record is generated for each HUDCAPS SA document present in the GENJ. Based on the Sub-assignment record sent from HUDCAPS, PAS builds the corresponding upper level transactions required for processing in PAS.

The HUDCAPS to PAS Interface Filter Table (HPFT) defines exclusion criteria required to determine which SA documents are to be selected from the GENJ. The Filter Table defines which SA document are not included in the Interface Input File.

In order to correctly map certain data elements from HUDCAPS SA documents to the PAS file of TAC 082 records, the HUDCAPS to PAS Interface must crosswalk, or map certain values. To accomplish the mapping of the accounting elements, the HUDCAPS to PAS interface employs the Accounting Distribution Crosswalk Table (ACXT). To map the PAS Region Office/Area Office codes from the HUDCAPS Organization and Program Code, a PAS Organization Table (PORX) is used.

2. **PAS to HUDCAPS.** The Program Accounting System (PAS) is used to perform spending transactions that are interfaced to the HUD's Central Accounting and Program System (HUDCAPS). After passing PAS system edits, these transactions are transmitted in the form of a PAS Input File to HUDCAPS.

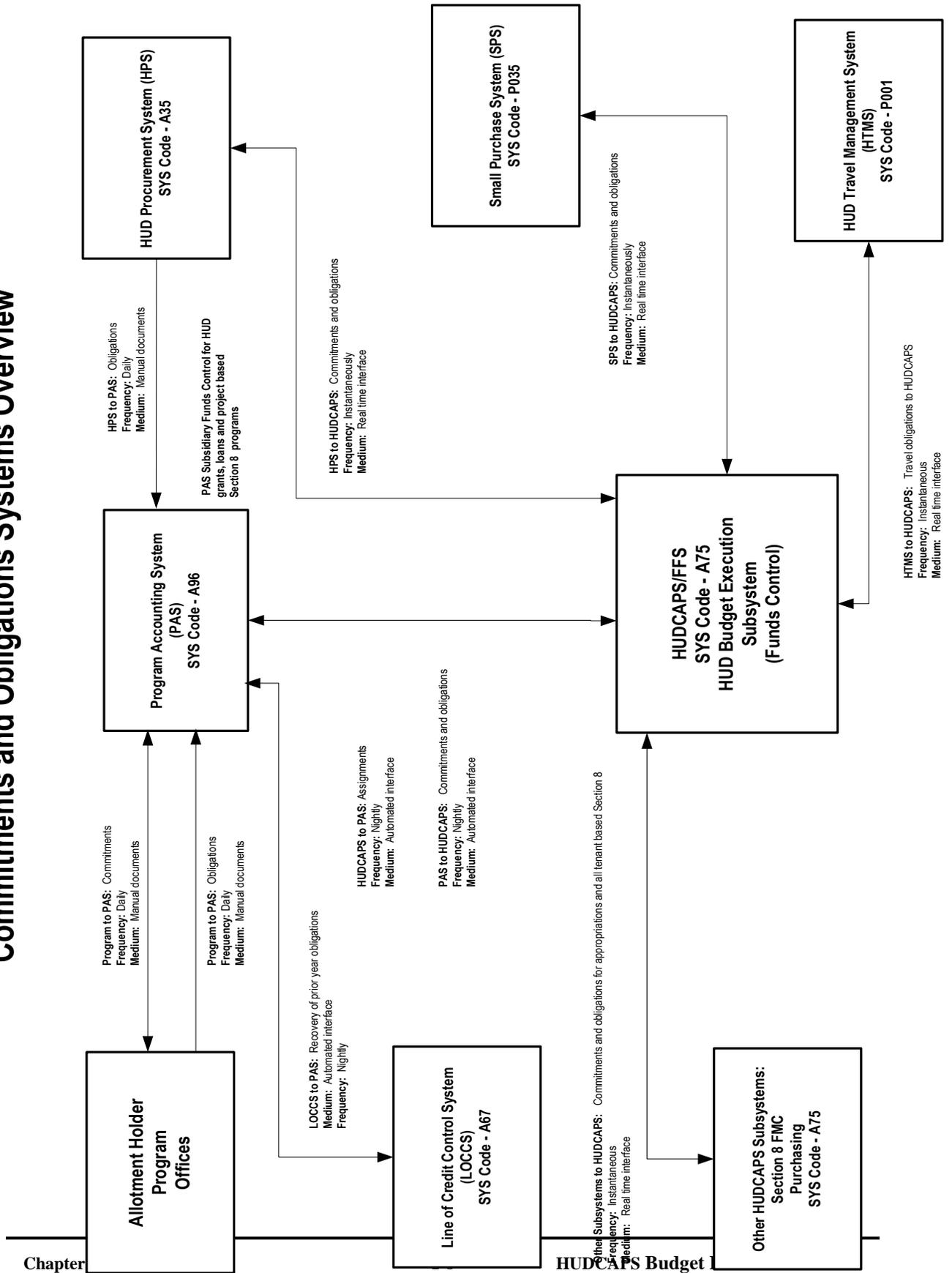
PAS sends a complete data extract file of daily PAS transactions in the PAS Input File. The PAS to HUDCAPS Interface runs on a daily basis, during the nightly cycle. The interface program determines what records from the data extract file is selected and processed in HUDCAPS. The PAS to HUDCAPS Interface reads the PAS Input File generated by PAS and creates HUDCAPS Standard Voucher (IP), (UD) and (IR) documents, Suballotment Documents (SA), and Budget Execution (B6, B5, and B4) documents. The documents generated by the PAS to HUDCAPS Interface are subsequently uploaded to HUDCAPS and included in the nightly cycle for processing. These interface-generated documents have unique transaction codes in order to be easily identified on the Suspense File (SUSF) and on inquiry tables in HUDCAPS. The HUDCAPS document Transaction Code and Transaction Type designates the posting model and accounting event. The documents are used to record PAS accounting activity including items such as spending, collections, revenue, recaptures and budgetary effects while post entries to the General Ledger in HUDCAPS.

The PAS to HUDCAPS Interface performs the Interface Process edits to verify that the PAS Input File contains all of the fields required for the interface to generate the HUDCAPS document and to ensure that the document is successfully loaded to the HUDCAPS Suspense File (SUSF) by the DOCLOAD program.

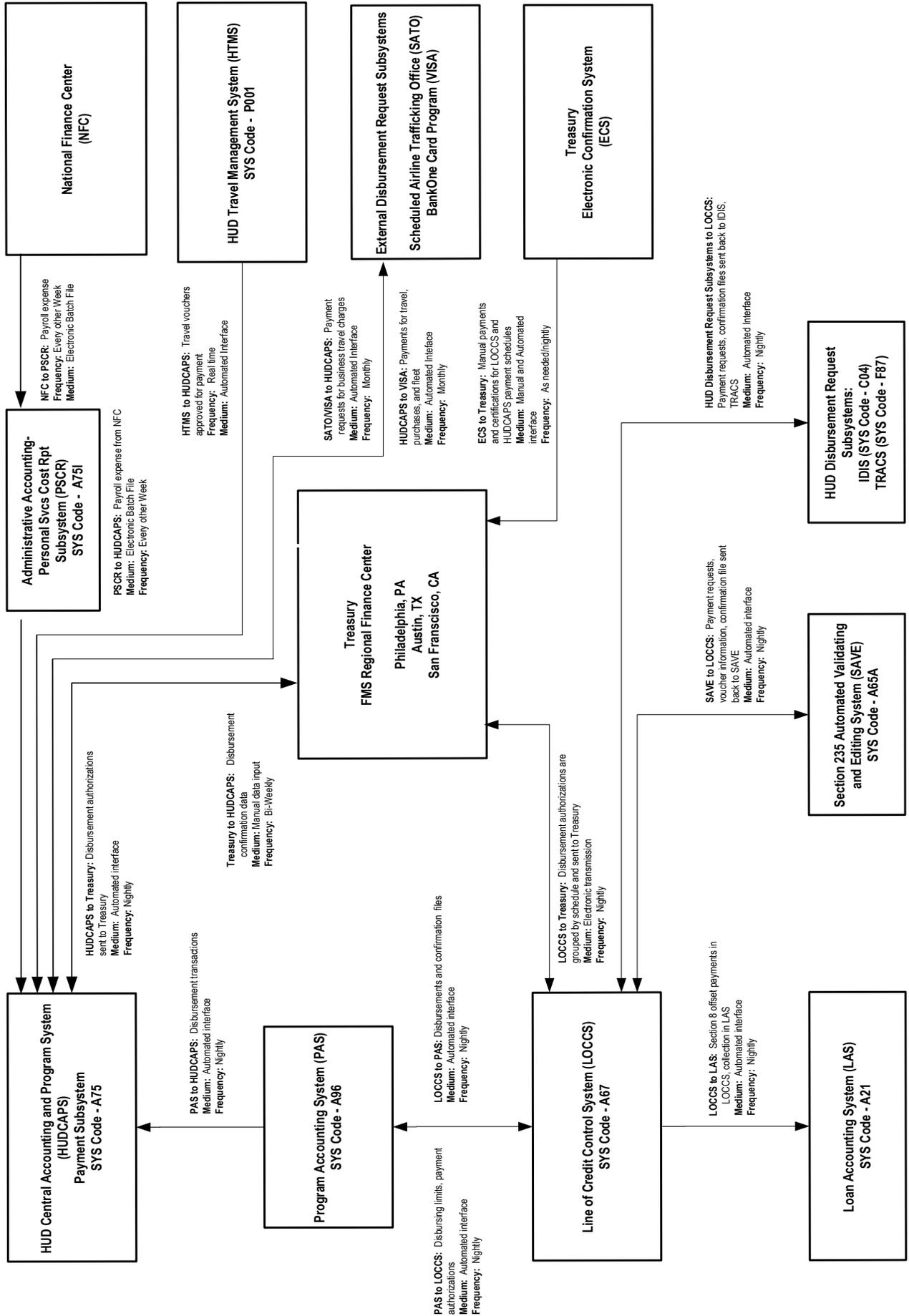
Once on the Suspense File (SUSF), the documents are included in HUDCAPS OFFCTL program for processing; the document processors then subject the documents to a final round of edits (*i.e.*, funds availability, accounting event consistency, accounting element validation, etc.). If the document fails any of the edits, the document does not update the HUDCAPS application tables or the HUDCAPS General Journal (GENJ). The document remains on SUSF until a HUD user corrects the error(s).

The diagrams on the following pages depict the systems overview of the Department's budget execution, commitment, obligation and disbursement processes.

# Commitments and Obligations Systems Overview



# Disbursement Systems Overview



1-7. **HANDBOOKS, MANUALS AND GUIDES** - In addition to the standards and procedures in this manual, the following reference documents support the HUDCAPS budget execution process.

- Administrative Control of Funds (ACF): Policies and Procedures Handbook and Appendices
- HUDCAPS Budget Execution Data Entry Guide
- Program Accounting System (PAS) Handbook, 1970.33-REV-2,
- Line of Credit Control System (LOCCS) User Guide
- Line of Credit Control System (LOCCS); Program Area Business Rule/Functions Document
- Treasury Financial Manual
- HUDCAPS Policy for Reconciling and Resolving PAS to HUDCAPS Transactions
- HUD Procurement System (HPS) and Small Purchases System (SPS), Office of the Chief Procurement Officer
- HUD Travel Management System Guide

## CHAPTER 2 - BUDGET EXECUTION

### 2-1. Budget Execution.

**A. Definition.** The JFMIP Federal Framework for Federal Financial Management Systems defines the Budget Execution financial accountability function as follows:

*“Includes funds control and provides features to record, distribute, and control budget authority and spending in accordance with the provisions of OMB Circular A-11, “Preparation, Submission, and Execution of the Budget.” Budget execution provides the ability to track the effects of financial events on the sources and uses of budgetary resources authorized by the President and Congress. Its primary purpose is to ensure that spending does not exceed funds appropriated or authorized. It supports self-balancing relationships of the budgetary accounts in the general ledger to maintain financial data integrity.”*

**B. Policy.** All of the Department’s budgetary resources are to be recorded in the Budget Execution Subsystem in accordance with requirements of the HUD Administrative Control of Funds: Policies and Procedures Handbook and in accordance with the standards and procedures outlined in the HUDCAPS Budget Execution Manual.

**C. Authority.** Administrative Control of Funds: Policies and Procedures Handbook, Appendix 2 – Summary Listing of Authorities Applicable to HUD Fund Control Directives

#### **D. Roles and Responsibilities:**

1. **The Chief Financial Officer (CFO)** monitors the overall budget process; provides guidance and training on policies and procedures for the administrative control of funds; requires and approves up-to-date funds control plans; provides financial management systems in support of the administrative control of funds; processes apportionment requests and advice of allotments to allotment holders. In addition:
  - The **Assistant CFO for Budget** timely provides the OCFO for Accounting with all OMB approved Apportionment/Reapportionment Schedules, (SF 132s); and records the approved HUD Advice of Allotments (HUD 158s) in the HUDCAPS budget execution subsystem.
  - The **Assistant CFO for Systems** develops and maintains financial systems that support the budget execution processes; develops and maintains systems users manuals and guides; and provides system training to users.
  - The **Assistant CFO for Accounting** timely and accurately records OMB approved Apportionment/Reapportionment Schedules (SF 132s) in

HUDCAPS; verifies the availability of funds, reviews commitment and obligation documents for compliance with the ACF Handbook requirements, timely and accurately records commitment and obligation documents in the funds control subsystems; provides budgetary reports on the status of funds, and gives guidance on accounting and financial reporting issues.

2. **Allotment Holder** bears overall responsibility for funds allotted to them; implements funds controls plans in compliance with the requirements of the ACF Handbook; develops, maintains and enforces funds control plans and operating budgets; designates Funds Control Officers and Operating Budget Holder; plans and structures new programs or activities to provide for administrative control of funds; develops and implements procedures to be followed by Headquarters and Field personnel in support of the funds control process; and provides OCFO with a current lists of persons authorize to approve and sign commitments, obligations and payment requests.
  3. **Funds Control Officer** supports the allotment holder and the CFO in the development, maintenance, implementation and enforcement of funds control plans and underlying systems and processes; maintains complete, accurate and current records of request processed for commitments and obligations of funds; serves as or designates a Funds Verification Officer to accurately certify the availability of funds in accordance with the ACF Handbook; records fund assignments/sub-assignments in the budget execution subsystem; manages and controls spending in accordance with the administrative operating budget plan. Require timely submission of commitment, obligation and payment documents to the CFO Accounting Center for processing in the funds control subsystems.
- D. Budget Execution Subsystem.** The system automates the budget execution process by recording on-line all financial activity associated with the establishment and distribution of the Department's budgetary resources. These activities include the establishment of budgetary resources, distribution of funds, and monitoring the spending of funds at all budget levels. The distribution and control of funds is uniquely defined for each budget level; and the system ensures that authorized amounts are not exceeded.
- E. Uniform Budget Structure.** A uniform budget structure is used to establish and distribute all budgets. The uniform budget structure consists of eight levels. Each level distinguishes budget dimension codes representing how funds are distributed. Detail data entries can be found in the HUDCAPS Budget Execution Data Entry Guide.

### HUD Uniform Budget Structure

Level	Description	Dimensions
1	Appropriation	Budget Fiscal Year Fund Code
2	Apportionment	Budget Fiscal Year Fund Code Quarter
3	Advice of Allotment	Budget Fiscal Year Fund Code Quarter Allotment Holder
4	Distribution to Program/Object Class	Budget Fiscal Year Fund Code Quarter Allotment Holder Program/Object Class
5	Distribution to Program	Budget Fiscal Year Fund Code Quarter Allotment Holder Program Code
6	Assignment/Operating Budget - Level 1	Budget Fiscal Year Fund Code Quarter Allotment Holder Program Code Organization Code
7	Assignment/Operating Budget - Level 2	Budget Fiscal Year Fund Code Quarter Allotment Holder Program Code Organization Code
8	Assignment/Operating Budget - Level 3	Budget Fiscal Year Fund Code Quarter Allotment Holder Program Code Organization Code

**F. Budget Controls.** There are controls that automatically restrict the processing of subordinate budget distribution documents to amounts authorized and/or established for each appropriation or fund code. The appropriation amount or the established amount determines the overall amount authorized. Subordinate distributions are restricted to the amount of the next higher level, for example:

- \* Apportionment of funds cannot exceed the amount appropriated or established for the fund code;
- \* Advice of allotments cannot exceed the amount established at the apportionment level;
- \* Distribution to Program/Object Class cannot exceed the amount established at the allotment level, etc.

An error message is automatically generated when a subordinate budget distribution exceeds the amount of the next higher level and the transaction is rejected.

**G. Fund Codes.** Appropriations and funds are defined and established in HUDCAPS with a fund code. An appropriation may have a single fund code or multiple fund codes depending on restrictions for the use of funds imposed by law, Office of Management and Budget, and HUD management. Multiple fund codes for a single appropriation will have the same Treasury fund symbol for that appropriation to facilitate consolidated reporting at the appropriation level.

1. A separate fund code will be used to define and establish the following distinctions in appropriations:
  - **One-Year Appropriations** – funding is available for obligation for a specific fiscal year, also known as “fiscal year” or “annual” appropriations.
  - **Multi-Year Appropriations** – funding is available for obligation for a definite period of time in excess of one fiscal year.
  - **No-Year Appropriations** – funding is available for obligation for an indefinite period, which is usually identified by appropriation language such as “to remain available until expended.”

A Master/Component concept was designed to establish and maintain control over the aggregate SF 132, Apportionment/Reapportionment Schedule (SF 132) amount prior to distribution by apportionment line items (component funds). Authority is posted to the Master fund by Budget Fiscal Year, Source Year and Treasury fund symbol based on the SF-132. Authority is then transferred to the component funds based on the SF 132’s line item(s). Master funds follow the same fund code structure, except that the 5<sup>th</sup> and 6<sup>th</sup> characters of the fund code are zeros.

2. The fund code is a six position alphanumeric code preceded by two fields of two positions each for the budget fiscal years (Beginning BFY and Ending BFY). Three different coding structures are used for:

- \* Annual appropriations and other selected accounts
- \* No-Year appropriations
- \* Multi-year appropriations

For annual appropriations and other selected accounts, such as the Working Capital Fund, the fund code structure will consist of Beginning Budget Fiscal Year (Source Year) and the Fund Code. The Fund Codes are the appropriation account symbol assigned by Treasury, for example, the fund code for the Salaries and Expenses account for budget fiscal year/source year 2002, Treasury symbol 8620143 would be represented as follows:

BFY	EFY	FUND (Treasury Symbol)
<u>02</u>	___	<u>0143</u>

The last two positions of the Fund Code are left blank on most annual funds', however some accounts such as FHA use the master/component concept. For example, the fund code for FHA GI/SRI (Master) and GI/SRI Contract Expenses (Component) for Budget Fiscal Year 2002, Treasury Symbol 8620200 would be presented as follows:

Master Fund	BFY	EFY	FUND
<u>02</u>	___		<u>0200</u>

Component Fund	BFY	EFY	FUND
<u>02</u>	___		<u>0200AC</u>

For No-Year Accounts, the fund code structure will consist of Beginning Budget Fiscal Year and the Fund Code. The Fund Code consists of six continuous alphanumeric characters consisting of three segments: Position 1 and 2 are the Source year, Position 3 and 4 are an alpha code representing the Treasury Symbol and position 5 and 6 are either 00 for the Master Fund Code or a alphanumeric code for the Apportionment Line Item on the SF-132. For example, the fund code for Community Development Block Grants (Master) and Community

Development Block Grants Technical Assistance (Component) for Budget Fiscal Year 2002, Treasury Symbol 86 X 0162 (Source Year 2001) would be presented as follows:

Master Fund	BFY	EFY	FUND
<u>02</u>	___		<u>01CD00</u>

Component Fund	BFY	EFY	FUND
<u>02</u>	___		<u>01CDTA</u>

For multi-year accounts, the fund code structure is a six position alphanumeric code preceded by two fields of two positions each for the budget fiscal years (Beginning BFY and Ending BFY). For example, the fund code for Community

Development Block Grants (Master) and Community Development Block Grants Technical Assistance (Component) for Beginning Budget Fiscal Year 2002, Ending Budget Fiscal Year 2003 Treasury Symbol 86 X 0162 would be presented as follows:

Master Fund		BFY	EFY	FUND
<u>02</u>	<u>03</u>			<u>02CD00</u>

Component Fund		BFY	EFY	FUND
<u>02</u>	<u>03</u>			<u>02CDTA</u>

Note: Refer to the FUN3 Table (Fund Code Listing Table) in HUDCAPS for the complete listing of fund codes with related appropriation symbol and account name.

**I. Budget Documents.** Funds are distributed in HUDCAPS by processing budget documents. These documents define the amount of funds available at each budget level and they must be processed before spending documents. Establishing a new budget and making budget changes requires a three-step process before funds are made available for spending.

1. **Pending budgets** are entered as the first step. These amounts update the online query tables, however, they are not available for spending until the amounts are approved and posted to the general ledger.
2. **Approved budgets** are entered as the second step. When an approval document (PA) is processed or approval transaction type is included in PA, BE, B4, B5, B6, and SA documents, all pending budget amounts are approved and budget execution query tables updated. However, approved budgets are still not available for spending until the amounts are posted to the general ledger.
3. **Posted budgets** are entered as the third step and are usually entered concurrent with step 2 above. When PA, BE, B4, B5, B6, and SA documents are processed with a posting transaction type, the amount of the approved budgets are posted and budget execution query tables updated, and the posted amounts are available for spending.

**J. Spending Controls.**

1. **Definition.** Spending controls are established in HUDCAPS for each appropriation or fund code. These controls automatically restrict the processing of spending documents to the amounts authorized at the lowest budget distribution level. As a system-wide control, commitment (reservation) transactions are treated as a spending document and as a reduction of budget availability. Spending documents include transactions that record a commitment (reservation), obligation, or expenditure. When a spending document exceeds the lowest level

budgeted amount, an error message is automatically generated and the transaction is rejected.

2. **Policy.** Spending controls are set to Full Control at all budget levels. An exception may be made at fiscal year-end for expired accounts when spending controls below the apportionment level may be reset to Presence Control.

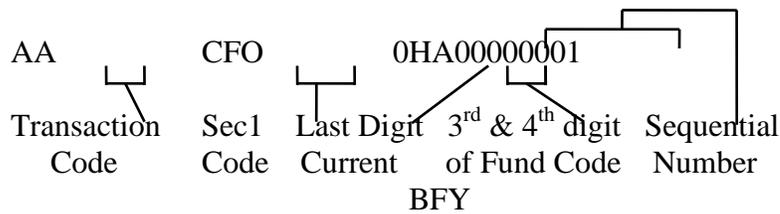
Control Option	Definition
Full Control (C)	The budget line(s) referenced by a spending transaction must exist on the Budget Execution inquiry tables. The spending transaction must not exceed available funds.
Presence Control (P)	The budget line(s) referenced by a spending transaction must exist on the Budget Execution inquiry tables. The spending transaction can exceed available funds.
No Control (N)	A spending transaction can be processed without referencing an existing budget line. Funds do not have to be available for the spending transaction to be processed. If the budget line does not exist, this option creates the budget line during the processing of the spending transaction.
Ignore (I)	Ignore is used to disregard a specific budget level. Spending transactions do not update or create budget lines for levels defined with ignore control. No budget line is created by the spending transaction.

- K. **Control Override.** A limited number of management officials have the authority to override budget and spending control deficiencies to allow processing of a document rejected for insufficient funds if appropriate.
- L. **Status of Funds.** Processing of a spending document immediately updates all online query tables relating to the document. The results of a spending document at each budget level can be viewed by accessing the appropriate online query table.
- M. **Posting Models.** For posting specific transactions used to record budgetary resources and the distribution of funds, see the HUDCAPS Posting Models on HUDWEB under CFO Systems. If a non-routine transaction is needed, contact the Financial Systems Maintenance and Development Division for assistance in identifying and processing the transaction.

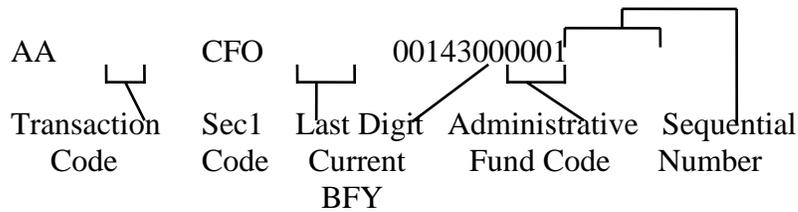
**N. Document ID and Numbering.**

1. A unique document ID must be assigned to all documents for HUDCAPS processing. Each document ID consists of three separate fields:
  - \* The transaction code of the document being processed;
  - \* A four position alphanumeric field for the division code of the office authorized to enter the transaction, which is also referred to as the SEC1 code (Security Level 1); and
  - An eleven position alphanumeric field.
2. A portion of the third field of the document ID is automatically generated by the Automatic Document Number Table (ADNT), which controls and assigns sequential document numbers by transaction code and document number prefix. Sequential document numbers should not be entered manually for budget transactions AA, PA, BE, B4, B5, B6, SA, TA, and TC.
3. The complete Document ID is structured as follows:

For program funds:



For administrative funds:



4. When creating a new Document ID, the automatic document sequence number is applied by entering the SEC1 code and prefix, as set on ADNT followed by the pound sign (#).

**2-2. Budgetary Resources.**

- A. **Definition.** According to OMB Circular A-11, “Budgetary resources mean an amount available to enter into obligations in a given fiscal year. The term comprises new budget authority for that year, including spending authority from offsetting collections, and un-obligated balances of budget authority provided in previous years, including recoveries of prior year obligations and transfers.” Specific forms of

budgetary authority are appropriations, continuing resolutions, borrowing authority, contract authority, and re-appropriations provided by Federal law. Other forms of authority may include appropriations to liquidate contract authority, transfers between two Federal Government accounts, recoveries of prior year obligations, and reimbursable orders.

B. **Roles and Responsibilities.** The Office of the Assistant Chief Financial Officer for Budget (ACFOB) is responsible for recording budget authority for all of HUD's funds in HUDCAPS. The ACFOB or his or her authorized designee(s) approve and process all SF 132, Apportionment and Reapportionment Schedules and the HUD 158 Advice of Allotment budget authority transaction documents online in HUDCAPS.

- \* The initial recording of budgetary resources at the beginning of the fiscal year must be coordinated with and concurred in by the Director, Office of Financial Systems Maintenance and Development Division (FSMD), and the Director, Internal and External Financial Reporting Division (IEFRD).
- \* The ACFOB, in coordination with the FSMD, will determine and establish the appropriate fund codes for all of HUD's funds.
- \* The FSMD is responsible for maintaining the currency of fund codes and related Treasury symbols in appropriate tables of HUDCAPS.

C. **Appropriations and Apportionments (Levels 1 and 2):** An appropriation amount is recorded in HUDCAPS based on the approved SF 132, Apportionment and Reapportionment Schedule is the source document used to record other budgetary resources and their distribution in HUDCAPS. Category A and B line items of the approved SF 132 must be recognized and recorded by separate fund codes as appropriate.

Note: The SF-132 Apportionment and Reapportionment Schedule, Line 8: Category A provides funding by each calendar quarter in the fiscal year; and Category B provides amounts that are apportioned on a basis other than calendar quarters for the fiscal year, such as available for the entire fiscal year, activities, projects, object, or a combination thereof.

1. **Annual appropriations** may be recorded by a single fund code or multiple fund codes with the same Treasury symbol. A distinction must be made between Category A and Category B apportionments. If multiple fund codes are used for funds apportioned as **Category A**, the components of the appropriation must be determined for each fund code and the amounts recorded by fund code. The combined amount established for all fund codes with the same Treasury symbol must not exceed the total amount of the approved apportionment request for the appropriation. Quarterly limitations must also be recognized and adhere to approved Category A apportionments by quarter.

**Annual appropriations**, apportioned as **Category B**, must be recorded using multiple fund codes with the same Treasury symbol and use the

*master/component concept* whereby the full amount of the appropriations is initially recorded in a fund code established for the master account and amounts for the component fund codes are accomplished by a transfer of funds from the master account to the component accounts.

2. **Multi-year and no-year appropriations** (including revolving funds and special funds) may be recorded by a single fund code or multiple fund codes with the same Treasury fund symbol. If the appropriation is recorded by multiple fund codes, such as apportionment line items for Category B, it must be recorded using the *master/component concept*. The full amount of the appropriation is initially recorded to a fund code established for the master account and amounts transferred from the master account to the component accounts. The combined amount established for all fund codes with the same Treasury fund symbol cannot exceed the total amount of the approved SF 132.
3. **Anticipated Budgetary Resources** are unrealized budgetary resources such as indefinite appropriations, transfers or un-obligated balances, spending of offsetting collections, and recoveries of prior year obligations. These resources are recorded in HUDCAPS as anticipated transactions and are made available when realized and or apportioned.
4. **Anticipated collections** for no-year revolving funds and special funds, may be recorded the same as the multi-year and no-year appropriations described above in Paragraph 2-2.D.2.

#### **D. Data Entry for Appropriation and Apportionment.**

HUDCAPS Data Entry Procedures are described in detail in the *HUDCAPS Budget Execution Data Entry Guide, Chapter 2, Appropriation/Appportionment (AA) Document for Appropriation of No-Year and Multi-Year Funds; Chapter 3, Appropriation/Appportionment Annual Funds; and Chapter 4, Recoveris, Reimbursements, Transfers.* Go to the HUDWEB, CFO Homepage under Systems.

1. **Annual Appropriations.** The source document for recording appropriation and apportionment transactions is an approved SF-132, Apportionment and Reapportionment Schedule, with amounts apportioned as Category A, by quarter. These transactions require the use of two documents:
  - Appropriation/Appportionment Document (AA), and
  - Apportionment Approval Document (PA).

The AA document is used to enter the appropriation amount by fund code and pending apportionments, if any. The PA document is used to approve and post pending apportionment amounts.

- a. An AA document must be entered for each fund code citing the following transaction types:

Transaction	Trans Type
Appropriation	01
Apportionment	PA

- b. A PA document must be entered for each fund code with pending apportionment amount citing the following transaction types:

Transaction	Trans Type
Approval	AP
Posting	01

2. **No-year and Multi-year Appropriations.** The source document for recording these transactions is an approved SF-132, Apportionment and Reapportionment Schedule, and apportioned as **Category B**, i.e. a basis other than calendar quarters. Under the *master/component concept* these transactions require 6 steps and the use of four documents:

- Appropriation Document (AA)
- Appropriation Transfer Document (TA)
- Appropriation Transfer Approval Document (TC)
- Apportionment Document (AA)
- Apportionment Approval Document (PA)

- a. An AA document must be entered for the master account fund code with the full amount of the appropriation citing the following transaction types. Apportionments are not recorded in the master account.

Transaction	Trans Type
Appropriation	01
Estimated Reimbursement (for Anticipated Appropriations)*	IA
Apportionment	Leave blank

\* Select Reimbursement Option “Include lesser of actual and estimated.”

- b. An AA document must be entered for each component fund code with zero amounts and blank transaction types to establish the fund code on the Appropriation Query (APPR) Table. This entry is necessary in order to process the Appropriation Transfer Document (TA document) for transfers to component fund codes.
- c. An Appropriation Transfer Document (TA document) must be entered for each component fund code with the applicable amount of the transfer for the component citing the following document and transaction types:

Type	Value
Document	Budget Authority
From Transaction	MC
To Transaction	MC

- d. An Appropriation Transfer Approval Document (TC document) must be entered for each component fund code citing the related TA document ID:

Transfer Document ID	TA -----
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- e. An Appropriation/Apportionment Document (AA document) must be entered for each component fund code **to apportion the transfer amount received**. Only the apportionment section of the AA document is completed with the amount of the transfer entered in the “APPOR INC/DEC AMT” field for apportionment period 1 only and citing the following transaction type:

Transaction	Trans Type
Apportionment	PA

- f. An Apportionment Approval Document (PA document) must be entered for each component fund code with the pending apportionment amount and citing the following transaction types:

Transaction	Trans Type
Approval	AP
Posting	01

### **E. Continuing Resolutions (CR).**

1. **Definition.** “Continuing Resolutions (CRs) are joint resolutions that provide continuing appropriations for a fiscal year. CRs are enacted when Congress has not yet passed new appropriations bills and a programs appropriations are about to or have expired, or when the Presidents has vetoed congressionally passed appropriations bill.” Usually, CRs don’t appropriate specific amounts of money. They provide “formulas” for calculating the amounts available for continuing programs at minimal levels. In addition CRs provide funds for projects and activities...”Source: *OMB Circular A 34, Instruction on Budget Execution*.
2. **Data Entry.** A Continuing Resolution is recorded in HUDCAPS in two parts.
  - The available amount, and
  - The unavailable amount.

Two documents must be processed

- An Appropriation/Apportionment Document (AA document) is used to enter the appropriation (fund code) amount and pending apportionments; and
  - An Apportionment Approval Document (PA document) is used to approve and post pending apportionment amounts.
- a. The available amount of the CR is entered with an AA document for each fund code using the following transaction types:

Transaction	Trans Type
Appropriation	01
Apportionment	PA

- b. The unavailable amount is entered with an AA document for each fund code. The apportionment amount fields are left blank and using the following transaction types:

Transaction	Trans Type
Appropriation	F1
Apportionment	Leave blank

- c. A PA document is entered for each fund code with an available portion and cites the following transaction types:

Transaction	Trans Type
Approval	AP
Posting	01

**F. Borrowing Authority.** (Reserved for future use.)

**G. Contract Authority.**

1. **Definition.** Contract authority is a type of budget authority that permits obligations to be incurred in advance of *either* an appropriation of the cash to make outlays to liquidate the obligations or offsetting collections.
2. **Permanent Indefinite Authority.** This authority is similar to contract authority in that no Treasury Warrant is available upfront to liquidate obligations. However no appropriation bill is required to liquidate obligations. A Treasury Warrant can be requested to provide the cash needed to liquidate obligations based anticipated outlays for the fiscal year.
3. **Data Entry.** The source document for recording contract authority is an approved SF-132, Apportionment and Reapportionment Schedule and the processing of two documents.

- An Appropriation/ Apportionment Document (AA document) is used to enter the anticipated contract authority amount and pending apportionment, and
  - An Apportionment Approval Document (PA document). The PA document is used to approve and post pending apportionment amounts.
- a. An AA document must be entered for the fund code of the contract authority with the anticipated contract authority amount citing the following transaction type:

Transaction	Trans Type
Appropriation	CA
Apportionment	PA

- b. A PA document must be entered for the fund code of the contract authority with pending apportionments amounts citing the following transaction types:

Transaction	Trans Type
Approval	AP
Posting	01

**H. Reappropriations.** (Reserved for future use.)

**H. Transfer of Funds.**

1. **Definitions.** Transfers “...moves budgetary resources from one budget account to another. Depending on the circumstances, the budget may record a transfer as an expenditures transfer, which means a transfer that involves an outlay, or a nonexpenditure transfer, which means a transfer that doesn’t involve an outlay.”
2. **Nonexpenditure Transfer.** A Non-expenditure transfer does not involve an outlay and it may increase or decrease budget authority. It can occur directly (*direct transfers*) between two existing accounts that benefit the *receiving account*, or through by use of an *allocation account* (transfer appropriation account) that benefit the *parent account*.
  - \* *Receiving account benefit.* Direct transfer accounts are made a part of the receiving appropriation and are recorded into HUDCAPS using an existing fund code.
  - \* *Parent account benefit.* Allocation accounts carry the Treasury symbol identified with the original appropriation from which the amounts are transferred and requires the establishment of a new fund code. The account is symbolized by adding the Department’s prefix (86) to the original appropriation symbol.

3. **Data Entry.** The source document for recording a non-expenditure transfer is an approved SF-1151, Non-expenditure Transfer Authorization and an approved SF-132 Apportionment and Reapportionment Schedule. The determination of the recording of a non-expenditure transfer is dependent upon the language in the Federal law and whether the authorized transfer is for new budget authority, prior year unobligated balances, or a re-appropriation of an unexpired account.
- The recording of the transfer authority must first be recorded as an anticipated transfer for the appropriate type of transfer and requires the use of an Appropriation Transfer Document (TA document) citing both the receiving account and the transferring account.
  - Subsequently, upon receipt of a Treasury accomplished SF-1151, Non-expenditure Transfer Authorization, the realization of the non-expenditure transfer must be recorded and requires the use of an Appropriation Transfer Approval Document (TC document) which references the related TA document.

For intra-agency direct transfers, both receiving and transferring accounts should be entered citing existing fund codes of the related appropriations. Do not establish new fund codes for these intra-agency direct transfers unless the fund code for the receiving account does not exist. For interagency direct transfers of appropriations external to HUDCAPS, a provision is made for recording a guest symbol in the TA document.

- a. Direct transfers of *new budget authority* authorized by law must first be recorded as an anticipated transfer with an Appropriation Transfer Document (TA document) citing the following document and transaction types:

Type	Value
Document	Budget Authority
From Transaction	OC
To Transaction	TC

- b. Realization of the direct transfer of *new budget authority* by a Treasury accomplished SF-1151, Non-expenditure Transfer Authorization, requires the use of an Appropriation Transfer Approval Document (TC document) citing the following related TA document ID:

Transfer Document ID	TA -----
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- c. The realized direct transfer of *new budget authority* must also be apportioned. Amounts may be apportioned separately or together with other budgetary resources of the same fund code in accordance with an approved SF-132, Apportionment and Reapportionment Schedule. Apportionment requires the use of an Appropriation/ Apportionment Document (AA document) and an Apportionment Approval Document (PA document).

NOTE: Direct transfers of *new budget authority* specifically authorized by Federal law must be recognized and recorded in the full amount authorized or anticipated at the beginning of the fiscal year.

- d. Direct transfers of *prior year unobligated balances* authorized by law must first be recorded as an anticipated transfer with an Appropriation Transfer Document (TA document) citing the following document and transaction types:

Type	Value
Document	Unobligated Balance
From Transaction	OP
To Transaction	TP

- e. Realization of the direct transfer of *prior year unobligated balances* by a Treasury accomplished SF-1151, Non-expenditure Transfer Authorization, requires the use of an Appropriation Transfer Approval Document (TC document) citing the following related TA document ID:

Transfer Document ID	TA -----
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- f. The realized direct transfer of *prior year un-obligated balances* must also be apportioned. Amounts may be apportioned separately or together with other budgetary resources of the same fund code in accordance with an approved SF-132, Apportionment and Reapportionment Schedule. Apportionment requires the use of an Appropriation/Appportionment Document (AA document) and an Apportionment Approval Document (PA document).
- g. Transfers of *re-appropriations of unexpired account balances*. (Reserved for future use.)
- h. Transfers of *obligated account balances*. (Reserved for future use.)
- i. An *allocation transfer received of new budget authority* based on authorization law requires the establishment of a new fund code, with an Appropriation/Appportionment (AA) document, for the *transfer appropriation*

*account* and it must first be recorded as an anticipated *allocation transfer received* with an Appropriation Transfer Document (TA document) citing the following document and transaction types:

Type	Value
Document	Budget Authority
From Transaction	Leave blank
To Transaction	AT
From Guest Symbol	Enter guest symbol

- j. Realization of the *allocation transfer received* of new budget authority by a Treasury accomplished SF-1151, Non-expenditure Transfer Authorization, requires the use of an Appropriation Transfer Approval Document (TC document) citing the following related TA document ID:

Transfer Document ID	TA -----
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- k. The realized *allocation transfer received* of new budget authority must be apportioned based on the approved apportionment of the parent account, which should be indicated in the accomplished SF-1151.
- l. Non-expenditure Transfer Authorization An AA document must be entered for the apportionment only of the fund code for the *allocation transfer received* with amounts entered in the “APPOR INC/DEC AMT” fields by quarter and citing the following transaction type:

Transaction	Type
Apportionment	PA

- m. A PA document must be entered for the fund code of the *allocation transfer received* to approve and post the pending apportionment amounts citing the following transaction types:

Transaction	Type
Approval	AP
Posting	01

- n. An *allocation transfer issued* of new budget authority authorized by law must first be recorded as an anticipated *allocation transfer issued*

with an Appropriation Transfer Document (TA document) citing the following document and transactions types:

Type	Value
Document	Budget Authority
From Transaction	OP
To Transaction	Leave blank
To Guest Symbol	Enter guest symbol

- o. Realization of the *allocation transfer issued* of new budget authority by a Treasury accomplished SF-1151, Non-expenditure Transfer Authorization, requires the use of an Appropriation Transfer Approval Document (TC document) citing the following related TA document ID:

Transfer Document ID	TA -----
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4. **Expenditure Transfers.** An expenditure transfer is a transfer to carry out the purposes of the *paying account*. Expenditure transfers are payments between two different fund groups, such as, between a credit program account (general fund) and a financing account (revolving fund), and are specifically authorized by Federal law. The *paying account* will record obligations and outlays and the *receiving account* will record spending authority from offsetting collections. The full amount of the authorized transfer will be recorded in the paying account as an obligation at the beginning of the fiscal year based on a continuing resolution or upon enactment of appropriations for HUD. The full amount of the authorized reimbursement for offsetting collections in the receiving account will be recorded as accounts receivable. The actual payment and collection may be recorded in incremental amounts during the fiscal year. Expenditure transfers are accomplished by preparing and processing a HUD-1081 Expenditure Transfer and accompanied by an approved SF-132 Apportionment and Reapportionment Schedule.

**I. Spending Authority From Offsetting Collections.**

1. **Definitions.** “Spending authority from offsetting collections permits obligations and outlays to be financed by offsetting collections. Offsetting collections are collections that by law are credited directly to expenditure accounts. Usually, they are authorized to be spent for the purposes of the account without further annual action by Congress.” *OMB A 34, Instructions on Budget Execution.* Collections consist of reimbursements, advances, refunds, and other income. Amounts are recorded as either *estimated reimbursements* or *anticipated collections*.
2. **Reimbursable Work Between Federal Appropriations Under The Economy Act.** The Economy Act authorizes the head of a department or major organizational unit within a department to place an order with a major organizational unit with the same department or another department for goods or

services. Spending authority from offsetting collections is recognized by the *performing* appropriation as an estimated reimbursement.

3. **Policy.** For appropriations subject to apportionment, annual estimates will be recognized and recorded into HUDCAPS at the beginning of the fiscal year for anticipated amounts of reimbursements based on approved apportionment requests in the *performing* account. Estimated reimbursements are treated as budget authority that is available for apportionment and further budget distribution. However, allotments of reimbursable authority in the *performing* account must be limited to the amount of reimbursable orders received in the *performing* account and recorded as obligations in the *ordering* account.

For the Working Capital Fund, if not subject to apportionment, the current annual estimates will *not* be recognized and recorded into HUDCAPS at the beginning of the fiscal year for anticipated amounts of reimbursements. Reimbursements will be recognized and recorded into HUDCAPS based on the receipt of approved reimbursable orders that have been recorded and obligated in the *ordering* account.

The setting of the Estimated Reimbursement Option field on the AA document is critical to the establishment and availability of reimbursable authority as budget authority for allotment and obligation. Two options are used in HUDCAPS; “Include Estimated Reimbursements” which denotes that estimated reimbursements are automatically included in availability, and “Include Lesser of Actual and Estimated” which denotes that the lesser of actual receipts and estimated receipts are automatically included in availability.

The Estimated Reimbursement Option must be set to “Include Estimated Reimbursements” for the following appropriations:

- Salaries and Expenses
- Office of Inspector General
- Working Capital Funds

The Estimated Reimbursement Option must be set to “the Lesser of Actual and Estimated” for all program appropriations with estimated reimbursements.

4. **Data Entry for Estimated Reimbursements.** Recording estimated reimbursements requires the use of two documents: (1) an Appropriation/ Apportionment Document (AA document), and (2) an Apportionment Approval Document (PA document). The AA document is used to enter the estimated reimbursement amount and pending apportionment amounts. The PA document is used to approve and post the pending apportionment amounts.
  - a. For accounts subject to apportionment, an AA document must be entered for the applicable fund code and estimated amount, based on an approved

apportionment request, using the Estimated Reimbursement line, with the Estimated Reimbursement Option set as appropriate, and pending apportionment amounts, citing the following transaction types:

Transaction	Type
Estimated Reimbursement	AR
Apportionment	PA

- b. A PA document must be entered for the reimbursement fund code and pending apportionment amount citing the following transaction types:

Transaction	Type
Approval	AP
Posting	01

- c. For the Working Capital Fund, an AA document must be entered for the Working Capital Fund code and amount, *based on approved reimbursable orders*, using the Estimated Reimbursement line, with the Estimated Reimbursement Option set to “Include Estimated Reimbursements”, and pending apportionment amounts in apportionment period 1, citing the following transaction types:

Transaction	Type
Estimated Reimbursement	AR

5. **Reimbursable Orders.** RA documents must be entered to establish reimbursable orders. These documents update the Reimbursable Agreement Amount in the Appropriation Inquiry Table (APPR) and the Customer Agreement Project Cost Accounting System (PCAS) tables. Recording reimbursable orders depends on whether the reimbursable order is *with* or *without* an advance. A RA document must be entered for the reimbursable orders with the following transaction types:

Transaction	Type
Without Advance	01
With Advance	02

- a. A PA document must be entered for the Working Capital Fund code and pending apportionment amount citing the following transaction types for the Working Capital Fund.

Transaction	Type
Approval	AP
Posting	01

6. **Anticipated Collections** may be included in apportionment requests or anticipated as unapportioned. A distinction also needs to be recognized for collections from federal sources and non-federal sources.
7. **Data Entry for Anticipated Collections.** The source document for recording anticipated collections is an attachment to an approved SF-132, Apportionment and Reapportionment Schedule, or an approved internal memorandum. The SF-132 attachment and the approved internal memorandum should show anticipated collections by federal sources and non-federal sources. Under the *master/component concept* these transactions require 6 steps (see paragraph D.5.b.) and the use of four documents: (1) an Appropriation/ Apportionment Document (AA document), (2) an Appropriation Transfer Document (TA document), (3) an Appropriation Transfer Approval Document (TC document), and (4) an Apportionment Approval Document (PA document).
- a. An AA document must be entered for the master account fund code with the amount of anticipated collections citing the following transaction types. Amounts will be recorded as estimated reimbursements. Apportionments are not recorded in the master account. Apportionments are recorded for each component fund code.

	Source	Transaction	Trans Type
Apportioned Amounts	Federal	Estimated Reimbursement*	R2
Apportioned Amounts	Non-Federal	Estimated Reimbursement*	SA
Unapportioned Amounts	Federal	Estimated Reimbursement**	R6
Unapportioned Amounts	Non-Federal	Estimated Reimbursement**	R5
Apportioned/Unapportioned	N/A	Apportionment	Leave blank

\* Select Reimbursement Option “Include lesser of actual and estimated.”

\*\*Select Reimbursement Option “Do not include reimbursements.”

- b. For anticipated collections included in an apportionment request, follow the steps prescribed above in Paragraphs 1-2.D b through f but only for amounts of actual collections.
- c. For anticipated collections *not* included in an apportionment request, no further transactions are required.

**J. Recoveries of Prior Year Obligations.**

1. **Definition.** Recoveries (recaptures) of prior year obligations are cancellations or downward adjustments in the current fiscal year of obligations incurred in prior fiscal years that were *not outlayed*, i.e., not refunds, in no-year and unexpired multi-year accounts, and when apportioned are budgetary resources available for new obligations.

2. **Policy.** Recoveries of prior year obligations are automatically withdrawn from the assignment/operating budget designee and allotment holder and recorded as authority available for apportionment. Recoveries must be apportioned before the budgetary resource can be re-allotted.
3. **Estimated Recoveries.** Annual estimates will be recognized and recorded into HUDCAPS at the beginning of the fiscal year for anticipated recoveries of prior year obligations based on approved apportionment requests of unexpired accounts.
4. **Data Entry.** The recording of estimated recoveries of prior year obligations requires the use of an Appropriation/Appportionment Document (AA document). The AA document is used to enter the estimated recoveries of prior year obligations amount.
  - a. An AA document must be entered for the appropriation fund code with the estimated recoveries of prior year obligations amount on the Estimated Recovery line citing the following transaction type:

Transaction	Type
Estimated Recovery	RU

5. **Actual Recoveries.** Actual recoveries of prior year obligations are automatically recognized in HUDCAPS when a transaction is entered for a cancellation or downward adjustment, or final payment is less than the obligation amount, of a prior year obligation. General ledger entries are automatically generated and budget tables updated for the old year and the New Year.
6. **Actual Recoveries Greater Than Estimated.** When actual recoveries of prior year obligations are greater than the annual estimate of recoveries, the difference must be recorded as unavailable on a Standard Voucher (SV) Document at the end of each month.

**K. Unobligated Balances.**

1. **Definition.** An unobligated balance is the cumulative amount of budget authority not obligated and remains available for obligations under law. For unexpired multi-year and no-year accounts, unobligated balances are included in available balances of budgetary resources. In HUDCAPS the unobligated balance is calculated by fund code as a result of the automated annual close process and reported as Carryover Amount in the Appropriation Query (APPR) Table.
2. **Policy.** As a result of the automated annual close process the Carryover Amount for no-year accounts is automatically moved forward from the prior budget fiscal year component fund code to the prior budget fiscal year master fund code. This process will then move the unobligated balance on both the budget tables and the general ledger to the new budget fiscal year master fund code.

3. **Roles and Responsibilities.** The Office of the Assistant Chief Financial Officer for Budget (ACFOB) is responsible for recording the estimated carryover amounts in HUDCAPS until the actual carryover is posted by the automated annual close. The Office of the Assistant Chief Financial Officer for Systems (ACFOS) is responsible for the execution of the automated annual close process, removing the estimated carryover processed by ACFOB and ensuring that the unobligated balances are available for apportionment.
  
4. **Data Entry.** The source document for recording these transactions is an approved SF-132, Apportionment and Reapportionment Schedule, and requires the use of the following documents:
  - Appropriation Document (AA)
  - Appropriation Transfer Document (TA)
  - Appropriation Transfer Approval Document (TC)
  - Apportionment Document (AA)
  - Apportionment Approval Document (PA)
  - a. An AA document must be entered for the master account fund code with the full amount of the estimated appropriation citing the following transaction type. Apportionments are not recorded in the master account.

Transaction	Trans Type
Appropriation	CO
Estimated Reimbursement (for Anticipated Appropriations)*	IA
Apportionment	Leave blank

\* Select Reimbursement Option “Include lesser of actual and estimated”.

- b. An Appropriation Transfer Document (TA document) must be entered for each component fund code with the applicable amount of the transfer for the component citing the following document and transaction types:

Type	Value
Document	Budget Authority
From Transaction	PY
To Transaction	PY

- c. An Appropriation Transfer Approval Document (TC document) must be entered for each component fund code citing the related TA document ID:

Transfer Document ID	TA -----
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- d. An Appropriation/Apportionment Document (AA document) must be entered for each component fund code to apportion the transfer amount received. Only the apportionment section of the AA document is completed with the amount of the transfer entered in the “APPOR INC/DEC AMT” field for apportionment period 1 only and citing the following transaction type:

Transaction	Trans Type
Apportionment	PA

- e. An Apportionment Approval Document (PA document) must be entered for each component fund code with the pending apportionment amount and citing the following transaction types:

Transaction	Trans Type
Approval	AP
Posting	01

### 2-3. **Deferrals.**

- A. **Definition.** A deferral is any action or inaction by an officer of the US Government that temporarily withholds, delays, or effectively precludes the obligation or expenditure of budget authority. For the purposes of this Handbook, deferrals include those actions within the Department that result from policy decisions to obligate apportioned funds provided for a specific purpose or project at a pace slower than intended by Congress. Deferrals are generally effected through the apportionment process.
- B. **Deferrals Through The Apportionment Process.** OMB on its own initiative or at the request of the Department may process a deferral of funds on the Apportionment/Reapportionment Schedule (SF 132).
- C. **Data Entry.** The deferral amount must be recorded simultaneously with, and in the same document as, the appropriation and apportionment amounts based on an approved SF-132, Apportionment and Reapportionment Schedule. The deferral amount must be entered for the same fund code as the appropriated amount on the Statutory Reserve line of the Appropriation/Apportionment Document (AA document), citing the following transaction type:

Transaction	Type
Statutory Reserve (Deferral)	AD

**NOTE:** If the deferral action occurs subsequent to the initial recording of the appropriation and apportionment amounts, enter a *positive* amount for the deferral and an equal *negative* amount for the appropriation and apportionment on the same AA document.

2-4. **Rescissions.**

- A. **Definition.** A rescission is enacted legislation that cancels budget authority previously provided by law, prior to the time the authority would otherwise have expired. Budget authority subject to rescission may be appropriations, borrowing authority, contract authority, or unapportioned balances of revolving funds.
- B. **Pending Rescissions.** Pending rescissions must be recorded pursuant to a special message transmitted, or to be transmitted, to the Congress and included on line 9 of the most recently approved apportionment request (SF 132).
- C. **Data Entry.** The rescission amount must be recorded simultaneously with, and in the same document as, the appropriation and apportionment amounts based on an approved apportionment request. The rescission amount must be entered for the same fund code as the appropriated amount, on the Statutory Reserve line of the Appropriation/Apportionment Document (AA document). Enter a *positive* amount for the rescission and an equal *negative* amount for the appropriation and apportionment. Cite the following transaction type for the rescission amount:

Transaction	Type
Statutory Reserve (Rescission)	PR

- D. **Enacted Rescission Pending.** The recording of enacted rescissions, *previously recorded as pending*, is dependent upon whether the rescission is for unobligated balance of (1) current year authority, or (2) prior year authority.
- E. **Data Entry For Current Year Authority.** The rescission amount must be recorded simultaneously with, and in the same document as, the appropriation and apportionment amounts, based on the enacted legislation and an approved apportionment request. The rescission amount must be entered for the same fund code as the appropriated amount, on the Statutory Reserve line of the Appropriation/Apportionment Document (AA document). Enter a positive amount for the rescission and an equal negative amount for the appropriation and apportionment. Cite the following transaction type for the rescission amount:

Transaction	Type
Statutory Reserve (Rescission)	RC

**NOTE:** The rescission warrant will be recorded by a separate transaction.

- F. **Data Entry For Prior Year Authority.** The rescission amount must be recorded simultaneously with, and in the same document as, the appropriation and apportionment amounts, based on the enacted legislation and an approved apportionment request. The rescission amount must be entered for the same fund code as the appropriated amount, on the Statutory Reserve line of the Appropriation/Apportionment Document (AA document). Enter a *positive* amount

for the rescission of the unobligated balance brought forward, and an equal *negative* amount for the appropriation and apportionment (see Paragraph 1-3.a. for the required transaction type codes). Cite the following transaction type for the rescission amount:

Transaction	Type
Statutory Reserve (Rescission)	R1

NOTE: The rescission warrant will be recorded by a separate transaction.

**2-5. Distribution of Funds.**

- A. **Definition.** The Department’s distribution of funds process provides for the recording and distribution of the Department’s budgetary resources as prescribed in HUD’s uniform budget structure, and consists of eight budget levels.
- B. **Policy.** Before a commitment (reservation), obligation, or expenditure of any of HUD’s funds can occur, an internal Assignment/Operating Budget must be approved and established in HUDCAPS that authorizes the use of funds consistent with legislative appropriation or authorizing language, including continuing resolutions, for apportioned and unapportioned funds. The official establishment and authorized distribution of funds will reside in HUDCAPS for all funds of HUD. All allotment holders and assignment/operating budget designees must be identified by title and organization, and approved in writing by the Secretary, as authorized recipients.
- C. **Roles and Responsibilities.** The Assistant Chief Financial Officer for Budget (ACFOB) and The Office of the Inspector General (OIG) are responsible for maintaining a current list of allotment holders and the assignment/operating budget designees. The ACFOB and the OIG are responsible for issuing and recording into HUDCAPS distributions of funds as follows:

Fund Category	Budget Levels
Administrative Funds	3,4,5,6
Program Funds	3 & 4

- 1. Budget levels 3, 4, 5 and 6 will be issued to recipients designated as authorized allotment holders or assignment/operating budget designees that have been approved by the Secretary and the OIG. The ACFOB and the OIG, or authorized and documented designee, must approve all documents online in HUDCAPS for timely processing. The ACFOB will determine the frequency of issuance and incremental amounts of all documents for quarterly or annual periods and during periods of continuing resolutions.
- 2. The Program Budget Division for the allotment holder of program funds responsible for issuing and recording budget levels 5 and 6 into HUDCAPS to subordinate organizations authorized by the Secretary. The Director, Program Budget Division, will determine the frequency of issuance and incremental

amounts of distributions for monthly, quarterly or annual periods and during periods of continuing resolutions.

3. The Program Budget Division may authorize the recipient of budget level 6, an Assignment/Operating Budget - Level 1, to issue subassignments to subordinate organizations authorized by the Secretary as assignment/operating budget designees, i.e., budget level 7, an Assignment/Operating Budget - Level 2, and budget level 8, an Assignment/Operating Budget - Level 3.
4. The ACFOB and the Director, Program Budget Division, are authorized to deactivate a budget line at their discretion. Deactivation of a budget line is a means of controlling spending against specific authorizations. A budget line can be deactivated at any budget level.

D. **Advice of Allotment (Level 3).** The Advice of Allotment authorizes the designated recipient to incur commitments (reservations), obligations, and expenditures within a specified amount for a specified period of time for purposes authorized by legislation. After further distribution to Program/Object Class Budgets and Program Budgets, this authority is subsequently delegated to subordinate organizations through Assignment/Operating Budgets. The authorization granted by the Advice of Allotment may be queried online in the Advice of Allotment Query Table (ALOC) by entering the applicable key fields. This third budget level is not used for citing or recording of actual spending documents.

**Data Entry.** The source document for recording the Advice of Allotment is an approved Form HUD-158, Advice of Allotment. The recording of an Advice of Allotment requires the use of a Budget Execution (BE) Document for administrative funds, and PAS Advice of Allotment (B4) Document for program funds. To verify funds availability before processing an Advice of Allotment, scan the Apportionment Query (APOR) for the related fund code. Amounts must be entered by source year and fund code. Multiple allotments with the same fund code may be entered on a single BE or B4 document, citing the appropriate budget dimension(s) and the following transaction types, and budget level:

Transaction	Type
Budget Level	Allotment Holder
Approval	AP
Posting	01

E. **Distribution to Program/Object Class (Level 4).** The Distribution to Program/Object Class is a distribution of funds to establish additional budget dimensions by *program/object class*. This level represents line items from the Advice of Allotment, i.e., the allotment line limits by program for program funds, and allotment line limits by object class for administrative funds. The dimensions of this fourth budget level must include the budget dimensions of the Advice of Allotment (i.e., source year, fund code, and allotment holder code) and the *program/object class* code being established. A Distribution to Program/Object Class

must be established for all funds of HUD within HUDCAPS. The status of the Distribution to Program/Object Class may be queried online in the Distribution to Program/Object Class Query (SALC) by entering the applicable key fields. Documentation of the Distribution to Program/Object Class by ACFOB is optional. This fourth budget level is not used for citing or recording of actual spending documents.

1. **Data Entry.** The source document for recording the Distribution to Program/Object Class is an approved Form HUD-158, Advice of Allotment. The recording of line item controls as a Distribution to Program/Object Class requires the use of a Budget Execution (BE) Document for administrative funds, and PAS Distribution to Pgm/Obj Cls (B5) Document for program funds. To verify funds availability before processing a Distribution to Program/Object Class, scan the Advice of Allotment Query (ALOC) for the related allotment holder. Amounts must be entered by source year and fund code. Multiple distributions, with the same fund code, may be entered on a single BE or B5 document, citing the appropriate budget dimension(s) and the following transaction types, and budget level:

Transaction	Type
Budget Level	Pgm/Obj Cls
Approval	AP
Posting	01

- F. **Distribution To Program (Level 5).** This is a distribution of funds to a specific *program* code and it authorizes the recipient to make assignments of funds. The dimensions of this fifth budget level must include the budget dimensions of the Distribution to Program/Object Class (i.e., source year, fund code, allotment holder code, program/object class code) and the *program* code for the recipient organization. A Distribution to Program must be established for all funds of HUD within HUDCAPS. The status of the Distribution to Program may be queried online in the Distribution to Program Query (ALLT) by entering the applicable key fields. A documented copy of the Distribution to Program may also be prepared and issued by ACFOB. This fifth budget level may not be used for citing or recording of spending documents.

**Data Entry.** The source document for recording the Distribution to Program is an approved internal HUD memorandum. The recording of line item controls as a Distribution to Program requires the use of a Budget Execution (BE) Document for administrative funds, and PAS Distribution to Program (B6) Document for program funds. To verify funds availability before processing a Distribution to Program, scan the Distribution to Program/Object Class Query (SALC) for the related budget dimensions. Amounts must be entered by source year and fund code. Multiple distributions, with the same source year and fund code, may be

entered on a single BE or B6 document, citing the appropriate budget dimension(s) and the following transaction types, and budget level:

Transaction	Type
Budget Level	Program
Approval	AP
Posting	01

**G. Assignment/Operating Budget (Level 6).** This is a distribution of funds by the ACFOB or the Program Budget Division, servicing the allotment holder's organization, to a *subordinate organization* for a specific *budget object code* or multiple *budget object codes*. Authority is granted to the recipient to incur commitments (reservations), obligations, and expenditures consistent with the restrictions and limits of the Assignment/Operating Budget. The dimensions of this sixth budget level must include the budget dimensions of the Distribution to Program (i.e., source year, fund code, allotment holder code, program/object class code, organization code) and the *subordinate organization and budget object code* for the recipient organization. The status of Assignment/Operating Budgets may be queried online in the Assignment/Operating Query Table (SASP) by entering applicable key fields. This budget level must be cited on all spending documents. A documented copy of the assignment may also be prepared and issued by the ACFOB in an Operating Budget, or Director, Program Budget Division, on Form HUD-185, Regional Fund Assignment.

**Data Entry.** The source document for recording the Assignment/Operating Budget is an approved Form HUD-185, Regional Fund Assignment, for program funds other than Section 8 PIH, and an approved Operating Budget for administrative and Section 8 PIH funds. The recording of an Assignment/Operating Budget requires the use of an Assignment/Operating Budget Document (SA document). To verify funds availability before processing an Assignment/Operating Budget, scan the Distribution to Program Query (ALLT) for the related budget dimensions. Amounts must be entered by source year and fund code, and multiple distributions with the same source year and fund code, may be entered on a single SA document, citing the appropriate budget dimension(s) and the following transaction types:

Transaction	Type
Pending	PN
Approved	AP
Posted	01

2-6. **Reprogramming of Funds.** (Reserved for future use.)

2-7. **Treasury Warrants.**

A. **Definition.** Warrants (appropriation warrants) are official documents issued by the Secretary of Treasury, pursuant to law, that establishes the amount of moneys authorized to be withdrawn from the central accounts maintained by the Treasury.

Treasury warrants are the basis for recording Fund Balance with Treasury in the Department's general ledger for appropriation symbols (accounts) as identified by the warrant(s). Treasury issues the appropriation warrants based on appropriation bills for regular appropriations and Surplus Warrants. The Department must request warrants in writing to liquidate permanent indefinite authority in accordance with instructions in Treasury Financial Manual, Section 2030.20; annual amounts of liquidating authority, authorized by law; permanent/indefinite contract authority; current/definite contract authority, and rescission warrants.

- B. **Policy.** Treasury warrants are to be immediately recorded in HUDCAPS general ledger every appropriation account and reconciled with Treasury F's Undisbursed Appropriation Ledger Account, TFS 6653.
- C. **Roles and Responsibilities.** For warrants that must be requested in writing, the ACFO for Accounting is responsible for determining the amounts of the warrants by appropriation and submitting the request to Treasury in a timely manner. The Director, Office of Accounting Monitoring and Analysis (OAMA), is responsible for recording Treasury warrants for all funds in HUDCAPS.
- D. **Data Entry.** The source documents used to record are approved FMS Form 6201, *Department of the Treasury Appropriation Warrant*, or FMS Form 6202, *Department of the Treasury Surplus Warrant*. When multiple fund codes are used to record an appropriation, and point to the same appropriation symbol, only one fund code for the appropriation will be used to record the full amount of the Treasury warrant. Use the fund code of the master account identified with "00" in the 5<sup>th</sup> and 6<sup>th</sup> positions of the fund code. This will result in an abnormal balance in the general ledger account, "Fund Balance With Treasury", for each of the associated fund codes because the Treasury warrant will be recorded against the master fund code and disbursements will be recorded against each of the component fund codes. However, the proper account balance will be reflected in consolidation by Treasury symbol. The recording of Treasury warrants requires the use of a Standard Voucher (SV document) citing the following transaction type.

- 1. For appropriation warrants:

Transaction	Type
Appropriation Warrant	W1

- 2. For contract liquidating authority the Treasury warrant must be entered by the same fund code of the related contract authority. Do not establish a new fund code for contract liquidating authority.

Transaction	Type
Contract Liquidating Authority Warrant	CA

- 3. For rescission and surplus warrants:

Transaction	Type
Rescission/Surplus Warrant	RR

2-8. **Credit Reform.**

- A. **Policy.** All credit programs of HUD will comply with the requirements of the Federal Credit Reform Act of 1990 (FCRA) and the accounting standards prescribed by the Statement of Federal Financial Accounting Standards (SFFAS) No.2, Accounting for Direct Loans and Loan Guarantees. Actual costs of federal credit programs must be fully recognized in both budgetary and financial reporting. Amounts will be recorded into HUDCAPS for the loan subsidy appropriation, loan administrative expense appropriation, and the guaranteed loan level.
- B. **Roles and Responsibilities.** The Office of Accounting Monitoring and Analysis (OAMA) is responsible for recording budget authority for loan subsidy appropriations, loan administrative expense appropriations, and the guaranteed loan levels for all credit programs of HUD.

2-9. **Deactivating/Reactivating a Budget Line.**

- A. **Definition.** When a budget line is deactivated the only processing that can occur against that budget line are obligations of existing commitments, and expenditures of existing obligations. No new commitments, obligations, or expenditures can occur, and no additional budget transactions can be processed against that budget line item, including subordinate distributions of funds.
- B. **Policy.** Deactivation of a budget line may be used for restricting spending at budget levels 3 through 8. Deactivation of a budget line must be used judiciously and with the knowledge of all parties concerned.
- C. **Roles and Responsibilities.** The Office of the Assistant Chief Financial Officer for Budget (ACFOB) is responsible for recording deactivation (and re-activation) of a budget line for budget levels 3, 4, 5, 6, 7, 8 for administrative funds, and budget levels 3 and 4 for program funds. The Program Budget Division is responsible for recording deactivation (and re-activation) of a budget line for budget levels 5, 6, 7, 8 for program funds. The Director, Office of Financial Systems Maintenance and Development Division (FSMD), is to be kept apprised promptly of any deactivations and re-activations.
- D. **Data Entry.** Deactivation and re-activation of a budget line is accomplished by use of the standard budget documents used for distribution: BE, B4, B5, B6 and SA. The documents must be processed using all applicable budget dimensions appropriate to the budget level with zero amounts and blank transaction codes.
  - 1. **Deactivation** (and re-activation) for budget level 3, Advice of Allotment, must use the Budget Execution (BE) Document for administrative funds, and PAS

Advice of Allotment (B4) Document for program funds. On the Header Tab, select the Deactivate button for the Default Line Action, and the Allotment Holder button for the Budget Level. To re-activate the budget for budget level 3, process the same budget documents and select Add/Activate button for the Default Line Action and the Allotment Holder button for the Budget Level.

2. **Deactivation** (and re-activation) for budget level 4, Distribution to Program/Object Class, must use the Budget Execution (BE) Document for administrative funds, and PAS Distribution to Pgm/Obj Cls (B5) Document for program funds. On the Header Tab, select the Deactivate button for the Default Line Action, and the Pgm/Obj Cls button for the Budget Level. To re-activate the budget for budget level 4, process the same budget documents and select Add/Activate button for the Default Line Action and the Pgm/Obj Cls button for the Budget Level.
  3. **Deactivation** (and re-activation) for budget level 5, Distribution to Program, must use the Budget Execution (BE) Document for administrative funds, and PAS Distribution to Program (B6) Document for program funds. On the Header Tab, select the Deactivate button for the Default Line Action, and the Program button for the Budget Level. To re-activate the budget for budget level 5, process the same budget documents and select Add/Activate button for the Default Line Action and the Program button for the Budget Level.
  4. **Deactivation** (and re-activation) for budget levels 6, 7, 8, Assignment/Operating Budget, must use the Assignment/Operating Budget (SA) Document for administrative funds and program funds. On the Budget Line Tab, select the Deactivate button for the Budget Line Action, and enter the appropriate Assignment/Op Budget Level: 1 for Budget Level 6; 2 for Budget Level 7; and 3 for Budget Level 8. To re-activate the budget for budget levels 6, 7, 8, process the same budget documents and select Add/Activate button for the Budget Line Action and the appropriate Assignment/Op Budget Level.
- 2-10. **HUDCAPS Budget Execution Overview.** Tables on the following pages depict an overview of the HUDCAPS Budget Execution process.

## Budget Execution Transactions

Budgets in HUDCAPS are established when funds are distributed to each budget level by processing documents. The following table shows the budget documents and the HUD supporting form used to distribute funds to each budget level. Trans types listed are the most common for each level.

Budget Level	Trans Code	Trans Type	HUDCAPS Transaction	HUD Form	Function
1	AA TA/TC	01, 03, 04, MY MC	Appropriation	SF-132 line item	Establishes appropriations
2	AA, PA	PA, AP	Apportionment and Approval	SF-132 line item	Establishes, approves and posts pending apportionments
3	B4 BE (for Administrative Funds)	01	Advice of Allotment	HUD-158 (Advice of Allotment) total	Establishes and approves the budget at the Advice of Allotment level
4	B5 BE (for Administrative Funds)	01	Distribution to Program/Object Class	HUD-158 (Advice of Allotment) line item	Establishes and approves the budget at the Distribution to Program/Object Class level
5	B6 BE (for Administrative Funds)	01	Distribution to Program	Program Office Memo (HUD-158 line item by program)	Establishes and approves the budget at the Distribution to Program level
6	SA	01	Assignment/ Operating Budget (Level 1 Assignment)	HUD-185 Assignment or Operating Budget	Establishes, approves, and posts budget at the Assignment/ Operating Budget level 1.
7	SA	01	Assignment/ Operating Budget (Level 2 Assignment)	HUD-185 Assignment or Operating Budget	Establishes, approves, and posts budget at the Assignment/ Operating Budget level 2.
8	SA	01	Assignment/ Operating Budget (Level 3 Assignment)	HUD-185 Assignment or Operating Budget	Establishes, approves, and posts budget at the Assignment/ Operating Budget level 3.

## Tables

Valid codes and descriptions for budget dimensions are stored on reference tables. The tables for each budget dimension are listed below.

Budget Dimensions	HUDCAPS Table	Table ID
Appropriation (Fund)	Fund Table: <ul style="list-style-type: none"> <li>• Defines codes for all funds used in the system.</li> <li>• Establishes classification groupings that group similar funds together.</li> </ul>	FUND
Allotment Holder (Division)	Division Table: <ul style="list-style-type: none"> <li>• Defines codes for Divisions.</li> <li>• Defines options and controls, by division, for Budget Execution</li> </ul>	DVSN
Program/Object Class	Program Class Table: <ul style="list-style-type: none"> <li>• Defines Program Class codes used to group similar Program Codes.</li> <li>• Grouping of Program Codes into classes occurs in the Program Codes Table (PGMT).</li> </ul>	PCLS
Program	Program Table: <ul style="list-style-type: none"> <li>• Defines codes for programs.</li> <li>• Groups similar programs into higher level classifications.</li> <li>• Defines the allotment program to be used when spending controls are enforced by the program code.</li> </ul>	PGMT
Organization	Organization Table: <ul style="list-style-type: none"> <li>• Defines field office or administrative organization codes and assigns division/organization relationships.</li> <li>• Defines an organization as a budget organization, cost organization, or both.</li> <li>• Defines other organization-based options.</li> </ul>	ORGN
Budget Object Code	Budget Object Code Table <ul style="list-style-type: none"> <li>• Defines Budget Object Codes (BOCs).</li> <li>• Defines which BOCs are to be used in establishing the budget.</li> </ul>	BOCT



Budget Level	Online Query	Query ID
Distribution to Program/Object Class	Distribution to Program/Object Class Query contains: <ul style="list-style-type: none"> <li>• distribution to program/object class budget level and each distribution to program/object class budget line</li> <li>• each budget line's accounting distribution, the budgeted amounts, and the committed, obligated, and expended amounts</li> <li>• estimated and actual reimbursements for each distribution to program/object class line</li> </ul> <b>Fiscal Year Suballocation Query</b> contains: <ul style="list-style-type: none"> <li>• the status of a Distribution to Program/Object Class by fiscal year</li> </ul>	SALC
		FSLC
Distribution to Program	Distribution to Program Query contains: <ul style="list-style-type: none"> <li>• distribution to program budget level and each distribution to program budget line</li> <li>• each budget line's accounting distribution and budgeted amounts</li> <li>• commitment, obligation, and expenditure amounts</li> <li>• estimated and actual reimbursements for each distribution to program line</li> </ul> <b>Fiscal Year Distribution to Program Query</b> contains: <ul style="list-style-type: none"> <li>• the status of a Distribution to Program Query by fiscal year</li> </ul>	ALLT
		FALT
Assignment/ Operating Budget (Level 1 Assignment, Level 2 Assignment, <u>and</u> Level 3 Assignment)	Assignment Spending Control Query contains: <ul style="list-style-type: none"> <li>• assignment/operating budget spending control edits</li> <li>• entries for each assignment/operating budget with no reference to assignment/operating budget hierarchies</li> </ul> Assignment/Operating Budget Query contains: <ul style="list-style-type: none"> <li>• one entry for each assignment/operating budget, with level indicators showing where each assignment/operating budget exists in the assignment/operating budget hierarchy</li> <li>• commitment, obligation and expended amounts for each assignment/operating budget</li> <li>• amounts that are further assigned in the lower assignment levels</li> </ul> Assignment Structure Query contains: <ul style="list-style-type: none"> <li>• a line for each assignment/operating budget in the system. It represents the backup rollup references of the assignment/operating budget hierarchy, which are necessary for calculating amount aggregations for the Suballoment Table (SAIN).</li> </ul> Spending Control Document Cross Reference Query contains: <ul style="list-style-type: none"> <li>• a list of the spending documents, such as requisitions, obligations, payments, and direct disbursements that reference a budget line.</li> </ul>	SASP
		SAIN
		SAST
		SPDX

## CHAPTER 3 - COMMITMENTS AND OBLIGATIONS

### 3-1. Commitments.

**A. Definition.** The “commitment” of funds is a concept that sets aside funds for anticipated needs, to assure the availability of funds before entering into a legally binding obligation that will require an expenditure of funds. Essentially, a commitment is the earmarking of funds that will be used in the future for the purchase of goods or services, the award of grants or subsidies, or other authorized purposes. As pre-obligations, commitments are internal actions that are not legally binding. However, for administrative control of funds purposes commitments are treated as reductions of budget availability. Except as noted below, the term “commitment” is used to describe the pre-obligation of funds and includes, and replaces, the term “reservation” previously used some HUD programs.

NOTE: “The term “commitment” is also used with reference to a loan guarantee commitment and a mortgage-backed securities commitment, which differ from an administrative control of funds commitment. A loan guarantee commitment is a legally binding agreement to make a loan guarantee when the borrower, the lender, or any other party to the guarantee agreement fulfills specified conditions.

**B. Authority.** *The Administrative Control of Funds: Policies and Procedures Handbook, Appendix 2 – Summary Listing of Authorities Applicable to HUD Fund Control Directives*

**C. Policy.** HUD’s administrative control of funds policy requires: processing and recording of commitments for all HUD funding activity; use of the HUD 718, Funds Commitment Form, to approve the commitment of program funds; and the HUD Form No. 720, Request for Contract Services, to approve funds commitment for procurement actions unless otherwise approved by the CFO. Each HUD 718, Funds Commitment Form must contain the authorized approval signatures as stipulated in the Allotment Holder’s Funds Control Plan; must cite the source of funds, budget fiscal year, budget organization code, cost organization code, budget object code, and a sequentially numbered identifier before the requested funds can be committed. When a machine-readable file is used to request funds commitment for multiple actions at a time, a signed paper copy of the HUD 718, Funds Commitment Form along with summary level information associated with the automated file, must be converted to electronic form and forwarded with the machine-readable file. Fund commitments shall be recorded in a timely manner coincident with the occurrence of the events from which they originate. Commitments must be recorded against an approved budget using the required classification and dimensions of the applicable budget structure, and also using a specific vendor code, if applicable and known at the time of issuance. Commitments that are recorded and remain unobligated at fiscal year-end are automatically reversed prior to the fiscal year-end closing process and

become part of the carryover balance that needs to be brought forward to the apportionment request for the new fiscal year. Valid commitments for unexpired multi-year and no-year funds must be reestablished against the new fiscal year apportionment. OCFO will notify allotment holders of commitment levels reversed at year-end for inclusion in their apportionment request. OCFO will automatically reestablish the commitments and notify the applicable allotment holder(s). Commitment amounts that are not obligated at fiscal year-end for expired annual and multi-year funds are no longer valid commitments, but remain part of the un-obligated balance. This unobligated balance is available only for upward adjustments of previously recorded obligations of the respective expired accounts for a period of five years after the year of expiration.

**D. Roles and Responsibilities.** This section describes the roles and responsibilities for key personnel involved in the Department's disbursement process.

1. **The Chief Financial Officer (CFO)** monitors the overall budget process; requires and approves funds control plans; notifies allotment holders of commitment levels reversed at year-end for inclusion in their apportionment request; and automatically reestablishes commitments based on the new fiscal year's approved apportionment.
  - The Assistant CFO for Accounting reviews commitment documents for compliances with the ACF Handbook requirements; assures the availability of funds before certifying and posting to the appropriate funds control system; and provides budgetary status of funds reports to allotment holders.
  - The Assistant CFO for Systems provides financial management systems in support of funds control and training for system users; reverses commitments at year-end and notifies allotment holder for inclusion in their apportionment request; and automatically reestablishes commitments based on the new fiscal years approved apportionment and notifies the applicable allotment holder(s).
2. **The Allotment Holder** bears overall responsibility for all funds allotted to them; designates the Funds Control Officer and Operating Budget Holder; plans and structures new programs or activities to provide for the administrative control of funds; develops and implements procedures to be followed by Headquarters and Field personnel in support of funds control; and develops and provides funds control plans; and a current listing of officials authorized to process and to approve commitments.
3. **The Funds Control Officer** supports the allotment holder and the CFO in the development, maintenance, implementation and enforcement of funds controls plans and underlying systems and processes; maintains complete, accurate and current records of request processed for commitments funds; serves as or

designates a Funds Verification Officer to accurately certify the availability of funds in accordance with the ACF Handbook; manages and controls spending in accordance with the administrative operating budget plan. Require timely submission of commitment documents to the CFO Accounting Center for processing in the funds control subsystems.

4. **The Chief Procurement Officer** is responsible for assuring the availability of funds in HUDCAPS or by a hard copy HUD 718, Reservation of Funds, prior to entering into procurement obligations.
  5. **Program Managers** are responsible for regularly reviewing status of funds reports that provide financial information on funds availability (committed and uncommitted) for their respective program areas.
- E. Document ID and Numbering.** A unique document ID is assigned to all commitment documents and is referenced when recording an associated obligation. Unless exempted by the Chief Financial Officer, the commitment document coding structure should conform to the structure established for recording commitments in HUDCAPS, to provide consistency across the Department and foster future systems integration efforts.
1. The Document ID is identified by: a transaction code (*RQ* for a Requisition Document, or *RV* for a Service Requisition for Section 8); a SEC1 code (the division code of the office authorized to enter the transaction); and a document number. Refer to instructions issued annually at fiscal year-end, by the Systems Development and Maintenance Division, which prescribe current HUDCAPS Document Processing requirements. Commitment documents interfaced from other systems into HUDCAPS have their own unique identifier.
  2. The document number consist of the following 3 fields:
    - The transaction code of the document being processed;
    - A four position alphanumeric field for the division code of the office authorized to enter the transaction, which is also referred to as the SEC1 code (Security Level 1); and
    - An eleven position alphanumeric (automatically assigned for RQ documents, but manually entered for RV documents).
  3. Examples of the complete Document ID structure are as follows:



These transactions require the use of a Requisition Document (*RQ* document). The *RQ* document is used to enter the commitment amount by the applicable budget and accounting code data and citing the following transaction type:

Transaction	Trans Type
RQ	01

b. The source documents used for recording Section 8 Program commitments directly into HUDCAPS are:

- Notification/Award Letter.
- Approved Application (form HUD-52515).
- Reservation Pricing Function spreadsheet.
- List of Funds or Assignment of Funds from Headquarters.

These transactions require the use of a Service Requisition (*RV* document). The *RV* document is used to enter the commitment amount by the applicable Funding Increment Number, Program Type, Funding Action, Housing Authority Number, the required accounting code data, and the following transaction type.

Transaction	Trans Type
RV	01

A FMC authorizing official must approve the *RV* document on-line in HUDCAPS before it can be processed.

2. **Data Entry for Commitments Posted Directly to HPS and SPS** Refer to the HPS or SPS Users Manual on the HUDweb for data entry instructions for processing commitments in HPS and SPS. Commitment transactions are automatically interfaced with HUDCAPS by the on-line HPS and SPS Interface Programs and processed into HUDCAPS as *RH* documents (HPS Requisitions) or *RS* documents (SPS Requisitions). See additional information about HPS and SPS obligations on page 3-18.
3. **Data Entry for Commitments Posted Directly to PAS** Refer to the PAS User Manual for data entry instructions for processing commitments in PAS. Commitment transactions are automatically interfaced with HUDCAPS by the nightly PAS to HUDCAPS Interface Program and processed in HUDCAPS as *IP* documents (PAS to HUDCAPS standard voucher transactions).

### 3-2. **Obligations.**

- A. **Definition.** An obligation is a legally binding agreement that will require an expenditure of funds. Examples of HUD obligations generally include purchase orders, contract and grant awards, loan guarantees, interagency agreements, and other agreements that will require an expenditure of funds during the current or future period.
- B. **Authority.** *The Administrative Control of Funds: Policies and Procedures Handbook Appendix No. 2 – Summary Listing of Authorities Applicable to HUD Fund Control Directives.*
- C. **Policy.** All obligations of budgetary resources shall be for the purpose authorized by law, within amounts authorized, executed before the end of the period of availability of the appropriation, and supported by documentary evidence that is in writing and approved by a duly authorized official. All obligations must be recorded: in the funds control systems in a timely manner coincident with the occurrence of the events from which they originate; against an approved budget with the required classification and dimensions of the applicable budget structure; with a specific vendor code; and must reference any previously recorded funds Commitment for the obligation. The process for recording obligations should be documented in the applicable funds control plan. If this process includes using a machine readable file, submitted to the CFO/Financial Systems Maintenance to record obligation of funds for multiple actions at a time, a signed paper copy of a certification for obligations letter, signed by the allotment holder or designee, as described in the funds control plan must be attached to the file of obligations to process before that file is processed. The CFO will maintain a listing of the allotment holders, with the point(s) of obligation of each HUD funded activity and post this list at [hud@work](mailto:hud@work) on the OCFO web site. The program areas and the CFO will maintain current funds control plans. Any processing requests that deviate from the points of obligation and funds control plan must be approved through written authorization from both the allotment holder and the issuer of the allotment. *See the ACF Handbook: Chapter 3, Processing Commitments, Obligations and Expenditures* for additional requirements.
- D. **Roles and Responsibilities.** This section describes the roles and responsibilities for key personnel involved in the Department's obligation process:
1. **The Chief Financial Officer (CFO)** coordinates the review and confirmation of unliquidated obligations; promptly records all properly authorized obligation documents in the appropriate budget execution subsystem; and provides management reports on the status of budgetary resources and unexpended balances.

2. **Allotment Holder** designates the Funds Control Officer and Operating Budget Holder; plans and structures new programs or activities to provide for administrative control of funds; develops and implements procedures to be followed by Headquarters and Field personnel in support of funds control; and provides a current listing of officials authorized to process and to approve obligations.
3. **The Funds Control Officer** develops, maintains, implements and enforces the funds controls plans and underlying systems and processes; maintains complete, accurate and current records of request processed for funds Commitment; serves as or designates a Funds Verification Officer to accurately certify the availability of funds; manages and controls spending in accordance with the administrative operating budget plan. Requires timely submission of obligation documents to the CFO Accounting Center for processing in the funds control subsystems.
4. **The Chief Procurement Officer** assures the availability of funding in HUDCAPS prior to entering into procurement obligations by reviewing the HUDCAPS/HPS interface. Requires an approved HUD 718, Funds Commitment Form for programs not managed in HUDCAPS; and timely transmits hard copy of all obligation documents to the OCFO Accounting Center for recording in the appropriate financial subsystems.
5. **Program Manager** reviews unliquidated obligation reports; certifies the validity of all outstanding obligations to the Allotment Holder; takes appropriate actions to deobligate all invalid obligations; and timely transmits deobligation documents to the OCFO Accounting Center for processing in the funds control subsystems.

**E. Document ID and Numbering.**

1. A unique document ID is assigned to all obligating documents for HUDCAPS processing. Documents are identified by: a transaction code (example, M1 for Miscellaneous Order Without Reference Document); a SEC1 code (the division code of the office authorized to enter the transaction); and a document number.
2. The Document number consist of the following three fields:
  - The transaction code for the document being processed;
  - A four position alphanumeric field for the division code of the office authorized to enter the transaction, which is referred to as the SEC1 code (Security Level 1); and
  - An eleven position alphanumeric



6. Example document numbering structure for selected obligating documents are as follows:

<u>Obligating Documents</u>	<u>Trans Code</u>	<u>SEC1 Code</u>	<u>Document Number</u>
Bankcard	M1	<u>1/</u>	Org code + 05 + B + #
Fedstrip GSA Supply	M1	<u>1/</u>	Org code + 05 + F + Ticket No.
Graphic Arts - HQ	PN	<u>1/</u>	ZZ + 05 + G + HUD-20A
GSA Supplies/Customer Service Center	M1	<u>1/</u>	Org code + 05 + SUP + Customer Service BOAC No.
Motorpool	M1	<u>1/</u>	Org code + 05 + MP + #
Printing Order (non-GPO)- Field	PN	<u>1/</u>	Org code + 05 + P + Form HUD-50
Printing Order (GPO) - Field	PN	<u>1/</u>	Org code + 05 + P + Form HUD-2511
Printing Order - HQ	PN	<u>1/</u>	ZZ + 05 + P + Form HUD-20
Purchase Order/Contract Reservation	MO	<u>1/</u>	OIG (Truncated BPD#)
Purchase Order/Contract Obligation	RQ	<u>1/</u>	OIG use only
Reimbursable Work Order- Field	WA	<u>1/</u>	Org code + 05 + WA + Work Order
Reimbursable Work Order- Headquarters	WA	<u>1/</u>	H + 05 + WA + Work Order
Reimbursable Order - Information Technology	M1	<u>1/</u>	Org code + 05 + R + #
Telephone IPAC	M1	<u>1/</u>	Org code + 05 + TEL + #
Training Order	RT	<u>1/</u>	Org code + 05 + T + #

Travel Order TX 1/ Org Code + 05 + #  
Relocation

1/ The SEC1 Code for the respective organization.

**F. Obligation Recorded Directly to HUDCAPS.**

**1. Personal Services and Benefits.**

- a. **Definition.** Obligations for personal services and benefits include: 1) charges based on salaries and wages, such as living and quarters allowances, equalization allowances, employer's share of contributions to the retirement fund, thrift savings plan, premiums for health and life insurance, FICA taxes, and severance pay; 2) relocation benefits in the form of authorized reimbursable expenses to employees for real estate, temporary subsistence, and other expenses incident to dislocation at the request of the Federal Government; 3) other allowances, such as uniform allowances and incentive awards; 4) annual leave; and 5) unemployment compensation payments to the Department of Labor for former Federal employees.
- b. **Process.** The process for making and recording obligations is described in the applicable funds control plan, which can be obtained from applicable funds control officer (for a list of such officers, see <http://hudweb.hud.gov/po/f/obligation.pdf>.)”
- c. **Roles and Responsibilities.**
  - 1) The Office of Systems Development and Maintenance Division (OSDM) is responsible for coordinating the timely receipt and processing of biweekly payroll data from the National Finance Center and related monthly payroll accruals and reversals through the Payroll Interface Program.
  - 2) The CFO Accounting Center (Fort Worth) is responsible for processing and recording all automated interagency bills received from the Treasury Intra-governmental Payment and Collection (IPAC) System which includes unemployment compensation payments to the Department of Labor; and for ensuring that all IPAC billings are properly approved by officially designated authorizing officials.
  - 3) CFO Accounting Center (Fort Worth)/National Relocation Center is responsible for recording obligations for relocation benefits incident to dislocation of employees at the request of the Federal Government; and for

ensuring that all relocation benefits are properly approved by officially designated authorizing officials.

d. **Data Entry.**

- 1) **Data Entry for Personal Services and Benefits.** Obligation transactions for personal services and benefits are automatically generated by the Payroll Interface Program and processed as *PY* documents in HUDCAPS, except for unemployment compensation payments to the Department of Labor for former Federal employees, and relocation benefits.
- 2) **Data Entry for Unemployment Compensation.** The source document for recording obligations for unemployment compensation payments to the Department of Labor is the automated interagency bill from the Treasury Intra-governmental Payment and Collection (IPAC) System.

2. **Travel and Transportation.**

- a. **Definition.** Obligations for travel and transportation include amounts for expenses incurred for official temporary duty travel, local travel, and travel incident to relocation of an employee. Specifics of travel and relocation allowances are promulgated in the Federal Travel Regulation (FTR). Pending publication of a separate Handbook Volume for HUD Travel Regulations, an internet link to the FTR is accessible through the HUDweb.
- b. **Process.** The process for making and recording obligations is described in the applicable funds control plan, which can be obtained from applicable funds control officer (for a list of such officers, see <http://hudweb.hud.gov/po/f/obligation.pdf>).
- c. **Roles and Responsibilities.**
  - 1) The Chief Financial Officer is responsible for establishing and implementing Departmental travel policies within the guidelines promulgated by the Federal Travel Regulations (FTR).
  - 2) Pending department-wide implementation of the HUD Travel Management System (HTMS), the Operating Budget Holder is responsible for processing and recording, in HUDCAPS, obligations for all authorized travel within HUD including, temporary duty travel, local travel, and relocation travel; and for ensuring that all travel orders and travel vouchers are properly approved by officially designated authorizing officials. Authorized users of HTMS are responsible for processing and

recording obligations and payments for their own temporary duty travel and local travel through HTMS.

d. **Data Entry.** Detail data entry guidance will be provided in a separate Volume of this Handbook entitled HUD Travel Regulations. In summary, obligations for authorized travel are processed and recorded as follows:

- 1) Obligation documents for temporary duty travel (TDY) and local travel expenses (except fares for common carriers) are entered manually into HUDCAPS as Travel Orders (TO document for TDY travel) and Local Travel Vouchers (LV document for local travel expenses).
- 2) HTMS real time interface records obligation documents for temporary duty travel (TDY) and local travel expenses are automatically generated by the HUD Travel Management System as a HTMS Travel Order/Advance (EA document), and HTMS Local Travel Voucher (EL document) for processing in HUDCAPS.
- 3) Obligations for relocation travel are entered manually into HUDCAPS as PCS Travel Orders (TX document). Refer to the National Relocation Center on the HUDweb for guidance related to relocation benefits. The source documents for recording obligations for relocation benefits are the Form HUD-25, Travel Order Request and Authorization, and Form HUD-21005, Supplement to Official Travel Order, Request and Authorization for Permanent Change of Station. The recording of obligations for relocation benefits requires the use of a PCS Travel Orders (TX document).

3. **Rent, Communications and Utilities, Printing and Reproduction, Other Contractual Services, Supplies and Materials, and Equipment.**

a. **Rent, Communications, and Utilities.**

- 1) **Definition.** Obligations for rent, communications, and utilities include amounts owed for the use of property and amounts for services received for communications and utilities.
- 2) **Roles and Responsibilities.** Authorized HUDCAPS users for administrative and program offices in headquarters and field locations are responsible for processing and recording all obligating documents for rent, communication and utilities, printing and reproduction, other contractual services, supplies and materials, and equipment, and for ensuring that all obligating documents are properly approved by officially designated authorizing officials.

- 3) **Data Entry.** So as to preclude duplication of procedures, only the required transaction and the related transaction type codes are identified in the following paragraphs.

b. **Printing and Reproduction, Other Contractual Services, Supplies and Materials, and Equipment.**

- 1) **Definitions.** Obligations include orders placed and contracts awarded for these objects. The long standing rule for obligating an annual appropriation is that the supplies or services ordered are intended to meet a bona fide need of the fiscal year in which the need arises. This rule has been modified. Agencies may enter into a contract for severable services for a period that begins in one fiscal year and ends in the next fiscal year if the contract period does not exceed one year. Severable services are services that are performed on a regular basis over a period of time, such as housekeeping and guard services.
- 2) **Process.** The process for making and recording obligations is described in the applicable funds control plan, which can be obtained from applicable funds control officer (for a list of such officers, see <http://hudweb.hud.gov/po/f/obligation.pdf>).
- 3) **Roles and Responsibilities.** Authorized HUDCAPS users for administrative and program offices in headquarters and field locations are responsible for processing and recording all obligating documents for rent, communication and utilities, printing and reproduction, other contractual services, supplies and materials, and equipment, and for ensuring that all obligating documents are properly approved by officially designated authorizing officials.
- 4) **Data Entry.**
  - a) **Small Purchases.** The source document for recording small purchases is an approved Optional Form 347, Order for Supplies or Services. The recording of small purchase requires the use of a Miscellaneous Order Document (MO document). The MO document must reference the RQ document used to record the commitment and cite the following transaction type:

Transaction	Trans Type
Miscellaneous Order (MO)	01

- b) Bankcard Charges, Fedstrip GSA Supplies, GSA Supplies/Customer Service Center, Motorpool, Reimbursable Order for Information Technology, Telephone Services. The source document for recording Bankcard Charges is the monthly account statement with authorizing signatures. The recording of these transactions requires the use of a Miscellaneous Order Without Reference Document (M1 document). The M1 document must cite the following transaction type:

Transaction	Trans Type
Miscellaneous Order Without Reference (M1)	01

- c) Graphic Arts and Printing Orders for Headquarters, Printing Orders for Field Locations (GPO and non-GPO). The source document for recording graphic and printing orders is an approved form HUD-20 (Printing Requisition), or HUD-20A (Requisition for Visual Arts Service). The recording of these transactions requires the use of a Print Order (PN document). The PN document must cite the following transaction type:

Transaction	Trans Type
Print Order (PN)	01

- d) Training Orders. The source document for recording training requests is an approved SF-182 (Request, Authorization, Agreement, and Certification of Training). The recording of training requests requires the use of a Request for Training (RT document). The RT document must cite the following transaction type:

Transaction	Trans Type
Request for Training (RT)	01

- e) Reimbursable Work Orders. The source document for recording reimbursable work orders is an approved documented request for reimbursable work. The recording of reimbursable work orders requires the use of a Work Order (WA document). The WA document must cite the following transaction type:

Transaction	Trans Type
Work Order (WA)	01

## **G. Contracts and Interagency Agreements.**

1. **Definition.** A legally enforceable written agreement between two or more competent parties, whereby goods and/or services are to be exchanged for consideration. The contract identifies the goods and /or services; the terms of performance; the provider and recipient; the time frame of performance; the date of completion; the method of payment, and other provisions. An Interagency Agreement is a contract between Federal agencies.
2. **Process.** Procurement actions for administrative Contracts and Interagency Agreements will be processed and recorded through the HUD Procurement System (HPS). Procurement actions for purchase orders and orders against Federal Supply Schedules will be processed and recorded in the Small Purchase System (SPS). Reciprocal obligation transactions will be automatically generated and entered into HUDCAPS as HPS Miscellaneous Order (MH document) or SPS Miscellaneous Orders (MS documents) through the HPS and SPS interface program with HUDCAPS. Additional information about making and recording obligations can be found in the applicable funds control plan, which can be obtained from applicable funds control officer (for a list of such officers, see <http://hudweb.hud.gov/po/f/obligation.pdf>).”
3. **Roles and Responsibilities.** Authorized HUDCAPS users for administrative and program offices in headquarters and field locations are responsible for processing and recording all obligating documents for rent, communication and utilities, printing and reproduction, other contractual services, supplies and materials, and equipment, and for ensuring that all obligating documents are properly approved by officially designated authorizing officials.
4. **Data Entry.** Obligations are recorded in HUDCAPS by on line interface with HPS and SPS.

## **H. Grants and Subsidies.**

1. **Definition.** Federal grants and subsidies are federal assistance awards under which payments in cash are made to provide assistance for specified purposes. Amounts may be automatically fixed by a statutory formula or specified by law, involve an administrative determination, or based upon a contract or an agreement.
2. **Process.** The process for making and recording obligations is described in the applicable funds control plan, which can be obtained from applicable funds control officer (for a list of such officers, see <http://hudweb.hud.gov/po/f/obligation.pdf>).”

2. **Roles and Responsibilities.** Pending completion of plans to integrate the Program Accounting System (PAS) with the core financial system (HUDCAPS), the recording of grants and subsidies will be divided between PAS and HUDCAPS.
  - a. Obligations for Section 8 subsidies for PIH, Housing, CPD, and Homeless programs will be recorded into HUDCAPS. For Housing, there are Section 8 obligations that are recorded in both HUDCAPS and PAS. Obligations for all other grant and subsidy programs will be recorded into PAS with an automated interface between PAS and HUDCAPS.
  - b. The staff of the Financial Management Center (FMC) is responsible for recording Section 8 contract transactions directly into HUDCAPS, and FMC Team Leaders, who are Authorizing Officials for PIH Section 8 programs, are responsible for the timely on-line review, approval, and processing of contract documents.
  - c. Authorized PAS users at headquarters and the CFO Accounting Center (Fort Worth) will be responsible for the timely processing and recording of all obligating documents for all other grant and subsidy programs into PAS.
3. **Data Entry.** Grants and subsidies are recorded in HUDCAPS by the FMC online update and by the PAS to HUDCAPS interface.

#### **Section 8 FMC Subsidies**

- The source documents used for recording obligations for Section 8 grants and subsidies directly into HUDCAPS are:
- Form HUD-52520-XX, Annual Contributions Contract (ACC), and
- A Funding Exhibit

These transactions require the use of a Contract Document (CO document). To enter a CO document in HUDCAPS, the “Create New Contract” window must be accessed and the Funding Increment Number entered. Information on the CO document is automatically brought forward from the corresponding Service Requisition (RV document) identified by the Funding Increment Number, and cannot be altered. The CO document requires no additional data entry. A FMC authorizing official must approve the CO document on-line in HUDCAPS before it can be processed.

- I. **Obligations Recorded Directly in Other Systems** update the HUDCAPS Budget Subsystem and the General Ledger through system interfaces. Grants, Subsidies,

Contracts, Interagency Agreements, Travel Authorizations and Travel Vouchers  
Payment requests are recorded in these systems.

1. **Program Accounting System (PAS).** Program Grants and Subsidies are recorded in PAS in accordance with the Program Accounting System Handbook, 1970.33-Rev-2. PAS updates HUDCAPS nightly through the PAS to HUDCAPS interface.
2. **HUD Procurement System (HPS), Small Purchase System (SPS).** Contracts, Interagency Agreements, and Small purchases are recorded in HPS and SPS and interface to update HUDCAPS in real time.
3. **HUD Travel Management System (HTMS).** Travel Authorizations and Travel Voucher Payments are recorded in HTMS and interface to update HUDCAPS in real time.

## CHAPTER 4 – DISBURSEMENTS

### 4-1. Disbursements

- A. Definition.** A disbursement is the payment of funds from an appropriation, fund, or statutory authority to individuals, commercial entities, non-profit organizations, government departments, or agencies. This chapter describes the Department’s policy, procedures, and processes for scheduling and executing disbursements in the HUD Central Accounting and Program System (HUDCAPS), consistent with applicable Federal laws and regulations.
- B. Authority.** In addition to the authorities cited in *The Administrative Control of Funds: Policies and Procedures Handbook (Appendix 2 – Summary Listing of Authorities Applicable to HUD Fund Control Directives)*, the Department’s disbursement policy is based on the following Federal laws and regulations:
1. Antideficiency Act, as amended (31 U.S.C. 1341)
  2. Cash Management Improvement Act of 1990 (CMIA), as amended (31 U.S.C. 3335, 6501, 6503)
  3. Debt Collection Improvement Act of 1996 (DCIA), as amended (31 U.S.C. 3711)
  4. Prompt Payment Act of 1982, as amended (31 U.S.C. 3901)
  5. Federal Acquisition Regulation (48 C.F.R. Chapter 1)
  6. Efficient Federal-State Transfer Regulations (31 C.F.R. Part 205)
  7. Management of Federal Agency Disbursement Regulations (31 C.F.R. Part 208)
  8. Prompt Payment Regulations (5 C.F.R. Part 1315)
  9. Treasury Financial Manual, Payment Issue Disbursing Procedures (I TFM 4-2000)
  10. General Accounting Office (GAO) Policies and Procedures (Chapter 7, Appendix III)
- C. Disbursement Policy.** The purpose of the departmental disbursement policy is to ensure all disbursements are legal, proper, and correct. The policy is also intended to ensure all disbursements are accurately recorded, properly reported, and reconciled in a timely manner. The departmental disbursement policy applies to all HUD payments, including:
1. Grant, subsidy, and loan payments;
  2. Vendor/Contractor invoices;
  3. Government-wide Commercial Purchase Card invoices;
  4. Inter-governmental agency payments;
  5. Wages, salaries, retirement benefits; and
  6. Travel, transportation, and relocation expenses.

References to the departmental disbursement policy in this chapter are consistent with the Department’s general payment policy detailed in *The Administrative Control of*

*Funds: Policies and Procedures Handbook (Chapter 3 – Processing Commitments, Obligations and Expenditures).*

**D. Roles and Responsibilities.** This section describes the roles and responsibilities for key personnel involved in the Department’s disbursement process:

1. **Chief Financial Officer (CFO).** The CFO is responsible for developing and implementing a disbursement policy and procedures for the Department, consistent with all applicable Federal laws and regulations. The CFO is responsible for reviewing disbursement procedures developed by the Assistant Secretaries (or designees) to ensure consistency with the departmental disbursement policy.

The CFO is responsible for designating Department officials authorized to certify payments to Treasury. The CFO also is responsible for ensuring all payment vouchers are properly certified.

The CFO is responsible for providing payment systems support for the administrative control of disbursements to prevent violations of the Antideficiency Act.

2. **Assistant Secretaries/Allotment Holders (or designees).** Assistant Secretaries/Allotment Holders (or designees) are responsible for implementing this policy within their organizations. This responsibility includes developing and implementing disbursement procedures for Headquarters and Field Office personnel, consistent with this policy. Assistant Secretaries/Allotment Holders (or designees) also are responsible for providing the Office of the Chief Financial Officer (OCFO) a current list of Department officials authorized to approve payments.
3. **Chief Procurement Officer (CPO).** The CPO is responsible for incorporating in all contracts, as appropriate, the EFT clause from the Federal Acquisition Regulations and providing the appropriate EFT enrolment form at the time of contract award. The CPO ensures the appropriate accounting information, such as the address for payments request and the appropriation to be charged, are included as part of the executed contract.
4. **Program Managers.** Program managers are responsible for: determining the disbursement mechanism for all new programs consistent with the departmental disbursement policy; appointing government technical representatives (GTRs) as payment approving officials; ensuring approving officials transmit approved invoices for payment in a timely manner; and for maintaining and providing the OCFO a current list of program officials authorized to approve contract payments, consistent with the Department’s Prompt Payment policy.

In addition, program managers are responsible:

For approving disbursement requests, pending appropriate fund availability in the Department's disbursing systems.

For payments for goods or services, program managers serve as GTRs and are required to certify goods have been received or services rendered prior to a disbursement is processed.

For payments paid through the Voice Response System (VRS), program managers must establish the level of review for each program area. For program areas or grants requiring a voucher request review, the program manager must indicate approval in the Line of Credit and Control System (LOCCS) before funds can be disbursed. Reviews of voucher requests may be established for all vouchers, or only for vouchers meeting certain thresholds, depending on the program regulations and program office monitoring requirements.

For payments made according to budgets or disbursement schedules, program managers must approve these documents before accounting staff enters the payment in the appropriate disbursement system.

5. **Accounting Staff.** Accounting staff in the OCFO, the Section 8 Financial Management Center (FMC), and the Federal Housing Administration (FHA) are responsible for processing payment and disbursement transactions in the HUD Central Accounting and Program System (HUDCAPS), LOCCS, or the Electronic Certification System (ECS).

Accountants, analysts, or accounting technicians process disbursement (directly into HUDCAPS or LOCCS, as appropriate) for programs using paper invoices, Intra-governmental Payment and Collection System (IPAC) documents, budgets, or payment schedules to request disbursements. The process used by the accounting staff is detailed later in this chapter. Accounting staff also are responsible for certifying/verifying all HUD disbursements with Treasury.

- E. **Documentation, Examination, and Approval.** Effective controls over disbursements require the prepayment examination and approval of vouchers before they are certified for payment. Disbursements shall be recorded promptly in the proper HUD accounts and reported according to Treasury regulations. All basic vouchers, voucher schedules, and invoices used as vouchers must be certified as legal, proper, and correct for payment by an authorized certifying or disbursement officer. Requirements common to the documentation, examination, and approval of all voucher types are covered in this section and apply to all accounting units involved in the payment process.

1. **Documentation.** The Department must receive properly supported invoice, voucher, or other statement of a debt payable before a liability can be paid. Invoice or voucher may be original, fax, or electronic. Support documents for invoices or vouchers include contracts, travel orders, purchase orders, transportation requests, bills of lading, receiving records, or explanatory statements. The CFO Accounting Center (CFOAC) does not require hard copies of the documentation, unless otherwise requested. The purchase order, contract, or travel order numbers are required to be included on the invoice or voucher.
2. **Examination.** Effective control over disbursements requires the examination and approval of vouchers before they are certified for payment. Payments shall not be made until the certifying officer determines the payment is proper, correct, and supported by the required documentation. This subsection describes examination process for vouchers \$2,500 or less, basic vouchers (greater than \$2,500), Section 8 Annual Contributions Contracts (ACC) advances and Housing Assistance Payments (HAP):
  - a. *Vouchers \$2,500 or Less.* The Department uses statistical sampling to identify errors and deficiencies among certain voucher types and to evaluate the impact of policy or procedural changes on the quality of the voucher processing system. Statistical sampling in voucher examination employs principles of probability to infer information about a universe of vouchers from a random sample of that universe. Statistical sampling of commercial invoices and travel vouchers less than \$2,500 was approved by the GAO and adopted by the Department in May 1997. GAO guidance on the use of statistical sampling in the voucher examination process is found in the GAO Policies and Procedures Manual (Chapter 7, Appendix III).

A system-generated report identifying invoices and travel vouchers for post-audit verification will be generated at the end of each month. The CFOAC is responsible for completing the statistical sampling analysis, making needed corrections, and submitting the report to the Deputy CFO not later than 30 days following the end of each month.

Payments for commercial invoices and travel vouchers up to \$2,500 will be processed according to the following Departmental guidelines:

- Invoices/Vouchers are date stamped upon receipt in a central location within the CFOAC.
- Commercial Invoices are separated into (3) categories:
  1. Contract invoices;
  2. Invoices greater than \$2,500; and
  3. Invoices \$2,500 or less.
- Paper vouchers received by the Fort Worth Accounting Center are subject to the basic voucher examination process.

- The travel section performs a cursory check of travel vouchers less than \$2,500 to determine if the voucher is properly signed and approved; check for unused airline tickets; review the accounting system for outstanding travel advances; check sub object totals to the amount claimed.
- Commercial invoices up to \$2,500 with a matching system obligation are paid upon receipt. Invoices greater than \$2,500 and all contract invoices follow the basic voucher examination process.

b. *Basic Vouchers (greater than \$2,500).* Effective control over disbursements requires the examination and approval of all basic vouchers before they are certified for payment with the exception of those identified for statistical sampling. The purpose of examining basic vouchers are to determine whether:

- The required administrative authorizations for the procurement and approvals for the payment were obtained;
- The payment is permitted by law and complies with the terms of the applicable agreement;
- The amount of the payment and name of the payee is correct;
- A proper Taxpayer Identification Number (TIN), or Payee ID Number, is provided for each payee;
- The payment will not be a duplicate;
- The goods received or the services preformed complied with the agreement;
- Only cost effective discounts have been taken;
- All applicable deductions were made and credited to the proper account in the correct amount;
- The appropriation or fund from which the payment will be made is available for that purpose;
- Proper forms of documentation were used; and
- Special certificates, if required, were furnished.

When a cash discount has been offered to the Department, every effort should be made to process the invoice within the discount period. The HUD accounting system for administrative payments has incorporated processes to automatically take advantage of cash discounts that are cost effective to the Government. The HUD procurement systems do not have a process to enter a discount at the contract phase.

To prevent duplicate payments, technicians must match payments to supporting system information. The technician should consider the following circumstances might increase the possibility of duplicate payments:

- Payments have been delayed for an extended period after the due date and duplicate invoices are received from vendors as follow-up claims;

- Adjusted invoices are received after payments have been made; and
- Vendors send duplicate claims with a different invoice numbers.

When a difference exists between the amount claimed by the payee and the amount due as determined by the Department, an administrative adjustment may be made. The claimant may make an adjustment without amending the claim when the payment document indicates the adjustment is appropriate. The Department may make an upward adjustment to payment vouchers of \$100 or less, unless otherwise prohibited by law. Downward adjustments of payments based on corrections of a claim may be made in any amount.

- c. *Section 8 ACC Advances and HAP Payments.* The FMC authorizes disbursements for tenant-based and project-based Section 8 programs. All tenant-based and many project-based Section 8 programs are funded by ACC advances. ACCs specify terms and conditions under which state and local housing authorities administer Section 8 programs.

Prior to the beginning of each fiscal year, housing authorities submit a budget and requisition requests to the Department. The major cost item on these budgets is the ACC advance and expected HAP payment cost, which housing authorities estimate based on projected occupancy, average tenant contributions, and average rent.

FMC staff review the budget requests, make revisions as needed, and return approved documents to the housing authorities. FMC staff confirm that funds are or will be available during the fiscal year and review the housing authorities' occupancy and per-unit cost estimates for consistency with known historical data.

3. **Approval.** This subsection describes the approval process for basic vouchers (greater than \$2,500) and Section 8 ACC advances and HAP payments.

- a. *Basic Vouchers (greater than \$2,500).* An authorized travel-approving official must sign all travel-related payment documents. The appropriate GTR/approving official must approve all commercial invoices greater than \$2,500 and all contract invoices. When approval is required for commercial invoices, the accounting technician will complete the designated portions of HUD Form 27045 and email/fax the form to the GTR/approving official.

*Section 8 ACC Advances and HAP Payments.* Based on the approved budget and requisition, FMC staff create payment schedules in HUDCAPS for each ACC advance. Payment schedules specify the total amount approved for disbursement for the fiscal year and the monthly disbursement amount, as appropriate. FMC staff also enters HAP disbursements into LOCCS via TRACS.

Each month, HUDCAPS generates an ACC payment document for the disbursement of each approved payment. Treasury disburses the funds electronically to housing authorities' designated bank account.

Housing authorities use the ACC advances to pay the HAP payment cost on behalf of eligible tenants, program administrative fees, and other costs for program purposes. Housing authorities also make monthly HAP payments to project owners, according to the terms and conditions of HAP contracts with the Department. Housing authorities are responsible for ensuring the payment amounts are correct and paid during the period for which owners are eligible for the payment.

At the end of each fiscal year, housing authorities submit to the Department a settlement statement documenting and certifying the actual eligible program expenses the housing authority incurred during the year. FMC staff review the settlement statements and check the accuracy of the housing authorities' administrative fee calculations. FMC staff calculate amounts over- or under-advanced to housing authorities for each program. Over-advance amounts are deducted from the next payment(s) HUDCAPS is scheduled to make for each program, as necessary. Under-advance amounts are paid upon approval of the settlement statement.

4. **Voucher/Invoice Verification.** All vouchers/invoices must be verified before continuing through the disbursement process in the appropriate accounting system. Department internal controls require segregation of duties between voucher examination, certification, and approval.

#### **F. Payment Systems.**

1. **HUDCAPS.** This subsection describes the payment request documents and functionality of HUDCAPS as a departmental disbursement system. Specifically, this section provides detailed information about HUDCAPS' processing of bankcard, commercial invoice, relocation, transportation, Section 8, travel, and grant payments.
  - a. *Bankcards.* The HUDCAPS bankcard payment process involves the payment of CREDIT CARD transactions through the HUDCAPS-BANK ONE CARD interface. The HUDCAPS-BANK ONE CARD interface transmits credit card data on a monthly basis from Bank One to HUDCAPS. The interface records the purchase card expenditures and generates the automated payments for each monthly bill. Expenditure documents are generated and processed for each cardholder's approved VISA transactions. The interface also provides an on-line table for supplying required accounting elements for each VISA transaction as well as a reference document.

The data entry steps for HUDCAPS bankcard transactions are as follows:

- The VISA Table Load Program (APVIS1) reads the VISAIN input file created by HUD from the Bank One data and adds records to three FFS tables. Two tables are the Credit Card Payment Table (CPAY) and the VISA Payment Header Table (VPHT). Detail records are displayed on the VISA Payment Line Table (VPLT).
- Authorized users access the line table (VPLT) to add the Budget Fiscal Year(s) and Fund breakdown required for the payment generation process. The program will use the Interface Parameters Table (OPPT) to obtain the Invoice Date and default Budget Object Code. Before the program runs, these values will be validated in HUDCAPS. This program also uses the Credit Card Holder Reference Table (CCHR) to derive data elements that are used to update the CPAY.
- The VISA Document Generation Program (APVIS2) consists of two parts. The first part of the program reads the VPHT and the VPLT to generate VISA Voucher Documents (VV). The second part of the program reads CPAY to generate VISA Expense Documents (VE). The program creates a file containing the information required for each document. The existing baseline Document Load Program (DOCLOAD) reads this file and loads the document header and lines to the Document Suspense File (SUSF).
- After all records have been processed, the program generates a printed report of all records added to the CPAY with summary totals by Card Holder Code.

Source documents for recording bankcard transactions are VE and VV documents. The VE document is used to record the expenditures generated by the cardholder. The VV document is used to generate the payment to Bank One. The important document fields for a VE Document (similar data entry as a No Check Document) are the reference document number, the vendor code, the document total, and the funding strip information. The important document fields for a VV Document (similar data entry as a Direct Payment Document) are the accepted/delivery date, the vendor code, the document total, and the funding strip information.

Transaction Code	Transaction Type
VE	01
VV	01

- b. *Commercial Invoices.* The HUDCAPS commercial invoice payment process involves making vendor payments from original invoices (and faxes on an exception basis). The approval of invoices follows a particular flow:

- CFOAC keys invoice into HUDCAPS, places document on hold, and sends it to the GTR.
- The GTR verifies that sufficient funds exist on the appropriate contract to pay the invoice.
- The GTR signs off on the paper invoice, confirming acceptance of products and/or services. The GTR should coordinate with the GTM prior to approving the invoice.
- The GTR approves the invoice and forwards the invoice to CFOAC.
- CFOAC processes the invoice for HUDCAPS to generate the payment to the vendor.

HUDCAPS makes the payment according to prompt payment logic, calculates interest due, and automatically determines when to take vendor discounts. The system also applies reversing entries to referenced obligations, checks tolerances, and supports disbursements via treasury check or EFT.

The data entry steps for HUDCAPS commercial invoice transactions are as follows:

- The HUDCAPS document for recording commercial invoices is a Vendor Invoice/Payment Voucher (trans code P6). The P6 document generates the payment to vendors and requires a reference obligation. The important document fields are the Vendor Code, the Reference Document Number, the Accepted/Delivery Date, the Vendor Invoice Number, the Invoice Date, the Log Date, and the Document Total.
- Another type of payment voucher is known as a Direct Payment (trans code D6). The D6 document is the same as a P6 document, except it is used to pay miscellaneous expenses when no obligation is required. The important document fields for Direct Payment are the Vendor Code, the Accepted/Delivery Date, the Vendor Invoice Number, the Invoice Date, the Log Date, the Document Total, and the funding strip information.

Transaction Code	Transaction Type
P6	01
D6	01

- c. *Relocation.* The HUDCAPS relocation payment process involves the reimbursement of employees for all appropriate relocation expenses. Relocation travel is obligated against current funds when travel orders are issued. The cost associated with the shipment of household goods is charged to the appropriation available when the carrier picks up the goods pursuant to a government bill of lading.

The data entry steps for HUDCAPS relocation-related payment documents are as follows:

- The HUDCAPS document for recording reimbursements relating to relocation is a Relocation Voucher (trans code RL). The RL document generates the payment to relocated employees, and it requires a reference obligation. The important RL document fields are Vendor Code, the Reference Document Number, and the Document Total.
- The HUDCAPS document for recording a bill of lading for shipment and storage of household goods is a Travel Payment (trans code TP). The TP document will generate the payment to the vendor, and it requires a reference obligation. The important TP document fields are Vendor Code, the Reference Document Number, the Accepted/Delivery Date, the Vendor Invoice Number, the Invoice Date, the Log Date, and the Document Total.
- The HUDCAPS document for recording Federal tax deposits is a Federal Tax Payment Voucher (trans code FT). The FT document records federal tax payments in HUDCAPS, but it does not generate a payment. Tax payments are made using the Treasury Department's FEDTAX II system on the Internet. After payments are made in FEDTAX II, they are recorded in HUDCAPS. The important FT document fields are Vendor Code and Document Total.

Transaction Code	Transaction Type
RL	01
TP	01
FT	01

- d. *Transportation.* The HUDCAPS transportation payment process records a Scheduled Airline Trafficking Office (SATO) transaction file to HUDCAPS. The SATO-HUDCAPS records SATO transactions in HUDCAPS and then generates automated payments to Bank One. On a monthly basis, HUD receives a transaction disk from SATO containing invoices and credit memos from Bank One. Each record read from the input file will be written to the Travel Transaction Table (TRTT). Elements that are recorded include Ticket Number, Invoice Number, Invoice Date, Passenger Name, Invoice Amount, and the Reference Travel Authorization Number. The accounting elements are inferred from the reference travel authorization.

The data entry steps for HUDCAPS transportation payment transactions are as follows:

- After the upload is complete, an authorized headquarters user will access the appropriate record on the Travel Payment Line Table (TRPL). The

user will perform a change action on the existing record to make adjustments to the line amounts and verify the Budget Fiscal Year(s) and Fund data. The user will not be permitted to change the original invoice amount, however, the amount to be paid to Bank One may be adjusted by entering a new invoice approved amount.

- Once the user has entered all necessary changes on the record and Invoice Approved Amount equals the Total Fund Amount the record can be approved for payment. To do this, the user will access the appropriate record on the Travel Payment Header Table (TRPH) and set the Approved for Payment indicator to A (Approved).
- Once the record is approved an off-line document generation program will generate a payment document (PS) to Bank One.

Transaction Code	Transaction Type
PS	01

- e. *Section 8.* HUDCAPS supports the Section 8 certificate and voucher programs, and selected Section 8 project-based ACC contracts. Using the HUDCAPS Payment Subsystem (PAYS), an authorized user can record the receipt of a budget and annual requisition, schedule Housing Authority (HA) payments, and track the status of payments.

When a budget is received from the HA, the date of receipt is entered into either the Payment Schedule Build Table (PASB) when building an annual schedule, or the Payment Schedule Table (PAST) when adding or changing (customizing) payments on an existing schedule. Before payments can be generated, the Payment Schedule must be approved on the Payment Schedule Approval Table (PASA). Rejected schedules must be modified and resubmitted for approval. Once approved, HUDCAPS automatically selects payments based on the scheduled payment date, and generates payment documents. After a payment document has been generated, payment information is stored on the Payment Schedule Payment Query (PASP) and the Rejected Payment Document Query (RJPD).

The data entry steps for HUDCAPS Section 8 payment transactions, beginning with selecting the scheduled payments from the Payment Schedule Table (PAST) through recording of the EFT in HUDCAPS are as follows:

- An overnight process selects payments from the PAST by date. For example, a payment scheduled for October 1 will be selected three business days prior to October 1 depending on the PIH Section 8 Options Table (PIHO) Payment Document Log Days.
- The overnight process, called the Payment Document Generation Process, creates and processes Payment Documents (PM) and updates various

HUDCAPS Accounts Payable tables – including the Unpaid Voucher Query. Payment documents rejected due to edit failures, such as insufficient Available Budget Authority, are recorded on the RJPD.

Transaction Code	Transaction Type
PM	01

- f. *Travel.* The HUDCAPS travel payment process reimburses HUD employees for travel-related expenses. The two types of travel reimbursements are Travel Vouchers (TV) and Local Vouchers (LV). TV documents are travel payments that are created based on employee travel information. A TV document must reference a travel obligation. LV documents are created for travel within the local area (varies by permanent duty location) after travel has occurred. Until the implementation of the HUD Travel Management System (HTMS) is complete, reimbursement of travel costs will be made by HTMS and non-HTMS transactions.

The data entry steps for HTMS Travel Voucher transactions are as follows:

- Users log on to the HTMS application. Using a previously recorded travel order (EA), the user creates a TV from a travel authorization. If a travel authorization is not available in HTMS, the user proceeds with the non-HTMS process.
- The employee records the actual dates of travel, itemizes official expenditures, and makes any explanatory notations on the voucher from authorization. Employee information (including Social Security Number) and trip description information are automatically pulled from the corresponding travel authorization. Trip information, such as temporary duty locations, may be updated on the voucher from authorization. The accounting strip is also noted on the travel authorization but cannot be changed.
- Once the voucher from authorization reflects the actual trip taken, the user electronically stamps the document and obtains a document name using the automated naming feature.
- Once the user electronically stamps an HTMS voucher from authorization or travel voucher, the document routes to the approving official for electronic signature. Vouchers from authorization may have one or more Approving Officials. TV documents are first reviewed by an Approving Official and then are electronically stamped by a Certifier. The next person in the approval chain is notified by email and must log onto HTMS to apply an electronic signature. The process continues for each step in the approval chain.
- Upon final approval or certification, the reimbursement document is transmitted to HUDCAPS via an on-line interface. The Approver is automatically prompted to enter his/her HUDCAPS Login ID and

password. The interface provides a successful or unsuccessful transmittal message and the user is prompted to disconnect from HUDCAPS.

- The authorized TV document is recorded in HUDCAPS as an EV document. The employee is reimbursed from HUDCAPS and the expenditure is recorded.

The data entry steps for HTMS Local Voucher transactions are as follows:

- Users log onto HTMS. Creating a new local voucher, the user records expenses such as mileage, parking, and/or metro costs, etc. The location to and from which the employee travelled is also recorded on the LV document, as well as any explanatory comments.
- The user enters an appropriate accounting line, and electronically stamps the document using the automated naming feature.
- Once the user electronically stamps an HTMS voucher from an authorization or local voucher, the document routes to the approving official for an electronic signature of approval. Vouchers from authorization may have one or more required approvals. LV documents are first reviewed by an Approving Official, and are then electronically stamped by a Certifier. The next person in the approval chain is notified by email and must log onto HTMS to apply his/her electronic signature. The process continues for each step in the approval chain.
- Upon final approval or certification, the reimbursement document is transmitted to HUDCAPS via an on-line interface. The Certifier is automatically prompted to enter his/her HUDCAPS Login ID and password. The interface provides a successful or unsuccessful transmittal message and the user is prompted to disconnect from HUDCAPS.
- The authorized LV document is recorded in HUDCAPS as an EL document. The employee is reimbursed from HUDCAPS and the expenditure is recorded.

The data entry steps for non-HTMS Travel Voucher transactions are as follows:

- If the employee does not have access to HTMS, the employee must fill out a paper SF1012. The information includes the employee's information (including Social Security Number), the travel authorization number, trip description information, dates and locations of travel, itemized expenditures and associated sub-object codes, and the accounting line.
- The completed form is signed by the employee, and then by the approving official. The approved SF1012 is submitted to the CFOAC, along with necessary receipts and the corresponding travel authorization.
- The CFOAC enters the information into HUDCAPS as a TV document. The TV expenditure is recorded in HUDCAPS, and the employee is reimbursed for official travel.

The data entry steps for non-HTMS Local Voucher transactions are as follows:

- If the employee does not have access to HTMS, the employee must fill out a paper SF1164. The information includes the employee's information (including Social Security Number), trip description information, dates and locations of travel, itemized expenditures and associated sub-object codes, and the accounting line.
- The employee, approving official, and certifying official must sign the completed form. The approved and certified SF1164 is submitted to the CFOAC, along with necessary receipts and the corresponding travel authorization.
- The CFOAC enters the information into HUDCAPS as an LV document. The LV expenditure is recorded in HUDCAPS, and the employee is reimbursed for official local travel.

Transaction Code	Transaction Type
TV	01
LV	01

g. *Grants*. TBD (MIL needs info from CFOAC).

2. **Other Payment Systems.** This section provides a high-level description of the disbursement functions and interfaces of LOCCS, ECS, and other departmental feeder systems.

- a. *LOCCS*. LOCCS controls disbursements for all HUD loan and grant programs. Payment requests are submitted to LOCCS via paper invoices, VRS, and eLOCCS. LOCCS also makes payments as directed by departmental feeder systems. VRS is a component of LOCCS that allows recipients to submit payment requests with a touch-tone telephone. eLOCCS allows approved recipients to submit payment requests using a personal computer connected to the Internet. LOCCS automatically verifies funds availability in PAS prior to scheduling a payment. LOCCS uses batch processing to prepare payment files that are transmitted to the Philadelphia RFC for payment. Detailed information about LOCCS is contained in the *LOCCS Program Area Business Rules/Functions Document* (December 1998) and the *LOCCS User Guide* (January 1994).
- b. *ECS*. The Department uses ECS to make manual payments via the automated clearing house (ACH) or by check. Manual ACH payments include same day (Fedwire), vendor express, salary, and travel payments. Manual check payments include vendor and miscellaneous payments. The Department also

uses to ECS to certify payments generated by HUDCAPS and LOCCS. The payment certification process is discussed in Section H of this chapter.

- c. *Departmental Feeder Systems.* Other HUD systems, such as TRACS and IDIS, transmit payment requests to LOCCS. All approvals required for these payment requests are executed in the respective feeder systems, prior to interfacing with LOCCS. LOCCS checks funds availability in PAS, and if sufficient funds are available, LOCCS places the payment on an electronic file that is transmitted to the Philadelphia RFC on the next business day.

**G. Payment Certification.** The payment certification process is the means by which the Department authorizes Treasury to release funds to the recipients of HUD loans, grants, and subsidies, as well as the Department's contractors. This certification process applies to all payments that are generated by the Department's disbursement systems, HUDCAPS and LOCCS. The process also applies to programs where disbursement approval or calculation is performed in other systems (TRACS, SAVE).

Each night the Department transmits payment data files to the Philadelphia RFC for processing. Payments are normally made two business days after the data files are received and processed. HUDCAPS and LOCCS generate the files automatically based on payment due dates in those systems. Two files are generated from each system each night – a file for ACH electronic payments and a file for check payments. Each file is assigned a reel number and contains the schedule numbers on the file, the dollar amount of each payment, and the number of payments on each schedule. The files also contain the name and banking information for ACH payments, or the mailing address for check payments, for each recipient.

On the day before payments are made, the certification process is performed through ECS. The payment certification requires three individuals to perform different functions – an ECS systems administrator to log onto the system, a data entry specialist to itemize the schedules to be paid, and a certifying officer to verify to Treasury that the payments should be made. Following system prompts, the certifying officer or disbursement officer confirms the schedule numbers, dollar amounts, and number of payments that are to be paid. Based on this electronic certification/verification, Treasury releases the scheduled payments. ACH payments are transmitted to the recipient's account on day two, while paper checks are dated for day two and delivered by the U.S. Postal Service.

Treasury requirements and guidance for the ECS payment and certification process is contained in the Treasury Financial Manual (Part 4, Chapter 1100, *Delegations and Designations of Authority for Disbursing Functions*, and Part 4, Chapter 2000, *Payment Issue Disbursing Procedures*).

**H. Check Cancellations.** Payment cancellations occur when funds that were previously "confirmed" by Treasury are returned to the Department, such as duplicate payments returned from vendors. The Department documents the returning of payments on TFS

Form 145 (*Schedule of Cancelled EFT Items*) for ACH payments or SF 1098 (*Schedule of Cancelled or Undelivered Checks*) for payments made via check.

The notification of the returned payments is received from the Philadelphia RFC. The support received with the cancellation documents provides the information to trace the cancellation to a specific disbursement schedule and then to a particular item on that schedule. Once the specific project is identified, a cancellation transaction can be processed. The transaction is processed in the system that originated the payment, either HUDCAPS or LOCCS. In either system, the cancellation adjusts both the subsidiary records and the GL, and makes funds available if the funds are to be re-issued. If the cancellation is not related to a system-generated payment (from HUDCAPS or LOCCS), then the cancellation must be posted to any stand-alone subsidiary records and to the GL. The HUDCAPS and LOCCS user manuals provide detailed information on processing cancellations.

- I. **Treasury Reconciliation.** The Treasury reconciliation process consists of two reconciliation tasks. The first task is to reconcile disbursement (or deposit) activity the Department reports to Treasury on its monthly FMS 224 with the disbursement documents that Treasury has processed for the Department during the period. Treasury reports any differences between the two on FMS 6652 (*Statement of Differences*). There is a FMS 6652 for disbursement activity and a separate FMS 6652 for deposit activity. Treasury guidance on this reconciliation process is found in the Treasury Financial Manual (Part 2, Chapter 3300).

The second task is to reconcile the GL cash balance reported by the Department for a specific appropriation to the cash balance maintained by Treasury for that appropriation as of a given date. FMS 6653 (*Undisbursed Appropriation Account Ledger*) is used in determining the Treasury balance for an appropriation. Treasury guidance on this reconciliation process is found in the Treasury Financial Manual (Part 2, Chapter 5100).

The Department's Statement of Difference reconciliation process compares disbursement documents that are reflected on the monthly HUDCAPS generated FMS 224 to the documents processed by Treasury. Datamart tools are used to compile a listing of disbursement documents, by schedule numbers that were processed in HUDCAPS during the month. Information on disbursement documents processed by Treasury during the month is obtained by accessing Treasury's Government On-line Accounting Link System (GOALS).

The Department's GL to Treasury reconciliation starts by comparing GL activity to FMS 224 activity for the month. The FMS 224 activity should be the Treasury activity for a given appropriation. Detailed procedures for completing all cash reconciliations are documented in the Department's Cash Reconciliation and FMS 224 Reporting Procedures Manual.

**J. Reporting.** The primary mechanism used to report the Department’s disbursement activity to the Treasury Department is the preparation and submission of FMS Form 224 (*Statement of Transactions*). Specific requirements and Treasury guidance pertaining to content, method of submission, and time frames for submission are found in the Treasury Financial Manual (Part 2, Chapter 3300).

The Department’s FMS 224 is generated from the specific accounts in the HUDCAPS GL that are used to record accounting events that relate to disbursement and collection activity. The accounts (primarily account 1021, Fund Balance-Gross Disbursements-SF 224) used for disbursement activity are those accounts where Treasury disbursement documents (Intra-governmental Payment and Collection System requests, disbursement schedules, cancellations) are posted. In addition, disbursement activity includes “offset” transactions where funds are disbursed from one HUD appropriation to another. Detailed procedures on the preparation and submission of the HUDCAPS-generated FMS 224 are found in the OCFO’s SF 224 and Cash Reconciliation Procedures Manual.