

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

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

**ALLOTMENT**

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

**ALLOTMENT HOLDER**

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

**APPORTIONMENT**

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

**APPROPRIATION**

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

**BUDGET AUTHORITY**

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

**CARRYOVER FUNDS**

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

## APPENDIX NO. 3

### COMMITMENT

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

### CONTRACT AUTHORITY

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

### DEFERRAL

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

### DIRECT LOAN

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

### FUND ASSIGNMENTS

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

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

#### GROSS OBLIGATIONS

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

#### GUARANTEED LOAN

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

#### OBLIGATION

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

#### PROGRAM FUNDS

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

## **APPENDIX NO. 3**

### **RESCISSION**

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

### **STAFF EXPENSE FUNDS**

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

### **SUBALLOTMENT**

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