

ACCOUNTING FUNCTIONS DEFINED BY PROGRAM

1. The flow of documents through the Program Accounting System can be identified with accounting functions that will be used for controlling apportionments and for accounting for usage of funds and other resources.
2. Four accounting functions have been defined before disbursements are made. Document flow has been associated with these functions by identifying a positive action that is taken with regard to a document at the time the accounting function is to be recorded. These four accounting functions are prevalidation, reservation, obligation, and contract.
3. These four accounting functions are defined as follows:
 - a. PREVALIDATION - A prevalidation is recorded when a document is presented to OFA or to a Regional Accounting Division requesting a certification that funds are available. This certification precedes the approval by the program official who has authority to approve a project.
 - b. RESERVATION - Funds are reserved when a project is approved by the program official who has authority to approve a project.
 - c. OBLIGATION - An obligation is the point in time at which the last act is performed which makes the transaction between the Federal Government and an outside party a binding written agreement (from a legal standpoint). This last act varies from program to program but in every case the written documents, which constitute the first binding agreement between the parties, is the obligational support. In most cases this last act is to notify the grantee or borrower that the agreement has been consummated by the Federal Government. In some cases, the parties sit down together and sign a contract which becomes the obligating document. In specific programs, the point of obligation is the Department's notification to the recipient that its application has been approved.
 - d. CONTRACT - A contract arises when the formal contract document is signed as a completely executed document by both parties. In most cases, this phase is merely a formalizing of the earlier agreement which was documented and recorded as the obligational phase. Funds cannot be disbursed until the executed contract has been received by the applicable accounting office.
4. An outline of the four functions by program follows:

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ACCOUNTING FUNCTION

	PREVALIDATION	RESERVATION	OBLIGATION	CONTRACT
A. COMMUNITY DEVELOPMENT BLOCK GRANTS (1) Metro Entitlement Agreement are	Not used.	Recorded for each project against subassignment to applicable Area or Pseudo Area in Region based on computer listing attached to HUD-165.	Recorded as of date shown on bottom of Page 5 of HUD-7082	Recorded when HUD-7082 and fully executed Grant returned by the recipient.
(2) Metro Discretionary	Not Used.	Recorded for each project based on HUD-718 on subassignments made to States Region.	Recorded as of date shown on bottom of Page 5 of HUD-7082	Recorded when HUD-7082 and fully executed Grant Agreement are returned by the recipient.
(3) Non-Metro Entitlement	Not used.	Recorded for each project against subassignment to applicable Area or Pseudo Area in region based on computer listing attached to HUD-185.	Recorded as of date shown on bottom of Page 5 of HUD-7082.	Recorded when HUD-7082 and fully executed Grant Agreement is returned by the recipient.
(4) Non-Metro Discretionary	Not Used.	Recorded for each project based on HUD-718 against subassignments	Recorded as of date shown on bottom of Page 5 of HUD-7082.	Recorded when HUD-7082 and fully executed Grant Agreement are

made to Area/
Pseudo Area
in Region.

returned by
the
recipient.

(5)
Secretary's
Discretionary
(a)
Headquarters
Review and
Approval

Not Used.

Recorded for
each project
based on
HUD-617
against
subassignments
made to Area
Office in
Region.

Recorded
as of date
shown on
bottom of
Page 5 of
HUD-7082.

Recorded when
HUD-7082 and
fully
executed
Grant
Agreement are
returned by
the
recipient

(b) Field
Office
Review and
Approval

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ACCOUNTING FUNCTION

PREVALIDATION RESERVATION OBLIGATION CONTRACT

(5)cont.

1. Technical
Assistance
Contracts

Not Used.

Recorded for
each project
based on
HUD-718
against
subassignments
made to Area
Offices in
Region.

Recorded as of
date shown on:
1. Contracts
under
\$25,000:
HUD-36,
Purchase
order
SF-147,
Request
for
Supplies
and/or
Services
HUD-1044,
Assistance/
Amendment
2. Contracts
\$25,000
and over:
SF-26, Award/
Contract
SF-33,
Solicitation,
Offer and
Award

Same as
Obligation.

HUD-1044
Letter
Cooperative
Agreement

2. Other Projects	Not Used.	Recorded for each project based on HUD-718 against subassignments made to Area Offices in Region.	Recorded as of date shown on bottom of Page 5 of HUD-7082.	Recorded when HUD-7082 and fully executed Grant Agreement are returned by the recipient
(6) Urgent Needs Fund and Financial Settlement Fund		Recorded for each project based on HUD-718 on subassignments made to Area Offices in Region.	Recorded as of shown on bottom of Page 5 of HUD-7082.	Recorded when HUD-7082 and fully executed Grant Agreement are returned by the recipient
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PROGRAM OR
CATEGORY

ACCOUNTING FUNCTION

	PREVALIDATION	RESERVATION	OBLIGATION	CONTRACT
(7) Urban Counties	Not Used.	Reservation is recorded for each project against amount sub-assigned to Field Office in Region based on names shown on computer listing attached to HUD-185.1.	Obligation is recorded as of the date shown on Page 2 of HUD-7082.	Contract is recorded when HUD-7082.1 is returned fully executed by the recipient.

(8) HUD Administered Small Cities	Not Used.	Reservation is recorded against subassignment to Field Office by project based on HUD-718.	"	"
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(9) State Administered	Not Used.	Reservation is recorded against subassignment to Field Office on a project by project basis from HUD-718.	"	"
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(10) Insular Areas, Special Projects Indians		For projects requiring Headquarter's review and approval. Reservation is recorded on a project by project basis from HUD-617, Regional Office of Notification of Fund Availability and Reservation of Funds, against amount subassigned to each Area Office in Region.	Obligation is recorded as of the date shown at the bottom of page 2 of HUD-7082.	Contract is recorded as of the date the recipient executes HUD 7082.1.

PROGRAM OR CATEGORY	ACCOUNTING FUNCTION			
	PREVALIDATION	RESERVATION	OBLIGATION	CONTRACT
(10) cont. Insular Areas, Special Projects Indians		For projects requiring Field Office review and approval. Reservation is recorded on a project by project basis from HUD-718 against amount of subassignment made to each Area Office.		
B. COMPREHENSIVE PLANNING GRANTS	Phasing Out			
C. CONGREGATE HOUSING ASSISTANCE SERVICES	HUD-718 signed by OFA personnel certifying fund availability.	HUD-718 approved by Assistant Secretary or designee.	Date of execution of contract document.	Date of execution of contract document.
D. FAIR HOUSING ASSISTANCE	HUD-718 signed by OFA certifying funds available.	HUD-718 approved by Assistant Secretary or designee.	Date of execution of contract document.	Date of execution of contract document.
E. MOBILE HOME INSPECTION	HUD-718 signed by OFA certifying funds available.	HUD-718 approved by program official.	Date of execution of contract document.	Date of execution of contract document.
F. NEIGHBORHOOD	HUD-718	HUD-718	Date of	Date of

SELF-HELP DEVELOPMENT	signed by OFA certifying funds available.	approved by program official.	execution of contract document.	execution of contract document.
G. RESEARCH AND TECHNOLOGY	HUD-718 signed by OFA certifying funds available.	HUD-718 approved by program official.	Date of execution of contract document.	Date of execution of contract document.
H. SURPLUS URBAN RENEWAL	Not Used.	Recorded for each project based on HUD-718 against subassignments made to Area Offices in Region. A18-5	Recorded as of date shown on bottom of Page 5 of HUD-7082A.	Recorded when HUD-7082 and fully executed Grant Agreement are returned by the recipient. 9/88

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	PREVALIDATION	RESERVATION	OBLIGATION	CONTRACT
I. TROUBLED PROJECTS OPERATING SUBSIDY		Recorded for each project based on HUD-9823 against subassignments made to Area Offices in Region.	Date of execution of contract.	Date of execution of contract.
(1) Flexible Subsidy	Not Used.			
(2) All Other Program areas	Not Used.	HUD-718 approved by program official.	Date of execution of contract.	Date of execution of contract.

J. URBAN DEVELOPMENT ACTION GRANTS	Not Used.	Recorded for each project based on HUD-617 against subassignments made to Area Offices in Region.	Recorded as of date shown on bottom of Page 5 of HUD-7082.	Recorded when HUD-7082A and fully executed Grant Agreement are returned by the recipient.
K. RENT SUPPLEMENT HOUSING PAYMENTS		Automatically generated based on the generated year contract amounts. OR FHA Form-2589	Amendatory Contract	Amendatory Contract
L. HOUSING COUNSELING ASSISTANCE	Not Used.	"Blanket" : HUD-718 with attached listing.	Assistance/Award/Amendment HUD-1044	Same as reservation.
M. OPERATING SUBSIDY LOW-INCOME	Not Used.	Low - Rent Housing Operating Budget, HUD-52564.	Same as reservation.	HUD-52721, Direct Disbursement Payment.
N. RENTAL REHABILITATION GRANTS (1) State Administered Formula Grantee	Not Used.	Listing attached to HUD-185.	Funding Approval for Rehabilitation Program, unilaterally signed, and/or Notice obligation HUD-40015.	Bilateral signed Grant Agreement, HUD-40015.
(2) All other sub-programs	Not Used.	HUD-718	Same as above.	Same as above.

	PREVALIDATION	RESERVATION	OBLIGATION	CONTRACT
O. URBAN HOMESTEADING (1) Demonstration	Not Used	HUD-718	Unilateral Grant Agreement.	Bilateral Grant Agreement.
(2) Regular a. HUD-Held Properties	Not Used	HUD-718	Request for obligation of Funds (HUD-27002).	Certification Pages for Settlement Statement, HUD-9596.
b. FMHA and VA Properties	Not Used	HUD-718	Request for obligation of Funds (HUD-27002).	SF-1034, Closing Statement, and the HUD-27002.
P. HOUSING FOR ELDERLY	Not Used	HUD-718	Building and Loan Agreement, EHA 2441EH.	Same as Obligation.
Q. RENTAL HOUSING DEVELOPMENT GRANTS	Not Used	HUD-718	Notification Letter signed by the Assistant Secretary or Designee.	Bilateral Grant Agreement.
R. EMERGENCY SHELTER GRANTS	Not Used	Recorded based on listing attached to HUD-185.1.	Funding approval under the Home-Homeless Act of 1986 (P.L. 99-500 and 99-591) signed by the Assistant Secretary or Designee.	Fully executed Grant Agreement returned by the recipient.
S. HOUSING FOR THE ELDERLY	HUD-718 signed by OFA certifying funds	HUD-718	Notification Letter signed by the Assistant Secretary or	Bilateral Grant Agreement.

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- (1) Appalachian Regional Development Program, Executive.
- (2) Community Services Administration.
- (3) Economic Development Assistance Programs.
- (4) Energy Conservation.
- (5) Energy Research and Development Administration.
- (6) Energy Sup. Research.
- (7) Regional Development Program.
- (8) Solar Energy.
- (9) Solar Energy Finance.
- 10) Trident Community Impact.

* Recaptured programs have not been cited because they function under the same guidelines as the regular program funds.