

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.

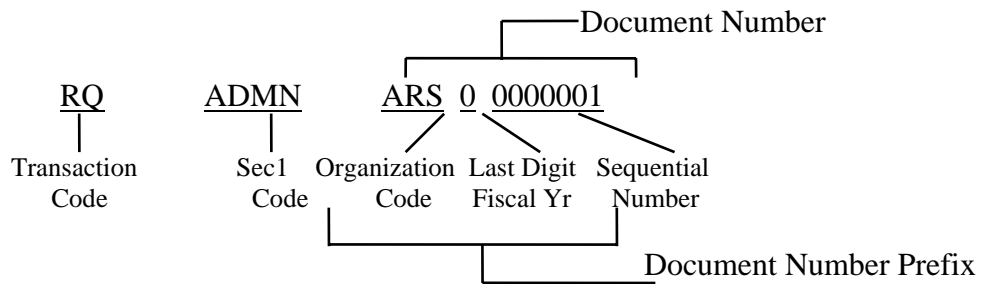
1. A unique document ID must be assigned to all commitment documents for HUDCAPS processing. Each document is identified by its **transaction code** (*RQ* for a Requisition Document, or *RV* for a Service Requisition), a **SEC1 code** (the division code of the office authorized to enter the transaction), 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).

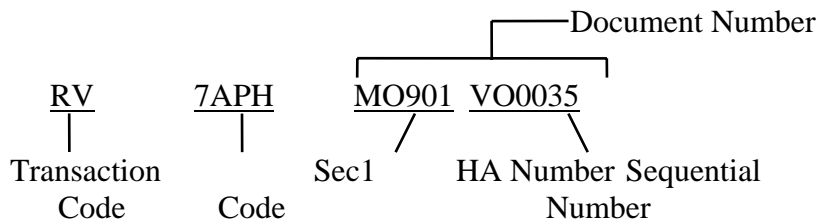
3. Examples of the complete Document ID structure are as follows:

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

(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.