
Introduction - The Budget and Accounting Handbook Policies and Procedures

The Budget and Accounting Handbook Policies and Procedures prescribes budget execution and accounting policies and procedures applicable to all appropriations and funds of the Department. This issuance consists of Chapter 1 - Budget Execution. The Handbook in its entirety will consist of 11 Chapters, each of which are described on the following pages. Also, available on HUDCLIPS to assist you with document processing and information gathering in the HUD Central Accounting and Program System (HUDCAPS) are following Guidebooks:

1. Budget Execution Data Entry Guide, which provides detailed instructions on entering budget execution documents into HUDCAPS, accessing query tables to ascertain fund availability and other financial information, and an Appendix with examples of populated documents. (DOCN F000.1G)
2. HUDCAPS Navigation Guide, which provides instructions for navigating in HUDCAPS when performing such tasks as entering documents or querying the System. (DOCN F000.2G)

TABLE OF CONTENTS

Chapter	Paragraph	Title	Page
1		Budget Execution	
	1-1	Budget Execution in HUDCAPS	1-1
	1-1.A.	Budget Execution Subsystem	1-1
	1-1.B.	Fund Codes	1-1
	1-1.C.	Uniform Budget Structure	1-3
	1-1.D.	Budget Controls	1-4
	1-1.E.	Establishing Budgets	1-5
	1-1.F.	Spending Controls	1-5
	1-1.G.	Control Override	1-6
	1-1.H.	Status of Funds	1-7
	1-1.I.	Posting Models	1-7
	1-1.J	Document ID and Numbering	1-7
	1-2	Budgetary Resources	1-8
	1-2.A.	Policy	1-8
	1-2.B.	Definition	1-8
	1-2.C.	Roles and Responsibilities	1-8
	1-2.D	Appropriations/Appportionments	1-8
	1-2.E.	Continuing Resolutions	1-12
	1-2.F.	Borrowing Authority	1-13
	1-2.G.	Contract Authority	1-13
	1-2.H.	Reappropriations	1-14
	1-2.I.	Transfers of Funds	1-14
	1-2.J.	Spending Authority From Offsetting Collections	1-19
	1-2.K.	Recoveries of Prior Year Obligations	1-23
	1-2.L.	Unobligated Balances	1-24
	1-3	Deferrals	1-25
	1-3.A.	Definition	1-25
	1-4	Rescissions	1-25
	1.4.A.	Definition	1-25
	1-5	Distribution of Funds	1-27
	1-5.A.	Policy	1-27
	1-5.B.	Definition	1-27
	1-5.C.	Roles and Responsibilities	1-27
	1-5.D.	Advice of Allotment	1-28
	1-5.E.	Distribution to Program/Object Class	1-29

Chapter	Paragraph	Title	Page
----------------	------------------	--------------	-------------

1	Budget Execution		
	1-5.F.	Distribution to Program	1-30
	1-5.G.	Assignment/Operation Budget	1-30
	1-6	Reprogramming of Funds	1-31
	1-7	Treasury Warrants	1-31
	1-7.A.	Definition	1-31
	1-7.B.	Policy	1-31
	1-7.C.	Roles and Responsibilities	1-31
	1-7.D.	Data Entry	1-32
	1-8	Credit Reform	1-32
	1-8.A.	Policy	1-32
	1-8.B.	Roles and Responsibilities	1-33
	1-9	Deactivating/Reactivating a Budget Line	1-33
	1-9.A.	Definition	1-33
	1-9.B.	Policy	1-33
	1-9.C.	Roles and Responsibilities	1-33
	1-9.D.	Data Entry	1-33

Chapter	Paragraph	Title	Page
2	Commitments and Obligations		
	2-1	Commitments	2-1
	2-1.A.	Definition	2-1
	2-1.B.	Criteria for Incurring Commitments	2-1
	2-1.C.	Criteria for Recording Commitments	2-1
	2-1.D.	Commitment Policy	2-1
	2-1.E.	Roles and Responsibilities	2-2
	2-1.F.	Document ID and Numbering	2-2
	2-1.G.	Data Entry	2-4

Chapter	Paragraph	Title	Page
---------	-----------	-------	------

2	2-2	Obligations	2-5
	2-2.A.	Definition	2-5
	2-2.B.	Criteria For Incurring Obligations	2-5
	2-2.C.	Criteria For Recording Obligations	2-5
	2-2.D.	Roles and Responsibilities	2-6
	2-2.E.	Personal Services and Benefits	2-6
	2-2.F.	Travel and Transportation	2-8
	2-2.G.	Rent, Communications and Utilities, Printing and Reproduction, Other Contractual Services, Supplies and Materials, and Equipment	2-10
	2-2.H.	Document ID and Numbering	2-14
	2-2.I.	Grants and Subsidies	2-17

The Following Chapters are RESERVED

3	Disbursements	Reserved
4	Accounts Receivable and Receipts	Reserved
5	Accounts Payable	Reserved
6	Year-end Closing	Reserved
7	Interfaces	Reserved
8	HUDCAPS Security	Reserved
9	HUDCAPS Internal Controls	Reserved
10	HUDCAPS System Administration	Reserved
11	Reports	Reserved

FOREWORD

SCOPE

The HUD Budget and Accounting Handbook is the official publication through which the Chief Financial Officer of the Department of Housing and Urban Development (HUD) prescribes budget execution and accounting policies and procedures applicable to all appropriations and funds of the Department. This Handbook does not provide instructions and guidance for budget formulation which is promulgated by Office of Management and Budget (OMB), Circular No. A-11, Preparation and Submission of Budget Estimates.

APPLICABILITY

The policies and procedures in this Handbook are applicable to the department's integrated financial management system which encompasses the Department of Housing and Urban Development Central Accounting and Program System (HUDCAPS), the Program Accounting System (PAS), and the Line of Credit Control System (LOCCS).

AUTHORITY

Pursuant to the Chief Financial Officers (CFO) Act of 1990 (Public Law 101-576), the CFO's responsibilities include developing and maintaining integrated accounting and financial management systems and directing, managing, and providing policy guidance and oversight of agency financial management activities and operations.

OMB Circular No. A-123, Management Accountability and Control, requires agencies to take proactive measures to develop and implement appropriate, cost-effective management controls for results oriented management. The policies and procedures in this Handbook incorporate general and specific management control standards prescribed by this circular.

OMB Circular No. A-127, Financial Management Systems, requires agencies to issue and maintain agency-wide financial management system directives to reflect the policies defined.

HANDBOOK FORMAT

The HUD Budget and Accounting Handbook is composed of 3 parts, each of which covers a different subject matter as follows:

- | | |
|----------|--|
| Part I | Prescribes budget execution and fund usage policies and procedures, except travel regulations. |
| Part II | HUD Travel Regulations |
| Part III | Fund Control Regulations. |

CHAPTER 1 - BUDGET EXECUTION

1-1. Budget Execution in HUDCAPS

A. Budget Execution Subsystem. HUDCAPS budget execution subsystem automates the budget execution process by recording on-line all financial activity associated with the establishment and distribution of the Department's budget. These activities include the establishment of budgetary resources, distribution of funds, and monitoring the spending of funds at all budget levels. By specifying certain system options, the distribution and control of funds can be uniquely defined for each budget level and HUDCAPS systematically ensures that authorized amounts are not exceeded.

B. 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 on the use of funds imposed by legislation, Office of Management and Budget, and HUD management. Multiple fund codes for a single appropriation will have the same Treasury 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 budget authority:

- direct authority
- contract authority
- credit program account
- credit financing account
- credit liquidating account
- reimbursable authority
- transfer appropriation (allocation account)
- source year (no-year accounts only beginning with fiscal year 1998)
- apportionment line item (Category B)

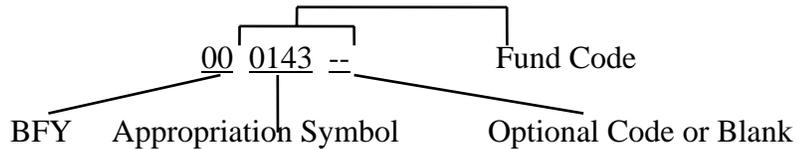
2. The fund code is a six position alphanumeric code preceded by two fields of two positions each for the budget fiscal years (Beginning BFY and Ending BFY). Two different coding structures are used:

- (1) for annual appropriations and other selected accounts, and
- (2) for multi-year and no-year accounts.

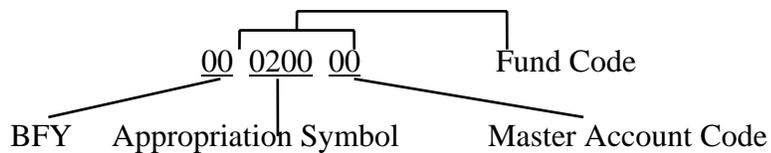
1-1. B. 2. a. For annual appropriations and other selected accounts, such as the Working Capital Fund, the first four positions of the fund code will be the appropriation account symbol assigned by Treasury, and the last two positions are optional for Category A apportionments. For Category B apportionments the optional positions must be used to identify a master account code and a component account code for annual appropriations. The fund code is a six

position alphanumeric code preceded by two fields of two positions each for the budget fiscal years (BFY). For example, the fund code for the Salaries and Expenses account for budget fiscal year 2000, Treasury symbol 8600143, for annual appropriations apportioned as Category A, would be represented as follows:

Annual Account (**Category A** apportionment):



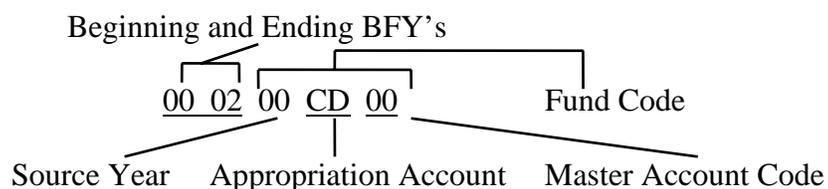
Annual Account (**Category B** apportionment):



If the **Optional Code** is used to identify a master account code and component account code, **the master account code** for the appropriation will be designated with a numeric code of “00”. **The component account code**, which represents an apportionment line item for Category B apportionments of the same appropriation symbol, will use an alpha code for the appropriation symbol as shown in the FUN3 Table.

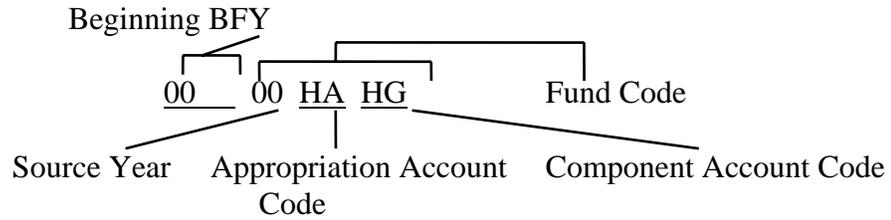
- b. For multi-year and no-year accounts, the fund code structure will consist of six continuous alphanumeric characters consisting of three segments: (1) BFY, (2) source year, (3) appropriation account code, (4) master account code or component account code. The fund code is a six position alphanumeric code preceded by two fields of two positions each for the budget fiscal years (Beginning BFY and Ending BFY). For example:

Multi-year master account:



Code

No-year component account:



Source Year is the fiscal year in which the funding source was provided. **Appropriation Account Code** is an alpha code as shown in the FUN3 Table. **The Master Account code** for an appropriation will be designated with a numeric code of “00”. **The Component Account code**, which represents an apportionment line item for Category B apportionments of the same appropriation symbol, will use an alpha code as shown in the FUN3 Table.

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

- 1-1. C. Uniform Budget Structure.** A uniform budget structure has been implemented by HUD and will be used for the establishment and distribution of all budgets. The uniform budget structure consists of eight levels and each level is distinguished by budget dimensions which are codes that represent how funds are distributed.

HUD Uniform Budget Structure

Level	Description	Dimensions
1	Appropriation	Budget Fiscal Year Fund Code
2	Apportionment	Budget Fiscal Year Fund Code Quarter
Level	Description	Dimensions
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

1-1. C. 1. Controls are established in HUDCAPS for each appropriation which automatically enforces compliance with the uniform budget structure. The levels of budget distribution must be entered in sequence, from the highest level to the lowest level. For example, before an Assignment/Operating Budget (Level 6) can be entered the preceding 5 levels must be entered.

D. Budget Controls. Budget distribution controls are also established in HUDCAPS for each appropriation or fund code which automatically restricts the processing of subordinate budget distribution documents to amounts authorized. The appropriation amount, or the amount established for each fund code, determines the overall amount authorized. Subsequent 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.

1-1. E. Establishing Budgets. Budgets are established in HUDCAPS by entering budget documents. These documents define the amount of funds available at each budget level and they must be processed prior to any spending documents. Establishment of a new budget and budget changes involves a three-step process before funds are available for spending.

Step 1. **Pending budgets** are always entered as the first step. Amounts entered as pending budgets update the online query tables, however, they are not available for spending until the amounts are approved and posted to the general ledger.

Step 2. **Approved budgets** are entered as the next 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.

Step 3. **Posted budgets** are entered as the last step and is 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.

F. Spending Controls.

1. **Definition.** Spending controls are also established in HUDCAPS for each appropriation or fund code which automatically restricts the processing of spending documents to amounts authorized at the lowest budget distribution level. As a system-wide control, HUDCAPS treats a commitment (reservation) transaction as a spending document and a reduction of budget availability. Spending documents include transactions that record a commitment (reservation), obligation, or expenditure. An error message is automatically generated when a spending document exceeds the lowest level budgeted amount and the transaction is rejected.

1-1. F. 2. Policy. Spending controls will be 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.

1-1. G. Control Override. Budget and spending controls can be overridden. A limited number of management officials will have authority to override budget and spending control deficiencies and allow processing of a document rejected for insufficient funds.

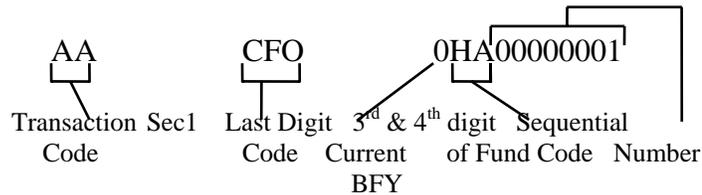
1-1. H. Status of Funds. After a spending document is processed, HUDCAPS immediately updates all online query tables relating to that document. The results of a spending document on each budget level can be viewed by accessing the appropriate online query table.

I. Posting Models. The specific transactions identified in this Chapter are the routine type transactions normally used to record budgetary resources and the distribution of funds. Reference to nonroutine type transactions and their descriptions can be found on the HUDWEB under HUDCAPS Posting Models. If a nonroutine transaction is needed, contact the Financial Systems Maintenance and Development Division for assistance in identifying and processing the transaction.

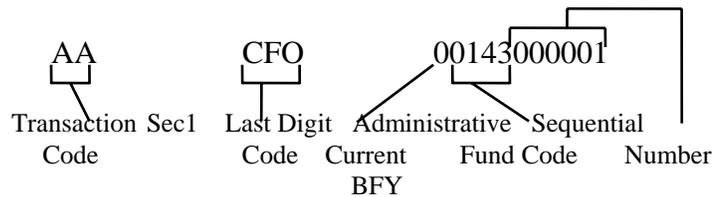
J. Document ID and Numbering.

1. A unique document ID must be assigned to all documents for HUDCAPS processing. Each document is identified by its transaction code, such as AA for the Appropriation/Apportionment document, and a Document ID consisting of two fields:
 - 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 that must conform to a prescribed structure for budget execution documents, a portion of which is automatically assigned.
2. A portion of the second 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 followed by the pound sign (#).

1-2. Budgetary Resources

- A. **Policy.** All budgetary authority available to HUD will be recognized and recorded into HUDCAPS, including estimated and anticipated amounts. These transactions will be recorded for the full amount authorized in a timely manner coincident with the occurrence of the event from which they originate.

B. Definition. Specific forms of budgetary authority are appropriations (including continuing resolutions), borrowing authority, contract authority, and reappropriations 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.

C. 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 Assistant Chief Financial Officer for Budget, or authorized and documented designee, must approve all budget authority transaction documents online in HUDCAPS for processing.

- 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.

D. Appropriations and Apportionments (Levels 1 and 2). The determination of the recording of an appropriation is dependent upon the language in the Federal law and the approved apportionment request. The budgetary authority with all limitations imposed by Federal law, Office of Management and Budget (referred to as OMB), HUD management, and Category B line items included in approved apportionment requests, must be recognized and recorded by separate fund codes.

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, which have been 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 also be recorded by a single fund code or multiple fund codes with the same Treasury symbol. However, if the appropriation is recorded by multiple fund codes, such as apportionment line items for Category B apportionments (which are amounts apportioned on a basis other than calendar quarters, such as by programs, activities, projects, etc.), it must be recorded using the *master/component concept* whereby the full amount of the appropriation is initially recorded in a fund code established for the master account and amounts for component fund codes are accomplished by a transfer of funds from the master account to the component accounts. 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.

1-2. D. 3. **Anticipated appropriations**, for indefinite budget authority of no-year funds, may be recorded the same as the multi-year and no-year appropriations described above in Paragraph 1-2.D.2. **Anticipated appropriations are recorded as estimated reimbursements** because availability of funds is dependent upon actual collections. The transfer of amounts to component fund codes, and subsequent apportionment of anticipated appropriations, is automatically restricted by the system to the amount of actual collections.

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 1-2.D.2.

1-2. D. 5. **Data Entry**

a. Data Entry for Annual Appropriations Apportioned as Category A. 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:

- an Appropriation/Apportionment Document (AA document), and
- an Apportionment Approval Document (PA document).

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.

(1) An **AA document** must be entered for each fund code citing the following transaction types:

Transaction	Trans Type
Appropriation	01

Apportionment	PA
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(2) 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

b. Data Entry for Multi-year, No-year and Annual Appropriations Apportioned as Category B. 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: (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).

1-2. D. 5. b. Step (1). 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”.

Step (2). 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.

Step (3). 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

Step (4). 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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Step (5). 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

1-2. D. 5. b. Step (6). 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. For accounts operating under a CR, the annualized level of the appropriation will be recorded. The source document for recording a CR is an internal document which shows the formula for calculating the amount, usually by deriving an annual amount and prorating the amount available for the period of the CR. Amounts made available under CRs that expire before December 31st are automatically apportioned. Since a portion of the annualized amount will be unavailable, two transactions will be required to record the available and unavailable amounts for each fund code. New fund codes for the new fiscal year will be established for each appropriation which conforms to the configuration of the related prior fiscal year fund codes.
2. Data Entry. Data entry for a continuing resolution will be recorded in two parts.
 - The first part will record the available amount, and
 - the second part will record the unavailable amount.

The recording of continuing resolution transactions requires the use of two documents:

- an Appropriation/Apportionment Document (AA document), and
- an Apportionment Approval Document (PA document).

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

Step 1. The **available** portion must be entered with an **AA document** for each fund code citing the following transaction types:

Transaction	Trans Type
Appropriation	01
Apportionment	PA

Step 2. The **unavailable** portion must be entered with an **AA document** for each fund code with apportionment amount fields left blank and citing the following transaction types:

Transaction	Trans Type
Appropriation	F1
Apportionment	Leave blank

Step 3. A **PA document** must be entered for each fund code with an **available** portion and citing the following transaction types:

Transaction	Trans Type
Approval	AP
Posting	01

NOTE: A Treasury warrant must be requested for the annualized level of each amount appropriated under the continuing resolution and recorded (see Paragraph 1-7).

1-2. F. Borrowing Authority. (Reserved for future use.)

G. Contract Authority.

1. **Definition.** Contract authority is statutory authority that allows an agency to enter into contracts or incur other obligations prior to an appropriation, or the realization of revenues, for the payment of obligations. It is authority to incur obligations in anticipation of either receipts or an appropriation of liquidating authority with which to pay the obligations. It is reported as budget authority, whereas the appropriation of liquidating authority is *not* reported as budget authority. Contract authority may be current or permanent, with or without fiscal year limitation, and definite or indefinite in amount. Ordinarily, contract authority is used where more than a year is expected to elapse between the time the obligation was placed and the time expenditures would begin in payment of the obligation. An agency may not make expenditures to liquidate obligations

incurred by contract authority. Funds must be appropriated to liquidate contract authority, or otherwise become available, for payment of these obligations.

2. HUD Permanent Contract Authority. Contract authority has been appropriated to HUD by Federal law which is permanent contract authority and indefinite in amount. If available indefinite contract authority, other than unobligated balance brought forward from the previous year, is necessary to cover obligations during the current fiscal year, **an amount must be recorded for the additional contract authority anticipated.**

- a. Data Entry. The source document for recording contract authority and apportionment transactions is an approved SF-132, Apportionment and Reapportionment Schedule. The recording of the anticipated contract authority transaction requires the use of two documents:

- an Appropriation/ Apportionment Document (AA document), and
- an Apportionment Approval Document (PA document).

The AA document is used to enter the anticipated contract authority amount and pending apportionment. The PA document is used to approve and post pending apportionment amounts.

Step (1). 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

Step (2). 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

1-2. H. Reappropriations (Reserved for future use.)

I. Transfers of Funds

1. Definitions. Transfers between two Federal Government accounts move budgetary resources from one account to another account and must be specifically authorized by Federal law. Amounts transferred are available for obligation only for the same period as the original appropriation, unless the language authorizing

the transfer provides for a change. Transfers of funds are of two general types: nonexpenditure and expenditure transfers.

1-2. I. 2. Nonexpenditure Transfers. Nonexpenditure transfers are transfers of authority in the form of increases and decreases of either new budget authority or balances brought forward from prior years. They may be made directly (*direct transfers*) between two existing accounts that benefit the *receiving account* or through the 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.

Nonexpenditure transfers are limited to transactions in which both the withdrawal and the credit occur in the same fund group, such as, general funds, revolving funds, special funds, trust funds, and deposit funds. A withdrawal and credit transaction between accounts in different groups, for example, between a general fund and a revolving fund, will be classified as an expenditure transaction without exception. Nonexpenditure transfers are accomplished by preparing and processing a SF-1151, Nonexpenditure Transfer Authorization.

a. Data Entry. The source document for recording a nonexpenditure transfer is an approved SF-1151, Nonexpenditure Transfer Authorization. The determination of the recording of a nonexpenditure 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 reappropriation 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, Nonexpenditure Transfer Authorization, the realization of the nonexpenditure transfer must be recorded and requires the use of an Appropriation Transfer Approval Document (**TC document**) which references the related TA document.

1-2. I. 2. 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.

(1). Direct transfers of *new budget authority* authorized by legislation 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

(2). Realization of the direct transfer of *new budget authority* by a Treasury accomplished SF-1151, Nonexpenditure 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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(a). 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.

(3). Direct transfers of *prior year unobligated balances* authorized by legislation 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

- 1-2. I. 2. (4). Realization of the direct transfer of *prior year unobligated balances* by a Treasury accomplished SF-1151, Nonexpenditure 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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- (a). The realized direct transfer of *prior year unobligated 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/ Apportionment Document (**AA document**) and an Apportionment Approval Document (**PA document**).
- (5). Transfers of *reappropriations of unexpired account balances*.
(Reserved for future use.)
- (6). Transfers of *obligated account balances*.
(Reserved for future use.)
- (7). An *allocation transfer received of new budget authority* based on authorizing legislation requires the establishment of a new fund code, with an Appropriation/ Apportionment (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

- (8). Realization of the *allocation transfer received* of new budget authority by a Treasury accomplished SF-1151, Nonexpenditure 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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- 1-2. I. 2. (8) (a). 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.

Nonexpenditure 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

- (b) 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

- (9) An *allocation transfer issued* of new budget authority authorized by legislation 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

- (10) Realization of the *allocation transfer issued* of new budget authority by a Treasury accomplished SF-1151, Nonexpenditure 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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- 1-2. I. 3. 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 an accounts receivable. The actual payment and collection may be recorded in incremental amounts during the fiscal year. See Paragraphs __-__ and __-__ for the recording of the obligations and outlays and Paragraphs __-__ and __-__ for the recording of reimbursements as offsetting collections.

1-2. J. Spending Authority From Offsetting Collections

1. Definitions. Spending authority from offsetting collections are payments and repayments authorized by law to be credited to an appropriation or fund account. Payments and repayments 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.

- a. Policy.

- (1). 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 which 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.

- 1-2. J. 2. a. (2). For the **Working Capital Fund**, which is *not subject to apportionment*, current annual estimates will *not* be recognized and recorded into HUDCAPS at the beginning of the fiscal year for anticipated amounts of reimbursements. Estimated reimbursements will be recognized and recorded into HUDCAPS based on the receipt of approved reimbursable orders which have been recorded and obligated in the *ordering* account

- (3). 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.

(4). 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

(5). The **Estimated Reimbursement Option** must be set to “**Include Lesser of Actual and Estimated**” for all program appropriations with estimated reimbursements.

b. Data Entry for Estimated Reimbursements. The recording of 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.

(1). 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

1-2. J. 2. b. (2). 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

- (3). 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
Apportionment	PA

- (4). 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 only (with Fund Category “I” that includes a compound entry to recognize and record an unfilled customer order in the general ledger but not reflected in the Appropriation Inquiry Table [APPR]):

Transaction	Type
Approval	AP
Posting	01

- (5). Reimbursable Orders. The determination of recording reimbursable orders is dependent upon whether the reimbursable order is *with* or *without* an advance.

(a). Data Entry.

1. A reimbursable order *with* an advance. (Reserved for future use.)
2. A reimbursable order *without* an advance. (Reserved for future use.)

1-2. J. 3. Anticipated Collections. 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**.

- a. 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).

- (1) 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.

Apportioned/Unapportioned	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”.

- (2) For anticipated collections **included in an apportionment request**, follow the steps prescribed above in Paragraphs 1-2.5.b.(2) through (6) but only for amounts of actual collections.

- (3) For anticipated collections **not included in an apportionment request**, no further transactions are required.

1-2. K. 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 estimated to be apportioned before the budgetary resource can be reallocated.

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.

 - a. Data Entry. The recording of estimated recoveries of prior year obligations requires the use of an Appropriation/Apportionment Document (AA document). The AA document is used to enter the estimated recoveries of prior year obligations amount.

- (1). 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

4. 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.
- a. 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 (see Paragraph _-_-).

1-2. L. Unobligated Balances

1. Definition. An unobligated balance is the amount remaining after deducting the cumulative obligations from the amount available for obligation. 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 **new budget fiscal year** component fund code. Carryover Amounts for no-year accounts in the **component fund code** of the new budget fiscal year must be **manually transferred** to the related **master fund code** for the new budget fiscal year in accordance with the *master/component concept* described in Paragraph 1-2.D.2, and procedures described in Paragraph 1-2.D.5.b.
3. Roles and Responsibilities. The Office of the Assistant Chief Financial Officer for Budget (ACFOB) is responsible for the timely recording, at the beginning of the fiscal year, of the transfer of unobligated balances for no-year accounts from the component fund code to the related master fund code.

4. Data Entry. The source document for recording these transactions is an approved SF-132, Apportionment and Reapportionment Schedule, and requires the use of two documents:

- An Appropriation Transfer Document (TA document), and
 - an Appropriation Transfer Approval Document (TC document).
- a. 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	Unobligated Balance
From Transaction	PY
To Transaction	PY

b. 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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1-3. Deferrals.

A. Definition. A deferral is any OMB action or inaction that temporarily withholds, delays, or effectively precludes the obligation or expenditure of budgetary resources. Deferrals are generally effected through the apportionment process. This is the amount of budgetary resources being set aside for possible use at a later date, before the funds expire, pursuant to a special message transmitted, or to be transmitted, to the Congress.

1. Deferrals Through The Apportionment Process. Such deferral action may be taken by OMB on its own initiative or at the request of the Department.
- a. 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 (see Paragraph 1-2.D. for the required transaction type codes).

1-4. Rescissions.

A. Definition. A rescission is enacted or pending legislation that cancels budget authority previously provided by law, prior to the time when the authority would otherwise expire. Budget authority subject to rescission may be appropriations, borrowing authority, contract authority, or unapportioned balances of revolving funds.

1. **Pending Rescission.** 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).

1-4. A. 1. a. 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 (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)	PR

2. **Enacted Rescission Pending.** The determination of 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.

a. **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 (see Paragraph 1-2.D. for the required transaction type codes). 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 (see Paragraph 1-7).

- b. 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 (see Paragraph 1-7).

1-5. Distribution of Funds.

A. 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. (See Chapter 1, Appendix 1.)

B. 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 (Paragraph 1-1.C.), and consists of eight budget levels: (1) Appropriation, (2) Apportionment, (3) Advice of Allotment, (4) Distribution to Program/Object Class, (5) Distribution to Program, (6) Assignment/Operating Budget - Level 1, (7) Assignment/Operating Budget - Level 2, and (8) Assignment/Operating Budget - Level 3.

C. Roles and Responsibilities.

1. The Assistant Chief Financial Officer for Budget (ACFOB) is responsible for maintaining a current signed list of allotment holders and assignment/operating budget designees approved by the Secretary as authorized recipients. The ACFOB is also 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

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

- 1-5. C.**
1. approved by the Secretary. The ACFOB, 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** is 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.
 - (a). See Chapter 1, Appendix 1, for authorized allotment holders and assignment/operating budget designees.
 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. See Appendix A for detailed data entry procedures.

- 1-5. 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.

1. 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

- 1-5. 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
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1-5. F. Distribution To Program (Level 5). The Distribution to Program 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.

1. 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

1-5. G. Assignment/Operating Budget (Level 6). The Assignment/Operating Budget 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 (**SAIN**) 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.

1. **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

1-6. Reprogramming of Funds. (Reserved for future use.)

1-7. Treasury Warrants.

A. Definition. Treasury warrants are also known as appropriation warrants and are official documents issued by the 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 appropriations on the books of Treasury and the department for which the appropriation is made. Amounts are identified in the warrants by appropriation symbols. Warrants are issued routinely by the Treasury for regular appropriations and Surplus Warrants and no action is required by the department. Warrants must be requested in writing by the department during periods of continuing resolutions in accordance with instructions in Treasury Financial Manual, Section 2030.20, and for annual amounts of liquidating authority, authorized by law, for permanent/indefinite contract authority and for current/definite contract authority, and for rescission warrants.

B. Policy. Treasury warrants must be obtained from Treasury and recorded in HUDCAPS for all accounts of HUD.

C. Roles and Responsibilities. For warrants that must be requested in writing, the ACFOB 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 all Treasury warrants for all funds of HUD in HUDCAPS.

1-7. D. Data Entry. The source documents used to record Treasury Warrants are an 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 5th and 6th 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

1-8. Credit Reform.

- 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 discretely into HUDCAPS for the loan subsidy appropriation, loan administrative expense appropriation, and the guaranteed loan level.
- 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.

1-9. 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.

1-9. 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**.

1-9. D. 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 then 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**.

CHAPTER 2 - COMMITMENTS AND OBLIGATIONS

2-1. Commitments.

A. Definition. The commitment of funds is a concept that recognizes transactions on a pre-obligation basis. The recording of commitments is an accounting practice for control of funds purposes and does not constitute “commitment based funding” for budget and reporting purposes. The commitment of funds achieves an administrative control and funds availability validation prior to the obligation of funds. Throughout this Chapter, the term “commitment” is used to describe the pre-obligation of funds and includes, and replaces, the term “reservation”. Essentially, a **commitment** is the setting aside or earmarking of funds that will be used in the future for the purchase of goods or services, or the award of grants or subsidies. As pre-obligations they are not legally binding and are not encumbrances of a fund. However, for administrative control of funds purposes in HUDCAPS, commitments are treated as reductions of budget availability.

NOTE: The term “commitment” is also used with reference to a loan guarantee commitment and a mortgage-backed securities commitment which differs from an “administrative 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 guarantees the timely payment of principal and interest to investors in privately issued GNMA securities and is recorded and reported against the authority to guarantee commitments.

B. Criteria For Incurring Commitments. All commitments 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.

C. Criteria For Recording Commitments. 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** with the required classification and dimensions of the applicable budget structure, and with a specific **vendor code**, if known at the time of issuance. Otherwise, use only the **vendor name** of “Vendor unknown” if the vendor is not known at the time of issuance. A **specific vendor code** may be used but it is not required for commitments. Use of a “**MISC**” **vendor code** is prohibited.

D. Commitment Policy. The processing and recording of commitments in HUD is required for many programs and administrative activities. Commitments that are recorded and remain unobligated at fiscal year-end are automatically reversed prior to the fiscal year-end closing process and systematically reclassified to unobligated

balances for all appropriations. Valid commitments for **unexpired** multi-year and no-year funds must be reestablished manually in HUDCAPS for the new fiscal year. Commitment amounts that have been reversed at fiscal year-end for **expired** annual and multi-year funds are no longer valid commitments of the expired accounts. The reclassified amounts remain as part of the unobligated balance for the expired accounts, and are 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.

2-1. E. Roles and Responsibilities.

1. Pending completion of plans to integrate the Program Accounting System (PAS) with HUDCAPS, the recording of commitments may be entered in HUDCAPS, PAS, or HPS.
 - a. Authorized users of HUDCAPS in administrative and program offices in headquarters and field locations are responsible for recording **administrative commitments** directly into HUDCAPS. The staff of the Financial Management Center (FMC) is responsible for recording **Section 8 commitment** transactions directly into HUDCAPS, and FMC Team Leaders, who are Authorizing Officials for Section 8 programs, are responsible for the timely on-line review, approval, and processing of the commitment document.
 - b. Authorized users of PAS in Washington Headquarters and the CFO Accounting Center (Fort Worth) are responsible for recording all **other program commitments directly into PAS**, such as grants and operating subsidies.
 - c. Authorized procurement users of the HUD Procurement System (HPS) in Headquarters and field offices are responsible for recording administrative commitments through the HPS using Form HUD-718 (Funds Reservation & Contract Authority), and Form HUD-730 (Award/Modification of Interagency Agreement). Subsequently, reciprocal commitment transactions are automatically generated and processed into HUDCAPS as *RH* documents through the HPS Interface with HUDCAPS.

F. Document ID and Numbering.

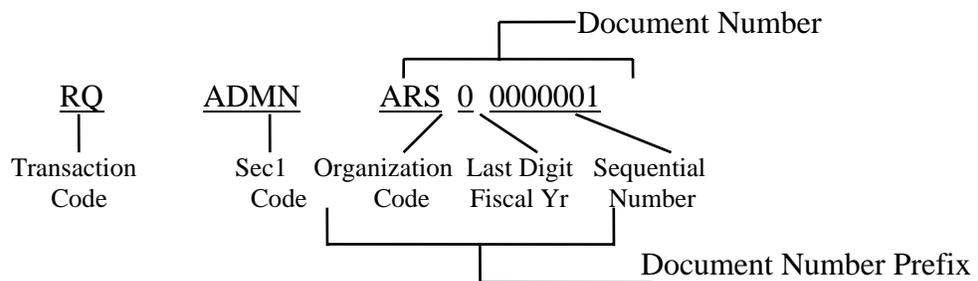
1. A unique document ID must be assigned to all commitment documents for HUDCAPS processing. Each document is identified by its **transaction code** (*RQ* for a Requisition Document, or *RV* for a Service Requisition), a **SEC1 code** (the division code of the office authorized to enter the transaction), and a **document number**. Refer to instructions issued annually at fiscal year-end, by the Systems Development and Maintenance Division, which prescribes current HUDCAPS Document Processing requirements.

2-1. F. 2. The **11-position document number** field is structured as follows:

- 1 to 5 positions Organization code.
- 1 position Last digit of current fiscal year.
- 5 to 9 positions Sequential number (automatically assigned for RQ documents, but manually entered for RV documents).

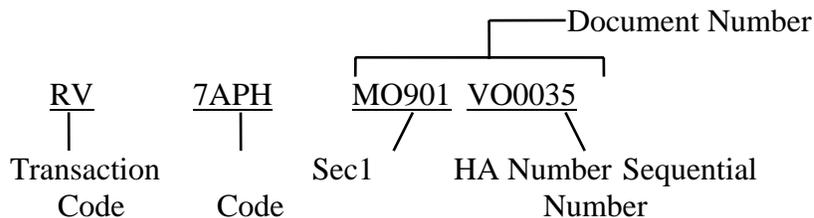
3. Examples of the complete Document ID structure are as follows:

Administrative commitment (RQ document):



In HUDCAPS the Document ID will appear as: RQ ADMN ARS00000001.

Section 8 commitment (RV document):



In HUDCAPS the Document ID will appear as: RV 7APH MO901VO0035.

4. When creating a new Document ID for an administrative commitment, an automatic document sequence number is applied by entering the SEC1 code and document number prefix followed by the pound sign (#). As shown above, enter ADMN ARS0#, and press the enter key. The system will automatically replace the (#) sign with the next sequential number.

2-1 G. **Data Entry.**

1. Data Entry for HPS Transactions. Refer to the HPS Users Manual on the HUDweb for data entry instructions for processing commitments in HPS.

Commitment transactions are automatically interfaced with HUDCAPS by the on-line **HPS Interface Program** and processed into HUDCAPS as *RH* documents (HPS Requisitions).

2. Data Entry for Commitments Directly Into HUDCAPS.

a. The source documents used for recording commitments directly into HUDCAPS are:

- Form HUD 10.4, Requisition for Supplies, Equipment, Forms, Publications and Procurement Services.
- Optional Form 347, Order for Supplies or Services.
- Form HUD 718, Funds Reservation & Contract Authority

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 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.

2-2. Obligations.

A. Definition. Obligations are amounts of orders placed, contracts awarded, services received, grants and subsidies payable, loan agreements, interagency agreements, and similar transactions for bona fide needs existing during a given period that will require payments during the same or a future period and that comply with applicable laws and regulations. Such amounts will include outlays for which obligations had not been previously recorded and will reflect adjustments for differences between obligations previously recorded and actual outlays to liquidate those obligations. These transactions are the foundation for obligation based reporting.

B. Criteria For Incurring Obligations. All obligations 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. An obligation may not be authorized before enactment of the applicable appropriation, unless otherwise provided by law. **A prevalidation of the availability of funds should be performed before an obligation is incurred.**

C. Criteria For Recording Obligations.

1. Obligations shall be recorded in a **timely manner** coincident with the occurrence of the events from which they originate. Obligations must be recorded against an **approved budget** with the required classification and dimensions of the applicable budget structure and with a specific **vendor code** that is maintained as an active authorized vendor on the Vendor Table (VEND). Once an obligation has been incurred it **must be recognized and recorded** whether funds are or are not available. **The system will automatically reject a transaction that exceeds available funds.** However, an overrideable error message will be generated that requires supervisory approval with authority to override and process the transaction. Obligations in excess of available funds may result in a reportable violation of the Antideficiency Act.
2. The **principles** that are used in determining **which fiscal year's appropriation is to be charged** at the end of the fiscal year will also be used for determination of the obligations for any period within the fiscal year, unless otherwise specified.
3. 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.

2-2. D. Roles and Responsibilities.

1. Authorized procurement users of the HUD Procurement System (HPS) in Headquarters and field offices are responsible for recording administrative obligations through the HPS based on a procurement instrument, i.e., contract, purchase order, interagency agreement, cooperative agreement, or grant award. Subsequently, reciprocal obligation transactions are automatically generated and processed into HUDCAPS as *MH* documents (HPS Misc Order) through the HPS Interface with HUDCAPS.
2. Pending completion of plans to integrate the Program Accounting System (PAS) with HUDCAPS, the recording of obligations may be entered in PAS, HUDCAPS, or HPS.
 - a. Authorized users of HUDCAPS, with authority to enter and process certain obligation documents, in administrative and program offices in headquarters and field locations are responsible for recording **administrative obligations** directly into HUDCAPS, except administrative obligations entered directly into HPS by authorized procurement users of HPS .
 - b. The staff of the Financial Management Center (FMC) is responsible for recording **Section 8** obligations directly into HUDCAPS, and FMC Team Leaders, who are Authorizing Officials for Section 8 programs, are responsible for the timely on-line review, approval, and processing of the obligation document.
 - c. Authorized users of PAS in Washington Headquarters and the CFO Accounting Center (Fort Worth) are responsible for recording all **other program obligations directly into PAS**, such as, grants, subsidies, and loans.

E. Personal Services and Benefits.

1. Definition. Obligations for personal services and benefits include:
 - amounts earned by employees;
 - 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;
 - 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;

- other allowances, such as uniform allowances and incentive awards;
- annual leave;
- unemployment compensation payments to the Department of Labor for former Federal employees.

2-2. E. 2. Policy. As a general rule, amounts for **personal services and benefits** will be recorded as obligations in the month in which earned. Exceptions to this principle are:

- a. **severance pay** will be recorded as an obligation of the pay period covered, on a pay period by pay period basis, as it is earned.
- b. **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 will be recorded as an obligation at the time individual travel orders are approved.
- c. **other allowances**, such as uniform allowances and incentive awards will be recorded as obligations when they become payable.
- d. **annual leave** will be recorded as an obligation when it becomes due and payable as terminal leave or taken in lieu of a lump sum payment.
- e. **unemployment compensation** payments will be recorded as obligations when the bills are received from the Department of Labor for former Federal employees.

3. Roles and Responsibilities.

- a. 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.
- b. The CFO Accounting Center (Fort Worth) is responsible for processing and recording all automated interagency bills received from the Treasury On-Line Payment and Collection (OPAC) System which includes unemployment compensation payments to the Department of Labor; and for ensuring that all OPAC billings are properly approved by officially designated authorizing officials.

2-2. E. 3. c. The 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.

4. Data Entry.

- a. 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.
- b. 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 Online Payment and Collection (OPAC) System. Data entry procedures for OPAC System billings are included in Paragraph _-_.
- c. Data Entry for Relocation Benefits. 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 are requires the use of a PCS Travel Orders (TX document).

F. Travel and Transportation.

1. 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.
2. Policy.
 - a. As a general rule, amounts for travel and transportation will be recorded as obligations in the month when the need is recognized and for which a valid contract for services has been made, or for which travel and transportation expenses have been incurred. A valid contract for services is a binding agreement for specific services. Transportation requisitions, Government bills of lading and shipping orders are not binding agreements for specific goods or services and are not a basis for recording obligations.

- 2-2. F. 2. b. Travel shall be authorized only when it is necessary to accomplish effectively and economically the mission of HUD.
- c. All travel shall be authorized only by an official designated in writing by the Secretary or by an official to whom such authority has been delegated. Designations will specify the type of travel for which authority is delegated and be recertified annually at the beginning of each fiscal year.
- d. Travel authorization will be approved before the incurrence of travel and relocation expenses and benefits.
- e. To ensure adequate managerial and supervisory attention to the need for all travel, each employee's travel shall be authorized separately on a trip-by-trip basis.
- f. The Federal Travel Regulations (FTR) governs travel and transportation for Federal civilian employees and certain new appointees. Travel authorized for HUD employees is to adhere to these regulations. Certain discretionary policies and procedures required by the Federal Travel Regulations (FTR) and applicable to the Department, along with detailed data entry instructions, will be published as a separate Volume to this Handbook at a later date.

3. Roles and Responsibilities.

- a. The **Chief Financial Officer** is responsible for establishing and implementing Departmental travel policies within the guidelines promulgated by the FTR.
- b. The **Director, Office of Systems Development and Maintenance (OSDM)** is responsible for coordinating the timely receipt and processing of travel obligation data from the Scheduled Airline Trafficking Office (SATO) through the SATO Interface Program.
- c. Pending department-wide implementation of the HUD Travel Management System (HTMS), the **CFO Accounting Center (Fort Worth)** is responsible for processing and recording, in HUDCAPS, obligations and payments for all authorized travel within HUD (except for interim authorized users of HTMS), 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. Interim authorized users of HTMS are responsible for processing and recording obligations and payments for their own temporary duty travel and local travel through HTMS.

- 2-2. F. 4. 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:

- a. 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).
- b. For HTMS users, obligation documents for temporary duty travel (TDY) and local travel expenses are automatically generated by the HUD Travel Management System as HTMS Travel Order/Advance (EA document), and HTMS Local Travel Voucher (EL document) for processing in HUDCAPS.
- c. Obligation documents for fares by **common carrier**, i.e., air, rail, or bus, are automatically generated by the SATO Interface Program as SATO Travel Expense (TE document) for processing in HUDCAPS.
- d. Obligations for **relocation travel** are entered manually into HUDCAPS as PCS Travel Orders (TX document).

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

1. Rent, Communications, and Utilities.

- a. Definition. Obligations for rent, communications, and utilities include amounts owed for the use of property and amounts for services received for communications and utilities.
- b. Policy. As a general rule, amounts for rent and for communication and utility services will be recorded as obligations in the month in which use of property occurred or services were received. Where bills are rendered for a period beginning in one month and ending in the following month, the services received subsequent to the latest billing date need not be included. However, if the accrued liability for communication and utility services performed for the portion of the month between the end of the billing period and the end of the month is material, provision should be made for recording it as an obligation. Exceptions to this rule for rent are:

- 2-2. G. 1. b. (1) when rental contracts cover only the period funded, obligations will be recorded for the full amount of the contract. For example, the annual amount will be recorded as an obligation for a one-year contract funded by an annual appropriation, and the full amount for a two-year contract when funded by a two-year appropriation.

(2) for rental contracts with renewal options, obligations will be recorded for the full amount of the contract including the amount required to cover the basic period and any penalty charges for failure to exercise options.

(3) for GSA rental space, obligations will be recorded for the amount of payments owed on the basis of bills rendered by GSA.

2. Printing and Reproduction, Other Contractual Services, Supplies and Materials, and Equipment.

a. 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.

b. Policy. With regard to specific types of orders and contracts awarded, the following principles will be observed.

(1) *Cost-plus-fee and other types of contracts without a fixed price.* Include obligations on the basis of the total estimated costs of contracts (including the total fixed fee, if any). This amount will be obligated in the month during which the contract is let, and subsequent adjustments upward or downward in the estimated cost (or the fixed fee, if any) will be reflected in subsequent periods. If a maximum price is stated, the maximum amount will be obligated at the time the contract is let.

(2) *Fixed price contracts with escalation, price redeterminations, and incentive provisions.* Include obligations on the basis of the fixed price stated in the contract or the target or billing price in the case of a contract with an incentive clause.

2-2. G. 2. b. (3) *Continuing contracts subject to the availability of appropriations.* Include as obligations the agency's total estimated legal liability, for example, the amount that the contractor has been notified is available for payment under the particular contract and any potential agency cancellation and/or termination costs. The obligated amount should be modified based on any subsequent agreements.

- (4) *Letters of intent and letter contracts.* Where such letters constitute binding agreements under which the contractor is authorized to proceed, include obligations to cover the maximum liability indicated in the letters. If the letters merely indicate an intention on the part of the agency to enter into a contractual relationship at a later date, then the amounts will not be treated as obligations. The maximum liability under a letter of intent or a letter contract shall be the amount necessary to cover expenses that the contractor is authorized to incur prior to the execution of a definitive contract.
- (5) *Contract for variable quantities.* Where a contract provides for several quantities as alternatives, include obligations only for the amount of the quantity specified for delivery, exclusive of permitted variations. Where a contract provides for delivery only when and if requested by the agency, the agency assumes no specific obligations. Only amounts of orders for delivery will be obligated.
- (6) *Purchase orders.* Include obligations for orders under which the agency assumes a specific obligation for material or services not reflected in the items described above.
- (7) *Orders required by law to be placed with another Federal Government agency.* When the agency is required by law or regulation to place certain orders with another Federal Government agency, such orders shall be recorded as obligations of the ordering agency at the time the orders are issued.

3. Contracts and Interagency Agreements.

- a. Policy. Procurement actions for administrative Contracts and Interagency Agreements will be processed and recorded through the HUD Procurement System (HPS). Reciprocal obligation transactions will be automatically generated and entered into HUDCAPS as HPS Miscellaneous Order (MH document) through the HPS Interface Program with HUDCAPS.

- 2-2. G. 4. 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.

- 5. Data Entry. Attached as Appendix B are detailed data entry procedures by document type. So as to preclude duplication of procedures, only the required transaction and the related transaction type codes are identified in the following paragraphs.

- a. Small Purchases. The source document for recording small purchases is an approved Form HUD-10.4 (Requisition for Supplies, Equipment, Forms, Publications and Procurement Services), or 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 Via OPAC. The source document for recording Bankcard Charges is the monthly account statement with authorizing signatures. The source document for recording interagency goods and services is form HUD-730 (Award/Modification of Interagency Agreement). The recording of these transactions require 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 require the use of a Print Order (PN document). The PN document must cite the following transaction type:

Transaction	Trans Type
Print Order (PN)	01

- 2-2. G. 5. 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

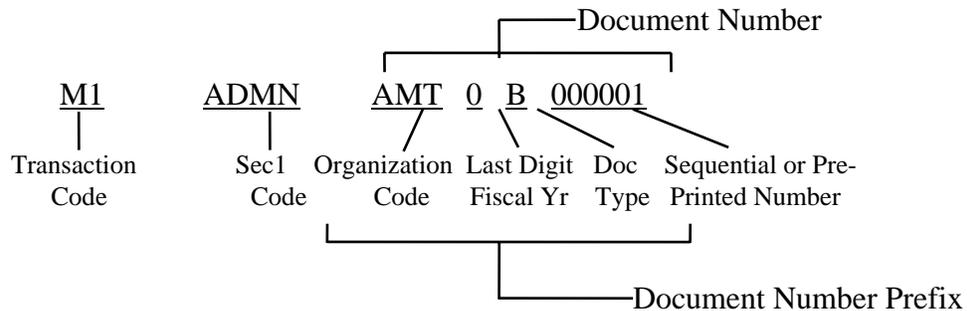
- e. Reimbursable Work Orders. The source document for recording reimbursable work orders is an approved documented request for reimbursable work. The recording of reimbursable work orders requires the use of a Work Order (WA document). The WA document must cite the following transaction type:

Transaction	Trans Type
Work Order (WA)	01

H. Document ID and Numbering.

1. A unique document ID must be assigned to all obligating documents for HUDCAPS processing. Each document is identified by its 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 11-position document number field is structured as follows:

2 to 4 positions	Organization code
1 position	Last digit of current fiscal year
1 to 3 positions	Document type code
3 to 7 positions	Sequential or pre-printed number (PPN)
3. An example of the complete Document ID is structured as follows:



In HUDCAPS the Document ID will appear as: M1 ADMN AMTB000001.

- 2-2. H. 4. When creating a new Document ID, the automatic document sequence number is applied by entering the SEC1 code and document number prefix followed by the pound sign (#), for example: AMT0B#, and press enter. A pre-printed number

(PPN) from printing and visual arts obligating documents must be entered manually, for example, a Printing Order (non-GPO) - Field, from Form HUD-50, would be: 4EA0P + pre-printed number.

5. Document Type Codes for the 11-position document number are as follows:

<u>Obligating Document</u>	<u>Document Type Code</u>
Bankcard	B
Fedstrip GSA Supply	F
Graphic Arts - HQ	G
GSA Supplies/Customer Service Center	SUP
Motorpool	MP
Printing Order (non-GPO) - Field	P
Printing Order (GPO) - Field	P
Printing Order - HQ	P
Purchase Order - Field Obligation	P
Purchase Order - Hq Obligation	P
Reimbursable Work Order - Hq	WA
Reimbursable Work Order - Field	WA
Reimb Order - Info Technology	R
Telephone OPAC	TEL
Training Order	T

6. Examples of fiscal year 2000 document numbering structure for selected obligating documents are as follows:

2-2. H. 6. <u>Obligating Documents</u>	<u>Trans Code</u>	<u>SEC1 Code</u>	<u>Document Number</u>
Bankcard	M1	<u>1/</u>	Org code + 0 + B + #
Fedstrip GSA Supply	M1	<u>1/</u>	Org code + 0 + F + Ticket No.
Graphic Arts - Hq	PN	<u>1/</u>	ZZ + 0 + G + Form HUD-20A (PPN)
GSA Supplies/Customer Service Center	M1	<u>1/</u>	Org code + 0 + SUP + Customer Service BOAC (PPN)
Motorpool	M1	<u>1/</u>	Org code + 0 + MP + #
Printing Order (non-GPO)-	PN	<u>1/</u>	Org code + 0 + P +

Field			Form HUD-50 (PPN)
Printing Order (GPO) - Field	PN	<u>1/</u>	Org code + 0 + P + Form HUD-2511 (PPN)
Printing Order - Hq	PN	<u>1/</u>	ZZ + 0 + P + Form HUD-20 (PPN)
Purchase Order - Field	MO	<u>1/</u>	Org code + 0 + P + Number assigned by procurement
Purchase Order - Hq	MO	<u>1/</u>	Org code + 0 + P + Number assigned by procurement
Reimbursable Work Order- Field	WA	<u>1/</u>	Org code + 0 + WA + Work Order (PPN)
Reimbursable Work Order- Headquarters	WA	<u>1/</u>	H + 0 + WA + Work Order (PPN)
Reimbursable Order -M1 Information Technology		<u>1/</u>	Org code + 0 + R + #
Telephone OPAC	M1	<u>1/</u>	Org code + 0 + TEL + #
Training Order	RT	<u>1/</u>	Org code + 0 + T + #

1/ The SEC1 Code for your respective organization.

2-2. I. 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. Policy. The amount of obligations for grants and subsidies will be determined as follows:
 - a. for grants that are automatically fixed by a statutory formula, or specified by law, the obligation will be the amount determined by the application of the formula, and recorded at the time the amount so determined becomes available to the grantee.

- b. for grants that are based upon approved financial programs, the obligation amount will cover only the period of time for which the financial requirements have been established and approved, and recorded at the time an administrative determination has been made that funds will be paid to the grantees.
- c. for grants that are based upon approved construction and related projects, the obligation amount will cover the Federal share of the project, and will be recorded at the time the project is approved by Federal authority.
- d. for grants that are based on administrative determinations, such as Operating Subsidies to Housing Authorities, the obligation will cover the amount approved for payment, and recorded at the time the determination is made.
- e. for grants based upon contracts or agreements, such as an Annual Contributions Contract (ACC), obligations will be for the amount of the contract or agreement and recorded at the time the contract or agreement is executed.
- f. subsidy cost for direct loan programs will be obligated in the credit program account when the direct loan obligation is incurred in the credit financing account.
- g. subsidy cost for guaranteed loan programs will be obligated in the credit program account when the guarantee commitment is made.
- h. all other grants and subsidies will be recorded at the time the payment is made.

2-2. I. 3. 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, and 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.
4. Data Entry. 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).
 - 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.