



DETAIL-LEVEL FUNCTIONAL REQUIREMENTS DOCUMENT

*HUD Integrated Financial Management Improvement
Project*

U. S. Department of Housing and Urban Development

August 9, 2005



The MIL Corporation

Revision Sheet

Release No.	Date	Revision Description
Rev. 0	06/27/2005	Draft Detail-level Functional Requirements Document submitted
Rev. 1	07/26/2005	Incorporated comments from Deliverable Acceptance Report dated July 12, 2005
Rev. 2	08/09/2005	Incorporated additional HUD comments from Deliverable Acceptance Report dated August 4, 2005

U. S. Department of Housing and Urban Development

Contract Number	C-DEN-01982			
Request Number	R-2004-AY-00378			
Task Number	HIFMIP SDM Define Stage – CDR #10			
Deliverable	FINAL Detail-level Functional Requirements Document			
Due Date	08/09/2005			
Comments Returned Due Date				
Comments Returned Date				

Comments:

Program Area Representative: Mary Kohlmeier Date: _____

GTM: Jenny A. Shaker Date: _____

GTR: Kenneth Traylor Date: _____

FUNCTIONAL REQUIREMENTS DOCUMENT

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2.0 CURRENT SYSTEM SUMMARY

2.0 CURRENT SYSTEM SUMMARY

This section describes a high level overview of the current systems environment that HUD employs to fulfill and support its financial management responsibilities. Figure 2-1 Financial System Flow below illustrates the financial system flow of HUD’s current financial management implementation.

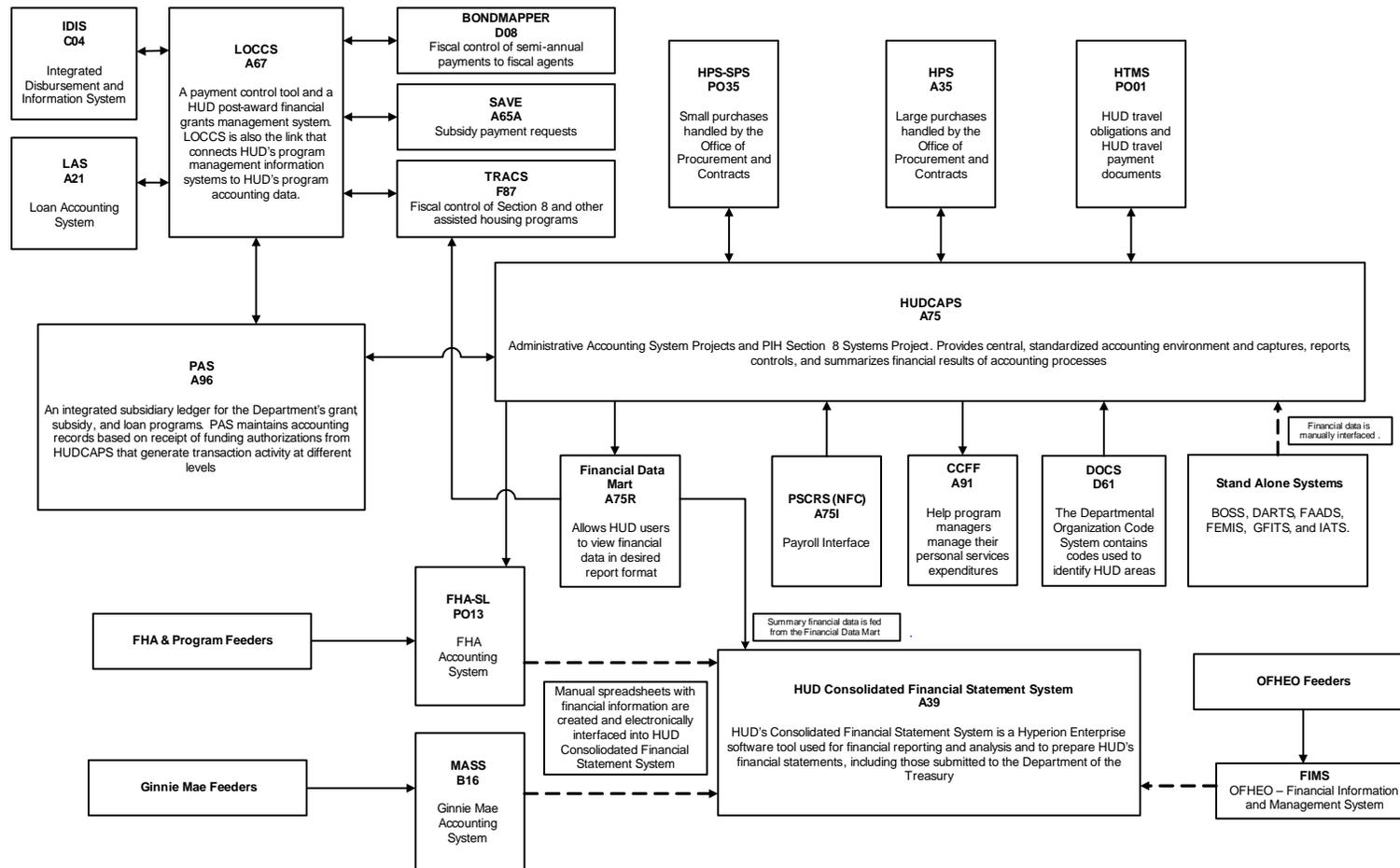


Figure 2-1 Financial System Flow

HUD's Financial Management Vision identifies HUDCAPS, PAS, Hyperion, Financial Data Mart, and LOCCS as candidates for replacement in the end stage. As a result of broadening our analysis, the following systems will be replaced / changed or integrated / interfaced in the initial phase:

Systems to be replaced or changed:

- Consolidated Cost and FTE Files (CCFF)
- Financial Information and Management System (FIMS) [OFHEO]
- HUD Consolidated Financial Statement System (HCFSS) (Hyperion)
- HUDCAPS/FFS (HUDCAPS)
- Personal Service Cost Report Subsystem (PSCRS)
- Program Accounting System (PAS)

Systems to be integrated or interfaced:

- Departmental Accounts Receivable / Collection (DARTS)
- Departmental Organization Code System (DOCS)
- Federal Assistance Award Data System (FAADS)
- FHA Subsidiary Ledger (FHA-SL)
- Financial Data Mart (Financial-DM)
- Furniture and Equipment Management Information System (FEMIS)
- Government Financial Information Tracking System (GFITS)
- HUD Integrated Human Resources Training System (HIHRTS)
- HUD Procurement System (HPS)
- HUD Travel Management System (HTMS)
- Integrated Automated Travel System (IATS)
- Integrated Disbursement and Information System (IDIS)
- Line of Credit Control System (LOCCS)
- Loan Accounting System (LAS/LASHE)
- MACOLA Accounting Software System (MASS)
- Section 8 Budget Outlay Support System (BOSS)
- Small Purchase System (SPS)
- Tenant Rental Assistance Certification System (TRACS)

A description of each of these systems is available in the subsequent section of this document.

The following systems require "no action" as they are outside the scope of HIFMIP:

- Home Ownership for People Everywhere 3 (HOPE 3)
- Low Rent Housing Security Ledger (SECLEDDGER) Retired 12/10/2004
- Single Family Insurance System (SFIS)
- Single Family Insurance Claims Subsystem (CLAIMS)
- Section 235 Automated Validation and Editing (SAVE)
- Single Family Premium Collection Sys-Periodic (SFPCS-P)
- Single Family Mortgage Notes Servicing (SFMN)
- Single Family Premium Collection Sys-Upfront (SFPCS)
- Single Family Acquired Asset Management (SAMS)
- Special Needs Assistance Program System (SNAPS)
- Empowerment Zones/Enterprise Communities Performance Measurement System (EZ/EC)
- Bond Payment (BONDMAPPER)
- SF Housing Enterprise Data Warehouse (SFHEDW)
- Total Estimation and Allocation Mechanism – Resource Estimation and Allocation Process (TEAM-REAP)
- Home Equity Conversion Mortgages (HECM)
- Computerized Home Underwriting Mgmt System (CHUMS)
- Cash Control, Accounting and Reporting System (CCARS)
- SF Default Monitoring System (SFDMS)
- Multifamily Insurance (MFIS)
- Institution Master File (IMF)
- Title I Notes Servicing (Debt Collection and Asset Management System (DCAMS)
- Title I Insurance and Claims (TIIS)
- Multifamily Insurance and Claims (MFIC)
- Multifamily Delinquency and Default Reporting (MDDR)
- Default Management System (DMS)
- Tenant Eligibility Assessment Subsystem (TASS)
- PIH Information Center (PIC)
- Enterprise Income Verification (EIV)
- Facilities Integrated Resources Management System (FIRMS)
- EZBudget Formulation System (EZB)

2.1 Background

This section provides a brief summarization of each of the systems and their purpose.

Consolidated Cost & FTE Files (CCFF)

The CCFF was designed to help program managers manage their personal services expenditures. A summarization of FTE and personnel counts and personal service cost data files are created for each Field Office with data pertaining to their Organization.

Departmental Accounts Receivable Tracking/Collection System (DARTS)

DARTS establishes, tracks, and collects account receivable information for residual receipts, excess financing, and miscellaneous payments for the PHAs/Indian Housing Authorities and Sec. 236 program receivables for Multi-Family Excess Rental Income.

Departmental Organization Code System (DOCS)

DOCS contains codes used to identify HUD areas. It is used in conjunction with PSCRS. PSCRS converts the NFC code (unique, 18 digit value) to the unique 7-digit HUDCAPS organization code by using the DOCS file. DOCS is also used to identify the budget organization for NFC transactions that are interfaced with only the cost organization.

Federal Assistance Award Data System (FAADS)

FAADS gathers information from several Departmental program systems to satisfy a mandate by the Office of Management and Budget (OMB). FAADS data is provided to the Bureau of Census quarterly via FTS file transfer.

FHA Subsidiary Ledger (FHA-SL)

This system captures and reports FHA's financial transactions in a manner consistent with industry-specific federal rules and regulations. FHA-SL enables FHA to meet departmental and external reporting requirements while maintaining responsibility for its own accounting and financial reporting.

Financial Data Mart (Financial-DM)

The Financial Data mart is a SQL Server database comprised of HUDCAPS table extracts to allow HUD users to view financial data in specific desired report format. The Financial Data mart receives financial information from HUDCAPS nightly. The Financial Data Mart also receives information from PAS, LOCCS, and other systems.

Financial Information & Management System (FIMS)

FIMS captures and reports OFHEO's financial transactions in a manner consistent with industry-specific federal rules and regulations and is instrumental in OFHEO's oversight responsibilities.

Furniture and Equipment Management Information System (FEMIS)

FEMIS is a decentralized system that identifies and tracks personal property by item. FEMIS incorporates bar code technology which partially automates the physical inventory and reconciliation processes.

Government Financial Information Tracking System (GFITS)

The GFITS application automates the process for allocating the funding, tracking and reporting of the working Capital Fund (WCF) appropriations and other sources of funds which support the approved HUD IT portfolio. GFITS enables the CFO the capability to provide timely and accurate funding allocations for HUD's IT portfolio throughout the budget process. Prior to GFITS, the above items were accomplished using ACCESS and Excel spreadsheets.

HUD's Consolidated Financial Statement System (HCFSS)

HCFSS is a financial reporting and analysis system for HUD's submission to the Department of Treasury. HCFSS receives summary level HUDCAPS financial data from Financial Data Mart and manually prepared summarized data from MASS (Ginnie Mae General Ledger), FHA Subsidiary Ledger (FHA-SL), and FIMS (OFHEO General Ledger). HCFSS also adds additional attributes to data coming from HUDCAPS.

HUD Integrated Human Resources and Training System (HIHRTS)

HIHRTS will provide a comprehensive Human Resource system that streamlines Human Resource information in a single platform. It supports workforce planning, succession planning, forecasting, and identification of staff competencies.

HUD Procurement System (HPS)

The HUD Procurement System (HPS) automates the contract procurement and acquisition process by recording, monitoring and reporting the status of all actions throughout the procurement lifecycle.

HPS - Small Purchase System (HPS-SPS)

The HUD Procurement System (HPS) Small Purchase System (SPS) records all commitments and obligations via a manual input, of all purchase documentation for purchases of \$100,000.00 or less throughout the procurement lifecycle.

HUD Travel Management System (HTMS)

The HUD Travel Management System provides automated entry and routing of travel requests and vouchers. Travelers create a travel authorization request at their workstation PC.

HUD Central Accounting and Program System (HUDCAPS)

HUDCAPS/FFS provides a central standardized accounting environment that captures, reports, controls, and summarizes financial results of accounting processes.

Integrated Disbursement & Information System (IDIS)

IDIS supports CPD's consolidated planning, disbursement, and reporting requirements for the entitlement grant programs (HOME, CDBG, ESG, and HOPWA) and simplifies the grants management process for all participants.

Loan Accounting System (LAS)

LAS manages loan portfolios system information for the Section 202, Housing for Elderly and Handicapped, Loan Program and the Flexible Subsidy Program. LAS is a HUD tool for servicing loans.

Line of Credit Control System (LOCCS)

LOCCS is both a payment control tool, and a HUD post-award financial grants management system. LOCCS is also the link that connects HUD's Program Management Information Systems to HUD's program accounting data.

MACOLA Accounting Software System (MASS)

MASS maintains the General Ledger for Ginnie Mae and performs accounting functions for Ginnie Mae.

Program Accounting System (PAS)

PAS is an integrated subsidiary ledger for the Department's grant, subsidy, and loan programs. PAS maintains accounting records based on receipt of funding authorizations from HUDCAPS that generates transaction activity at different levels.

Personal Services Cost Reporting Subsystem (PSCRS)

This is a subsystem of A75 that receives the accounting and personnel data from the National Finance Center. It produces payroll reports and passes the accounting transactions to HUDCAPS System and BMIS Consolidated file.

Section 235 Automated Validation and Editing System (SAVE)

SAVE interfaces with LOCCS in support of subsidy payment request processing.

Section 8 Budget Outlay Support System (BOSS)

The Office of Budget (OB) sponsored the development of a budget forecasting tool called the Budget Outlay Support System (BOSS). It was developed to help increase the accuracy, consistency, and timeliness of budget forecasts for Section 8 program outlays.

Tenant Rental Assistance Certification System (TRACS)

The goal of TRACS is to collect tenant data for programs and automatically provide payment requests for subsidy programs where HUD is the contract administrator based upon the contract and tenant data resident in the system. TRACS sends the payment request information to LOCCS for subsidy programs under the auspice of the Office of Housing.

2.2 System Objectives and Current Functionality

To provide a reference for the current functionality that each of these systems support, we identified the functions that are being performed or supported by that system. These functions relate to activities that fall within a core financial system requirement as well as other financial required and mixed systems. HUD performs accounting processes associated with the following functions:

- Funds Management
- Purchasing Management
- Accounts Payable Management
- Accounts Receivable Management
- Asset Management
- Cost Management
- Core Financial System Management
- General Ledger Management
- Financial Reporting Management
- Grants Management
- Loans Management

The HIFMIP team used these function designations to categorize and arrange the requirements for each system. An accounting transaction may be supported by more than one function within the core financial system. Each of these core functions is described below.

Funds Management

The funds management function is the administrative control of HUD's funding processes to ensure compliance with all laws, regulations, orders and policies relating to funds control plans. To support this function, there are five business functions that substantiate funds management activities: budget preparation, budget formulation, funds allocation, budget execution, and funds control.

Budget preparation establishes the agency's initial operating and financial plans. Responsible parties update these plans as necessary throughout the fiscal year. The budget formulation function is used by Federal agencies to assemble budget estimates for the upcoming fiscal years. These estimates are then submitted to OMB. Agencies are responsible for reviewing budget guidance set forth by OMB and developing estimates according to the guidelines set forth by OMB.

Budget Execution as a business function of funds management supports the most detailed level of an agency's funds control. It consists of essential activities that ensure an agency's financial applications support its funds control systems. This function also tracks an agency's budget authority and maintains the appropriate funding levels for the prior-year and current year authority. Funds Allocation captures an agency's budgetary resources and establishes budgetary limitations at each of the levels required within the agency (e.g., apportionments and allocations).

Another important facet of the funds management function is funds control. Funds control is the mechanism that the financial application must have in place to ensure that transactions affecting the budgetary resources and status accounts do not exceed available authority at any given level in the funding hierarchy.

Purchasing

The JFMIP Core Systems Requirements document addresses commitment, obligation, and expenditure transactions in the Funds Management function. However, we believe it best to pull these activities out into a separate function to facilitate a more in depth analysis of the processes that HUD executes in this area. Specifically, we examine the set of activities relating to placing an order with a supplier for goods or services. This includes commitment, obligation and de-obligation of funds, grants and subsidy awards, bidding, and response analysis. It also includes management of bank card activities.

Accounts Payable (Expenditures)

An accounts payable arises because of the time lag between the receipt of services or title acquisition to assets and the payment for them. There are three activities that we discuss related to expenditures: vendor maintenance payment request, payment warehousing, and treasury confirmation and follow-up.

HUD tracks and maintains a history of changes to the vendor file, including vendor additions and deletions, and changes to vendor specific information such as payment address, bank account and routing information, and payment type. These vendor maintenance activities are necessary to ensure that payments are made to the correct supplier in a timely fashion. In addition, this supports historical vendor information by providing an audit trail of payments made to the vendor. HUD is using the Central Contractor Registration (CCR) database as a source of vendor information including Electronic Funds Transfer (EFT) information. The OCFO office generates reports that are used to reconcile CCR EFT information against the vendor EFT information that resides in HUD's vendor file(s). Discrepancies in banking information are reviewed and adjusted in the HUD vendor file if necessary. This reconciliation helps ensure that vendor payments are generated using the correct banking information.

HUD receives payment requests through various methods including direct vendor invoicing drawdown requests in LOCCS via phone known as the Voice Response System, through feeder systems like TRACS and IDIS on behalf of its program recipients and via vendor invoices. Requests are validated against un-liquidated obligation balances to ensure that adequate funds are available for payment.

Payment warehousing involves recognizing and recording payment due dates associated with invoices or other payment requests. This refers to the time between when the payable is set up and paid. HUD complies with the Prompt Pay regulations set forth by Treasury with regard to paying invoices. To meet these requirements, the accounting applications warehouse invoices until the payment due date. HUD also complies with program rules and regulations regarding payment dates such as paying Section 8 on the first of the month. The treasury confirmation and follow-up function involves HUD confirming via Treasury's GOALS system that disbursements were made as anticipated by Treasury.

Accounts Receivable

The Accounts Receivable function addresses asset accounts reflecting amounts owing on an open account from federal and non-federal organizations for goods and services furnished by the Government (but not including amounts due from other funds of the same Department or Agency). There are four major components of accounts receivable management: maintaining customer information (customer name, address,

customer type, and other attributes that are pertinent for reporting and traceability), establishing receivables when recognized (that includes producing bills for amounts due to HUD), and recording the amounts collected by HUD during the fiscal year. Throughout the receivables life cycle, it is necessary to maintain activities for customer accounts and billing transactions. Specific activities include: aging receivables, accruing interest, calculating administrative fees and penalty charges for overdue payments, generating dunning notices for customer with outstanding receivables, recording repayments as receipts against receivables, and pursuing collections through all legal means (including referral to Department of Justice) overdue receivable amounts owed to HUD.

Cost Management

The effective financial control of HUD activities through evaluating, estimating, budgeting, monitoring, analyzing, forecasting and reporting cost information encompasses the cost management functionality. HUD uses working capital funds to track project costs related to information technology initiatives. These funds require separate legislation and have charters that focus on specific purposes. Such charters have the potential to make program management much more flexible by lifting apportionment controls while adding operational safeguards. HUD establishes cost estimates and provides a mechanism to track and collect these costs throughout the fiscal year as part of the cost setup and accumulation activities. Additionally, HUD uses cost accounting concepts and standards to recognize costs associated with IT projects and distribute these costs among the different programs that are supported by the working capital fund.

Asset Management

Asset management addresses details of assets above a specified monetary value and the associated depreciation of the asset. Asset management systems may include information on the current value, ownership, type and location of an asset to include acquired properties. Our discussion on assets within the scope of this document will focus on tangible items owned by HUD and securities (financial instruments such as stocks, bonds, money market instruments, or mutual fund shares that are issued by corporations; municipalities; state, local, or national governments; or investment companies to raise or borrow money or give the public an opportunity to participate in the growth of a company).

Cash Management

The management of cash necessary to pay for government services while investing temporary cash excesses in order to earn interest revenue. Cash management refers to the activities of forecasting the inflows and outflows of cash, mobilizing cash to improve its availability for investment, establishing and maintaining banking relationships, and investing funds in order to achieve the highest interest and return available for temporary cash balances.

Grants Management

Grants Management involves internal controls and enhancement to management integrity by separating the duties and responsibilities of individuals establishing program policy from those selecting grantees. It also improves management efficiencies by streamlining procedures, facilitating implementation of best practices from other agencies, and improving internal controls. Our discussion of grants management will include activities ranging from funds management (budget formulation, budget execution, and funds control) to grant award through payables management to debt collection.

Loans Management

Loans management starts with ensuring that only financially sound, qualified lenders participate in direct and guaranteed loan programs. Lender eligibility is only one facet of loans management. We will also discuss establishing funding levels for program and financing funds received from Treasury and how this funding relates to loan commitments, routine invoicing, and debt collection. The Department enforces laws and regulations relative to managing loan defaults. This ensures that the appropriate debt management activities are carried out to collect monies due the government.

General Ledger Management

General ledger management is the central function of any financial system. The general ledger must maintain account balances by the accounting classification elements established in the Core Financial System Management function. For example, account balances must be maintained at the internal fund and organization level. General ledger management covers the use of standard general ledger postings in support of the United States Standard General Ledger (USSGL) and establishes the transaction edit and posting rules to record financial events. HUD relies heavily on sub-accounts to meet reporting requirements including attributes needed for FACTS reporting. All transactions recording HUD financial events interface and post to the HUDCAPS General Ledger module.

The general ledger management topic also addresses accruals and closing transaction processing for reporting purposes. It controls and executes period-end system processes needed by the system to open a new reporting period, such as rolling forward account balances or reversing certain year-end entries. This process supports the preparation of consolidated financial statements by identifying information needed in that process.

Financial Reporting

Financial reporting encompasses the production of standard external reports (i.e., FMS224, FACTS I, FACTS II, and the Consolidated Financial Statements), internal reports, and ad hoc (unplanned and non-repetitive) reports.

Core Financial System Management

The core financial system function consists of the processes necessary to maintain system processing rules consistent with established accounting classification elements. Definitions must be standardized to ensure consistency, uniformity, and efficiency in accounting treatment, classification, and reporting.

2.3 Current Methods and Procedures

This section describes the current methods and procedures that address the existing HUD financial management activities.

2.3.1 Equipment Being Used

The following table shows the equipment being used by each system. The third column identifies the hardware/software environment using one of the following codes:

- **PC-LAN** - A Local Area Network (LAN) with IBM-compatible personal computer workstations.
- **UNISYS** - A Unisys mainframe computer connected via communication lines using Unisys terminals or PC-emulation.
- **HITACHI** - An IBM-compatible mainframe computer connected via communication lines to IBM 3270 Terminals or PCs running IBM-compatible 3270 emulation.
- **NOTES** - An IBM Lotus Notes Server connected to users via a LAN.
- **MS SERVER 2000** – A Microsoft Windows 2000 Server running SQL data bases connected to users via a LAN.
- **SUN E10K** – A Sun Microsystems Enterprise Server connected to users via a LAN.
- **ORACLE** – Oracle Federal Financials / iProcurement using Oracle 9i server

Table 2-1 Equipment Used By the Financial Systems

System Name	Acronym	Hardware/Software Code
Administrative Accounting-Personal Services Cost Report Subsystem	PSCRS	HITACHI
Budget Formulation System	EZ Budget	PC-LAN
Consolidated Cost & Full Time Equivalent (FTE) Files	CCFF	UNISYS
CPD Integrated Disbursement & Information System	IDIS	HITACHI
Departmental Organization Codes System	DOCS	PC-LAN
Federal Assistance Award Data System	FAADS	UNISYS

System Name	Acronym	Hardware/Software Code
FHA Subsidiary Ledger	FHA-SL	SUN E10K
Financial Information & Management System	FIMS	ORACLE
Financial Data Mart	Financial-DM	PC-LAN
Homeownership for People Everywhere	HOPE 3	UNISYS
HPS/SPS Electronic Library	HPS/SPS	NOTES
HUD Procurement System	HPS	PC-LAN
HUD Travel Management System	HTMS	PC-LAN
HUDCAPS/FFS	HUDCAPS	HITACHI
HUD's Consolidated Financial Statement System	HCFSS	PC-LAN
Integrated Automated Travel System	IATS	PC-LAN
Line of Credit Control System	LOCCS	UNISYS
Loan Accounting System	LAS	UNISYS
Macola Accounting Software System	MASS	MS Server 2000
Program Accounting System	PAS	UNISYS
Section 8 Budget Outlay Support System	BOSS	PC-LAN
Small Purchase System	HPS-SPS	HITACHI
Tenant Rental Assistance Certification System	TRACS	HITACHI

2.3.2 Input and Output

This section describes the current business processes that HUD employs to meet the existing financial management information requirements. Each of the business processes depicts the manual and automated activities, the sequence in which they are performed within the identified organization. The source documents, systems used to complete the operation, and the frequency with which the operation is performed (when applicable) is also provided.

HIFMIP Project Terminology

This section provides a definition for the terms used in the narrative descriptions and graphical models of this Detail-level Functional Requirements Document. Many of these terms are frequently used interchangeably, so our goal here is to establish the definition of the term as it is used in the HIFMIP Detail-level Functional Requirements Document.

Table 2-2 HIFMIP Project Terminology

Term	Definition
Business Process Modeling Notation (BPMN)	Methodology providing organizations the capability of graphically depicting its understanding of their internal business procedures. It enables organizations to communicate these procedures in a standard manner.
Business Process Diagram (BPD)	A business process diagram is a model of a business process performed by an organization to achieve a result.
Business Process	A series of manual or automated activities performed by one or more components of the organization that brings about a desired business goal.
Activity	An activity is any manual or automated work that an organization performs to achieve a business goal. Each activity may have a dependency on a prior activity, requires an initiation trigger, and results in a predictable, reproducible outcome.
Business Function	A business function is the decomposition of the core function to identify the actions performed in the execution of the core function.
Core Function	A core function is a collection of logically related business functions that are performed in a planned sequence create a business result.

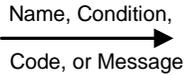
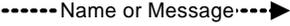
System	A designated group of interacting, interrelated, or interdependent core functions working together to form a complex manual operated or computer automated whole.
System Purpose	The system purpose identifies the goals and objectives the system is designed to achieve through the manual or automated execution of selected business functions
Task	A task is the manual or automated elementary process steps performed as in the execution of an activity.

Business Process Modeling Notation

In Section 2.3.2 Input and Output, we have included swim lane diagrams which graphically depict business process flows. The table below provides definitions of the notations used in the business process flow diagrams. The Business Process Management Initiative developed the graphical notation.

Table 2-3 Business Process Modeling Notation

Element	Description	Notation
Start Event	The Start Event indicates where a particular process starts.	
End Event	The End Event indicates where a process ends.	
Timer Event	The Timer Event indicates that the event is triggered by a time-date or has a time-date cycle.	
Activity	An activity is an indivisible process that is performed within the business process.	

Element	Description	Notation
Task	Task are the elementary functions performed manually or by computer within an activity. The task narrative is not presented on the business process diagram.	The Receiving Clerk inspects the delivery and completes the Receiver Form with: <ul style="list-style-type: none"> • Date • Quantity • Condition
Gateway	A Gateway is used to control the divergence and convergence of multiple sequence or message flows. It will determine branching, forking, merging and joining of paths.	
Normal Sequence Flow	The Normal Sequence Flow is the flow that originates from a Start Event and continues through activities via alternative and parallel paths until it ends at an End Event.	
Message Flow	A Message Flow is used to show the flow of messages between two entities that are prepared to send and receive them.	
Data Object	Data Objects are considered artifacts because they do not have any direct affect on the Sequence Flow or Message Flow of the Process, but they do provide information about what the Process does.	
Text Annotation	Text Annotations are a mechanism for the modeler to provide additional information for the reader.	
Pool	A Pool is a “swim lane and a graphical container for partitioning a set of activities from other Pools.	

Element	Description	Notation				
Lane	A Lane is a sub-partition within a Pool and will extend the entire length of the Pool, either vertically or horizontally. Lanes are used to organize and categorize activities within a Pool.	<table border="1" style="border-collapse: collapse; width: 100%; height: 100%;"> <tr> <td style="width: 20px; text-align: center; vertical-align: middle;">NAME</td> <td style="width: 80%;"></td> </tr> <tr> <td style="width: 20px; text-align: center; vertical-align: middle;">NAME</td> <td style="width: 80%;"></td> </tr> </table>	NAME		NAME	
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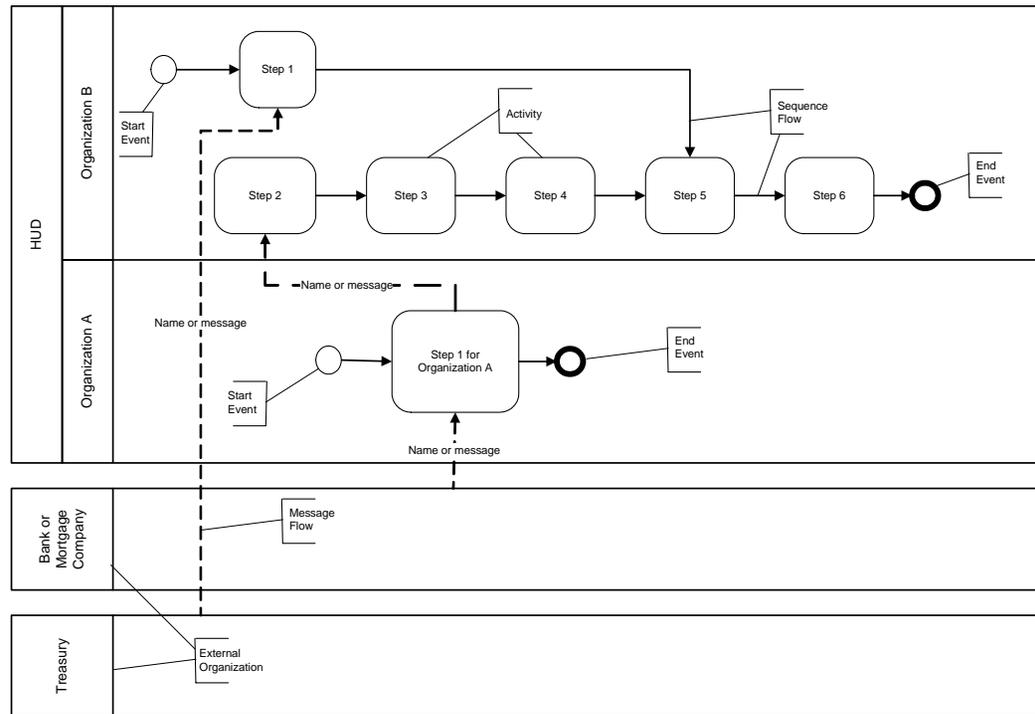


Figure 2-2 Business Process Diagram Example

2.3.2.1 HUD Administration

These business processes pertain to the HUD Administration business area.

2.3.2.1.1 Funds Management

2.3.2.1.1.1 Budget Formulation

The Budget formulation process describes the process by which HUD develops their budget request to the Office of Management and Budget (OMB). Each May or June, the OCFO Office of Budget issues a budget call to the program and administrative offices requesting initial estimates. The budget formulation process has several cycles in the course of a year. Each office submits its initial estimates to the Budget Office for review. There are three submission types:

- **Programs** - Each program area has a different mission. The submission will require different information and methods, depending on the program's mission.
- **Salaries and Expenses**, which are the administrative expenses for the agency, are categorized by object classification codes and include all salaries, benefits, and administrative costs incurred by HUD.
- **Jointly Administered Programs** (different programs are administered by more than one Assistant Secretary at HUD).

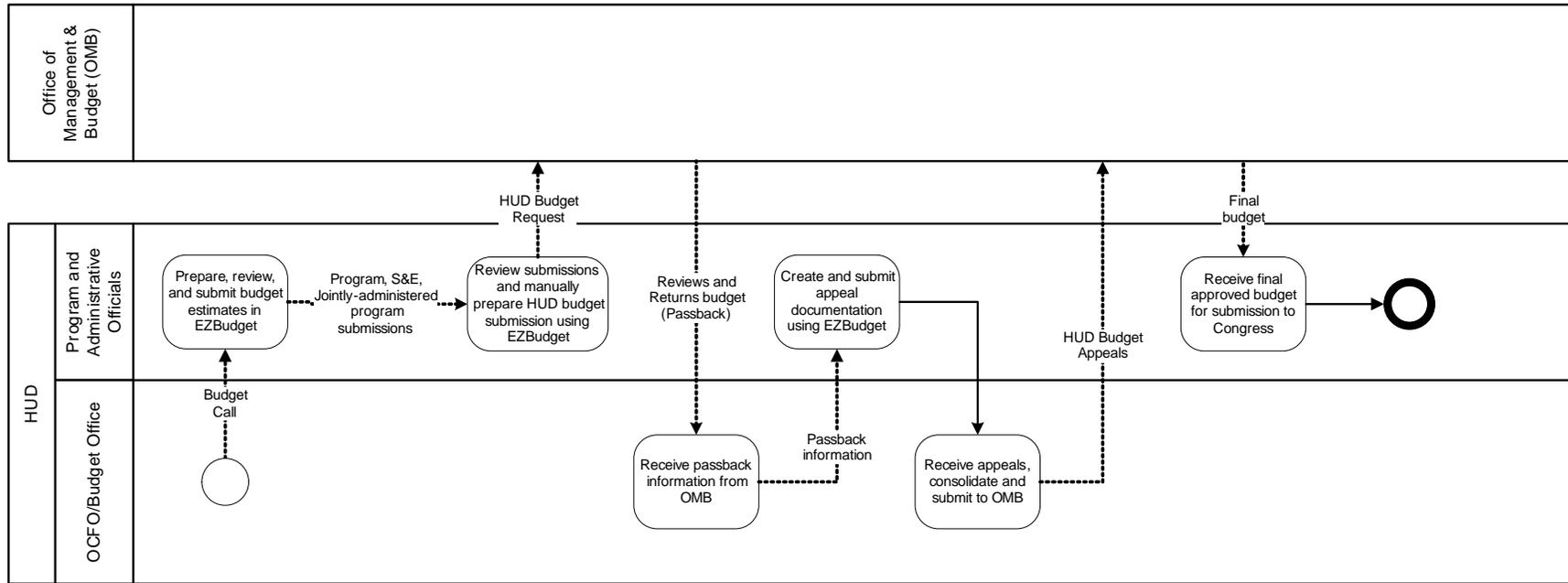
The budget is sent to the Office of Management and Budget (OMB) upon approval of the initial budget estimates. OMB reviews the budget and returns it to the Budget Office through the Passback process. The passback is reviewed to determine the impact of changes on the initial estimate. The budgets are then returned to each program area office where all program areas may create appeals to the OMB budget adjustments. The appeal documents are then returned to the Budget Office where they are reviewed and submitted to OMB; this is the Appeal process. Once OMB has approved the final budget estimates, the OCFO Budget Office prepares the supporting documentation for re-submission to OMB. This information is included in the President's submission to Congress.

Table 2-4 Budget Formulation

Trigger	Activity Step No.	Activity Description	Source/Systems	Performed By	Frequency
Budget Call	1.	OCFO Office of Budget requests initial budget estimates in May or June.		OCFO / Budget Office	Annually
	2.	Each Program and Administrative office submits its budget to the Budget Office where it is reviewed. There are three submission types:	EZBudget	Program and Administrative Budget Offices	Annually

Trigger	Activity Step No.	Activity Description	Source/Systems	Performed By	Frequency
		Programs, Salaries and Expenses, and Jointly Administered Programs.			
	3.	Manually prepare HUD budget submission, budget narratives, and budget briefing packages for submission to OMB.	EZBudget	Program and Administrative Budget Offices	
OMB receives, reviews, and returns HUD Budget Submission	4.	OMB returns budget submission to the OCFO Budget Office as part of the passback process. The Budget Office receives the updated budget from OMB and distributes to the program areas.		OCFO / Budget Office	
	5.	Each program area office creates appeal documents for their budgets and submits completed appeals to the Office of Budget.	EZBudget	Program and Administrative Officials	
	6.	Appeal documents are then returned to the Budget Office and resubmitted to OMB (this is the Appeal process).	EZBudget	OCFO / Budget Office	
OMB forwards final approved budget	7.	<p>Program and Administrative offices receive final approval and submit final budget justification to OMB. The final package includes:</p> <ul style="list-style-type: none"> • Goals and strategies • Financial performance • Financial management systems structure • Grants management • Capital Investments • IT Investments • Financial Management <p>This information is included in the President’s submission to Congress.</p>	EZBudget	Program and Administrative Budget Officials	

Diagram 2-1 Budget Formulation Process



2.3.2.1.1.2 Budget Execution

The budget execution process is the process by which HUD will apportion and allot budgetary resources to the Department's programs and activities. OMB's apportionment provides the budget authority (resources), or funds, with which HUD will have to operate for the upcoming fiscal year. Budget estimates are prepared by each allotment holder and forwarded to the OCFO. The OCFO prepares form SF-132, Apportionment and Reapportionment Schedule, and forwards it to The Office of Management and Budget (OMB). OMB reviews and approves the SF132 and submits back to the OCFO. These apportioned funds are then allotted using HUD-158, Advice of Allotment, to HUD programs and organizational components. These allotments identify the amounts, purposes and time frame in which funds can be obligated. The allotment provides specific directions to the allotment holder. After the Advice of Allotment Form is signed by the Assistant Chief Financial Officer (ACFO) for budget, they are delivered to the allotment holders. This serves as notice to the allotment holders that the funds are available. Funds are distributed and made available to Field Office using HUD-158 form. The Notice of Allotment amounts are input into HUDCAPS and other supporting subsidiary systems by the Program Budget Offices and Allotment Holders.

The 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.

When entering the budget execution transactions into HUDCAPS, users follow the uniform budget structure as documented below:

Table 2-5 HUD Uniform Budget Structure

Level	Description	Dimensions
1	Appropriation Source Doc: Public Law (if applicable) or Continuing Resolution (CR) SF-132 used to record the appropriation thru apportionment; CR uses the memorandum	Budget Fiscal Year Fund Code
2	Apportionment Source doc: SF-132	Budget Fiscal Year Fund Code Quarter (category A only)
3	Allotment Total	Budget Fiscal Year Fund Code

Level	Description	Dimensions
	Source doc: HUD-158 Different transaction types are used to process funding documents for administrative funds and program funds.	Quarter Allotment Holder
4	Allotment Line Item (Distribution to Program /Object Class) Source doc: HUD-158	Budget Fiscal Year Fund Code Quarter Allotment Holder Program Class / Object Class
5	Distribution to Program Source doc: HUD-185	Budget Fiscal Year Fund Code Quarter Allotment Holder Program Code (refers back to the program class) / object class
6	Assignment to Organization	Budget Fiscal Year Fund Code Quarter Allotment Holder Program Code Organization Code

As funding is distributed, the dimensions of the subsequent budget level must include the budget dimensions of the previous budget level. For instance, the Distribution to Program / Object Class must include the dimensions on the Advice of Allotment (i.e., source year, fund code, quarter, and allotment holder code) and the program/object class code being established.

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

1. A separate fund code is used to define and establish the following distinctions in appropriations:
 - **One-Year Appropriations** – funding is available for obligation for a specific fiscal year, also know as “fiscal year” or “annual” appropriations.
 - **Multi-Year Appropriations** – funding is available for obligation for a definite period of time in excess of one fiscal year.

- **No-Year Appropriations** – funding is available for obligation for an indefinite period, some are identified by appropriation language such as “to remain available until expended

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

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

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

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

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

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

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

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

For No-Year Accounts, the fund code structure will consist of Beginning Budget Fiscal Year and the Fund Code. The Fund Code consists of six continuous alphanumeric characters consisting of three segments: Position 1 and 2 are the Source year, Position 3 and 4 are an alpha

code representing the Treasury Symbol and position 5 and 6 are either 00 for the Master Fund Code or an alphanumeric code for the Apportionment Line Item on the SF-132. For example, the fund code for Community Development Block Grants (Master) and Community Development Block Grants Technical Assistance (Component) for Budget Fiscal Year 2002, Treasury Symbol 86 X 0162 (Source Year 2001) would be presented as follows:

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

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

For multi-year accounts, the fund code structure is a six position alphanumeric code preceded by two fields of two positions each for the budget fiscal years (Beginning BFY and Ending BFY). For example, the fund code for Community Development Block Grants (Master) and Community Development Block Grants Technical Assistance (Component) for Beginning Budget Fiscal Year 2002, Ending Budget Fiscal Year 2003 Treasury Symbol 86 X 0162 would be presented as follows:

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

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

Internal Reports

The internal reports listed below are used to track and monitor the status of funds.

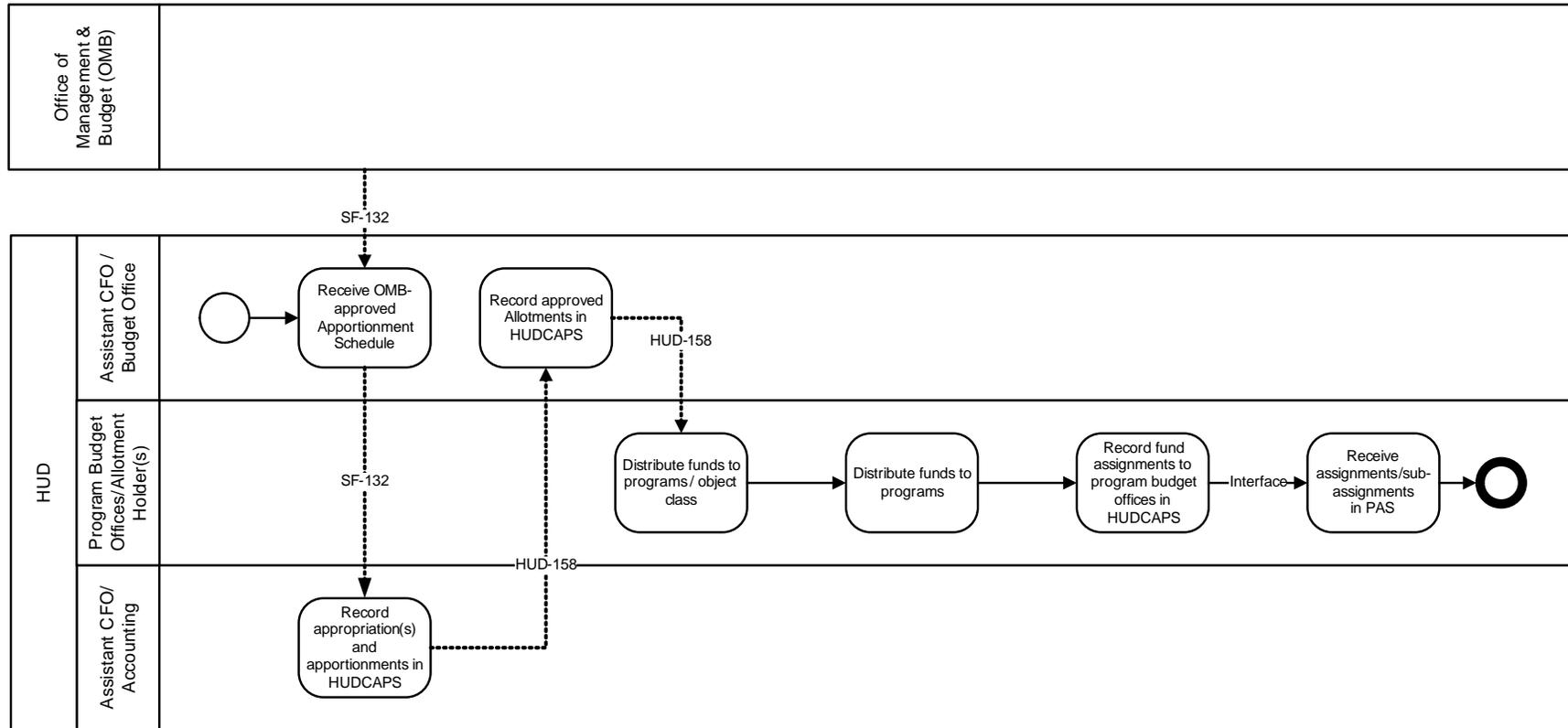
- Assignment Spending Control Query (SASP) – Displays the original sub-allotment, un-liquidated commitments, un-liquidated obligations, and expended amounts at the fund/office/program level.
- Field Office Sub-Assignments (GRF) – Captures similar data as listed on the SASP report however the data source is the Program Accounting System (PAS)
- FHA Status of Funds – Reports the original assignment, un-liquidated commitments, un-liquidated obligations, and expended amounts at the HUB/HOC Program/Fund level.
- APPR Report – Provides information about the status of an appropriation (amounts appropriated, apportioned, allocated, allotted, and spending adjustments for expired appropriations).
- Unobligated Balance Reports (by Fund Summary Group) – shows balance remaining after appropriation, allotment, distribution, assignment, and obligation.

Table 2-6 Budget Execution

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Awarding Appropriations	1.	Receipt of OMB approved Apportionment / Reapportionment Schedules (SF 132s)	SF 132	Assistant CFO Budget/OCFO	Annually
	2.	Record SF 132s into HUDCAPS. Below are example of the types of budget authority that HUD records: <ul style="list-style-type: none"> • 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) 	SF 132 HUDCAPS	Assistant CFO Accounting	
	3.	Record the approved HUD Advice of Allotments (HUD 158s) into HUDCAPS. The Advice of Allotment authorizes the designated allotment holder to record commitments (reservations), obligations, and expenditures. This third budget level is not used for citing or recording of actual spending documents but establishes the threshold amounts and complies with the legislation detailing the authorized use of the funds.	HUD –158 HUDCAPS	Assistant CFO Budget Budget/OCFO	
	4.	Funding is further distributed to the Program/Object Class Budgets and Program Budgets, this authority is subsequently delegated to subordinate organizations through Assignment / Operating Budgets. 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.	HUD-158 HUDCAPS	Program Budget Office / Allotment Holder(s)	

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
	5.	This is a distribution of funds to a specific program code and it authorizes the recipient to make assignments of funds. A distribution to program must be established for all funds of HUD within HUDCAPS. 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. Additionally, administrative funds are distributed to an object class instead of a program.	HUD Memorandum HUDCAPS	Program Budget Offices / Allotment Holders	
	6.	Allotment Holders make Fund Assignments to Regional Offices/Field Offices. This budget level distributes funds to a subordinate organization for a specific budget object code or multiple budget object codes.	HUD-718 HUDCAPS	Program Budget Offices / Allotment Holders	
	7.	The Program Budget Offices receive allotment information in the Program Accounting System (PAS) via an interface.	HUDCAPS PAS H2P Interface	Program Budget Offices / Allotment Holders	

Diagram 2-2 Budget Execution Process



2.3.2.1.2 Purchasing (Commitments and Obligations)

2.3.2.1.2.1 Payroll

Employees, their supervisor and timekeeper work together to record, certify and submit time and attendance information using HUD Form 25012 – Time and Attendance Record. This source document is codified by the timekeeper into a Personnel Computer Time & Attendance Remote Entry System (PC-TARE) file. PC-TARE is run by the National Finance Center (NFC) which makes salary and wage payments to HUD employees. Each week, The NFC transmits payroll transactions and employee information to HUD by using an Interactive Output Facility (IOF) "snap" to a remote Transaction Processing (TP) address on the Personal Services Cost Reporting System (PSCRS), a Hitachi mainframe. Essentially, the NFC creates a dataset on the Hitachi mainframe to provide HUD access to the payroll and personnel files. PSCRS processes the transactions and generates reports using the payroll and personnel data.

PSCRS also distributes the NFC data to four interfacing systems within HUD, including HUDCAPS, the Consolidated Cost and Full-Time Equivalent Files System (CCFTE), the Line of Credit Control System (LOCCS), and the Human Resources Action Tracking System (D72P HATS). PSCRS receives a batch file from DOCS. Additional inputs to PSCRS include organizational codes from DOCS. PSCRS converts the NFC code (unique, 18 digit value) to the unique 7-digit HUDCAPS organization code by using the DOCS file. The DOCS file contains both the NFC code and HUDCAPS organization code value. HUDCAPS posts payroll transactions, summarized by the budget object code and the sub-object code, to the general ledger using the data received by PSCRS. HUDCAPS receives payroll transactions from PSCRS through the HUDCAPS Payroll Interface (GLPAY). GLPAY validates payroll data from PSCRS and converts the PSCRS records into PY Document header and line records. DOCLOAD enters the PY Documents into HUDCAPS to record payroll costs and accruals. Monthly payroll accruals are automatically reversed at the beginning of the next accounting period. The CFO Accounting Center (Ft. Worth) receives a copy of the NFC SF224 Statement of Transactions Report and records the monthly net disbursed amounts by fund into HUDCAPS. Each pay period, HUD reconciles NFC transactions recorded to their Treasury accounts against the NFC transaction file.

Unemployment compensation payments are recorded as direct pay obligations when the bills are received from the Department of Labor through the Treasury Intra-governmental Payment and Collection System (IPAC).

The following reports are currently used to record and reconcile HUDCAPS payroll transactions:

- **Personal Services and Cost Report by Division (A75EBCG)** - This PSCRS standard report provides the total payroll expenditures for each Division's Cost Organizations by the Budget Object Code.
- **Personal Services Cost Report by Program Assistant Secretary (A75EBCA)** - This PSCRS standard report provides the total payroll expenditures for each Cost Organization by the Budget Object Code.
- **Personal Services Cost Detail Report by Organization Code (A75EBCE)** - This PSCRS standard report provides the total payroll expenditures for each employee by Budget Object Code for each Cost Organization.

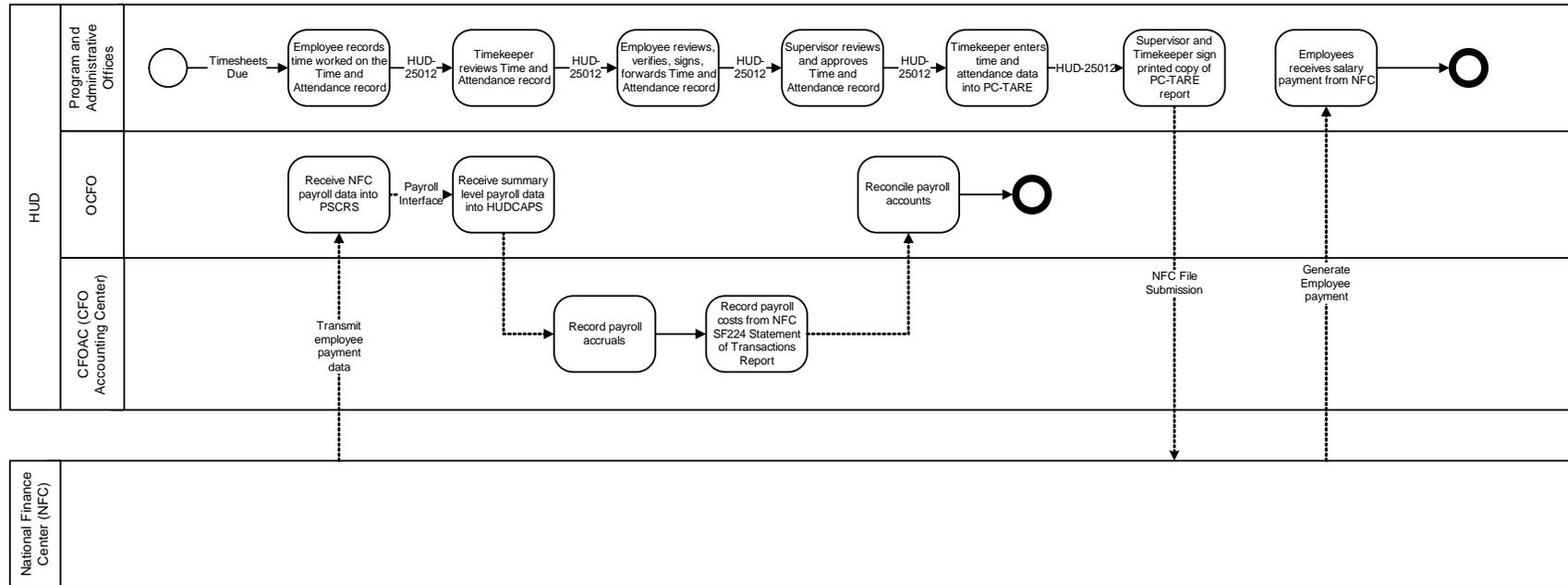
- **Personal Services Cost Report by Fund Code (A75EBCD)** - This PSCRS report provides the total payroll expenditures for each NFC fund code by Budget Object Code.

Table 2-7 Payroll

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed By	Frequency
Bi-weekly Timesheet Due	1.	Employee records hours worked on the Time and Attendance Record, HUD-25012.	HUD-25012	Program and Administrative Officials	Bi-weekly
Employee completes Timesheet	2.	The Timekeeper completes and reviews the Time and Attendance Record, HUD-25012, for completeness and certifies the accuracy of entries.	HUD-25012		Bi-weekly
Timekeeper Review	3.	Employee reviews, verifies, signs and returns HUD-25012 to timekeeper.	HUD-25012		Bi-weekly
Employee Review	4.	Timekeeper forwards employee's timesheet to the employee's supervisor for review. HUD-25012 should contain both the timekeeper's and the employee's signatures, approves the timesheet and returns it to the timekeeper.	HUD-25012		Bi-weekly
Supervisor Approval	5.	The timekeeper enters the data into and prepares the PC-TARE T&A Report.	PC-TARE		Bi-weekly
T & A Report data entry	6.	The timekeeper and the supervisor sign a printed copy of the PC-TARE Report to confirm its accuracy.	PC-TARE		Bi-weekly
Timekeeper/Supervisor signature	7.	The PC-TARE file is electronically submitted to NFC for payment.	PC-TARE		Bi-weekly
NFC File Submission	8.	NFC makes payment to the employee. In some cases, the employee may owe HUD for a salary overpayment. If so, the overpayment amount is offset with the employee's salary amount.		NFC	Bi-weekly
Payment made by NFC	9.	NFC sends data back to HUD. Personal Service Cost Reporting System (PSCRS) transforms the payroll data from an 18-digit NFC code to a 7-digit HUDCAPS organizational code. Working capital fund payroll amounts are extracted based on organization. Once the	PSCRS Payroll interface HUDCAPS	OCFO / FSMD – Office of System and Development	Bi-weekly

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed By	Frequency
		translation is complete, the transaction is posted in HUDCAPS. These transactions come in as standard voucher (SV) transactions. Data is processed at a summary level from PSCRS into HUDCAPS. These transactions are summarized at the budget object code (BOC), organization, cost organization, division, and fund level.			
	10.	Record payroll accruals for unfunded liabilities (annual leave) and unfunded FECA liability. The unfunded liability is recorded on an annual basis. The unfunded FECA liability is recorded on a monthly basis. PSCRS automatically calculates accrual amount and reverses the entry at the start of a new month.	HUDCAPS	OCFOAC	Annually / Monthly
	11.	Record the payroll costs as reported on the NFC SF224 Statement of Transactions Report. These costs are reported on the SF224 report as net disbursed amounts.	HUDCAPS	OCFOAC	Monthly
Data in HUDCAPS	12.	Payroll account reconciliations are performed. The OCFO must reconcile current year and prior year payroll data from NFC and BPD.	HUDCAPS	OCFO	Bi-weekly

Diagram 2-3 Payroll Process



2.3.2.1.2.2 Bankcard

The Government wide Commercial Purchase Card uses a standard commercial card to streamline the purchase of supplies, equipment, and services up to \$2,500.00. The program requires adherence to the applicable standards and procedures mandated by Federal Acquisition Regulations (FAR). The Office of Administrative and Management Services in the Office of the Secretary for Administration (ADMN) is responsible for administering the Government wide Commercial Purchase Card Program in HUD. The Office of Procurement and Contracts assists in monitoring compliance with procurement procedures. Program development, implementation and daily operations include; establishing new accounts, issuance of Purchase Cards, account maintenance, renewals, reports and training.

The HUDCAPS bankcard payment process involves the payment of Purchase Card transactions through the Chase interface. The Chase interface transmits credit card data on a monthly basis from Chase to HUDCAPS. The interface records the purchase card expenditures and generates the automated payments for each monthly bill. Expenditure documents are generated and processed for each cardholder's approved VISA transactions. The interface also provides an on-line table for supplying required accounting elements for each VISA transaction as well as a reference document.

The Finance Office in ADMN is responsible for budgetary and financial reconciliations, paying invoices in compliance with the Prompt Payment Act and all other accounting requirements.

The HUDCAPS bankcard payment process involves the payment of CREDIT CARD transactions through the HUDCAPS-Chase card interface. The HUDCAPS-Chase card interface transmits credit card data on a monthly basis from Chase to HUDCAPS. The interface records the purchase card expenditures and generates the automated payments for each monthly bill. Expenditure documents are generated and processed for each cardholder's approved VISA transactions. The interface also provides an on-line table for supplying required accounting elements for each VISA transaction as well as a reference document.

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

The VISA Table Load Program (APVIS1) reads the VISAIN input file created by HUD from the Chase data and adds records to three FFS tables. Two tables are the Credit Card Payment Table (CPAY) and the VISA Payment Header Table (VPHT). Detail records are displayed on the VISA Payment Line Table (VPLT).

Authorized users access the line table (VPLT) to add the Budget Fiscal Year(s) and Fund breakdown required for the payment generation process. The program will use the Interface Parameters Table (OPPT) to obtain the Invoice Date and default Budget Object Code. Before the program runs, these values will be validated in HUDCAPS. This program also uses the Credit Card Holder Reference Table (CCHR) to derive data elements that are used to update the CPAY.

The VISA Document Generation Program (APVIS2) consists of two parts. The first part of the program reads the VPHT and the VPLT to generate VISA Voucher Documents (VV). The second part of the program reads CPAY to generate VISA Expense Documents (VE). The program creates a file containing the information required for each document. The existing baseline Document Load Program (DOCLOAD) reads this file and loads the document header and lines to the Document Suspense File (SUSF).

After all records have been processed, the program generates a printed report of all records added to the CPAY with summary totals by Card Holder Code.

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

Table 2-8 Bankcard

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed By	Frequency
Identified a need for goods or services.	1.	Authorized credit card holder makes purchase.		HUD Bankcard Holder (in a Program or Administrative Office)	Daily
Credit Card purchase is made	2.	The Cardholder enters an obligation into HUDCAPS for each purchase	HUDCAPS	HUD Bankcard Holder (in a Program or Administrative Office)	As required
	3.	The Cardholder receives their Statement of Account from BankOne. The Cardholder then signs all correct statements and forwards them to the Approving Official.	Credit Card Statement	HUD Bankcard Holder (in a Program or Administrative Office)	Monthly
	4.	The Approving Official reviews and certifies the purchase and then forwards each statement to the CFOAC.	Credit Card Statement	HUD Approving Official (in a Program or Administrative	Monthly

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed By	Frequency
				Office)	
	5.	CFOAC collects certified individual statements from approving officials	Credit Card Statement	CFOAC	Monthly
	6.	CFOAC receives BankOne Master statement and validates itemized statement with the electronic summary bill from BankOne to OCFO.		CFOAC OCFO	Monthly
Receive invoice from BankOne	7.	OCFO resolves any Master statement/electronic bill discrepancies with BankOne.		OCFO	Monthly
	8.	OCFO uploads the file from BankOne into HUDCAPS (VPHT, VPLT, and CPAY). VPHT and VPLT are loaded with two records each. The total purchases for region 00 and the total purchases for region 80. CPAY is loaded with individual purchases.	HUDCAPS	OCFO	Monthly
	9.	The CFOAC enters each line on the received statements into HUDCAPS. As part of the Visa interface process, CFOAC enters the invoice number and the approved indicator on the VPHT and VPLT. This facilitates the matching of the payment to the invoice.	HUDCAPS	CFOAC	Monthly
	10.	The total amount due BankOne is downloaded to the treasury for payment in Accordance With prompt payment. The total amount is initially posted to the current year salaries and expense fund.	HUDCAPS	CFOAC	Monthly
	11.	CFOAC then matches the individual approved bankcard statements to individual purchase loaded into CPAY. Changes the status to A (Approved) and enters obligation number and reference line information	Statement HUDCAPS	Approving Official CFOAC	Monthly
	12.	After all statements associated with a monthly invoice are processed, the total CPAY Unapproved amount is 0, a JV is prepared to correct the general ledger cash balances in each affected fund.	Statement HUDCAPS	CFOAC	Monthly

2.3.2.1.2.3 Purchases

Purchasing is the process of identifying a need of goods and or services, the setting aside of funds for this purpose, and the evaluation and selection of a supplier or contractor to provide the required goods or services. Prior to the creation of a committing or obligating document, a funds availability check is performed to ensure that there are sufficient funds available to commit to a purchase. The commitment document, HUD-718 Funds Reservation & Contract Authority, is either mailed or faxed to the CFOAC in Ft. Worth, Texas, where it is processed. Subsequent obligating documents; Purchase Order, Contract, Grant Award, reference the corresponding HUD-718. These obligating documents are also mailed or faxed to the CFOAC in Ft. Worth.

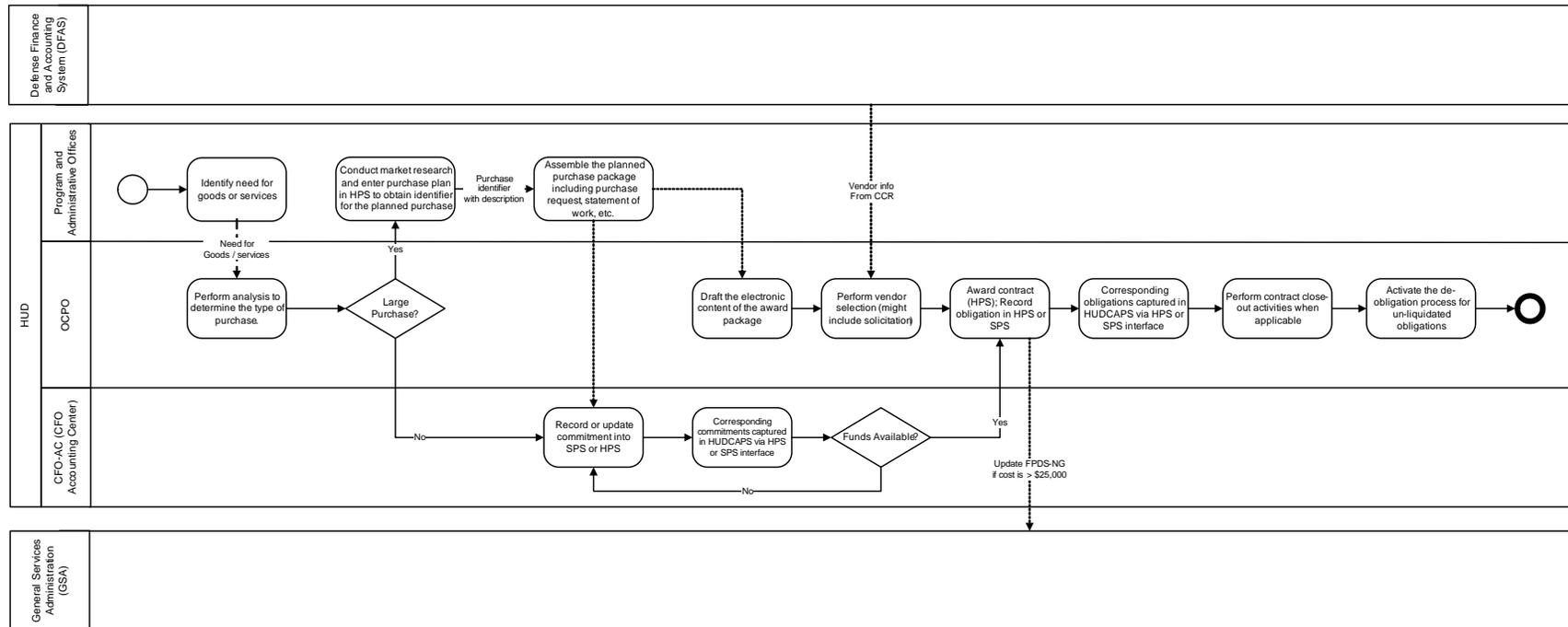
In the current HUD financial system this procurement process is divided into two levels, the HUD Procurement System (HPS) which records, monitors and reports on the status of all activities over \$100,000.00 and the Small Purchase System (SPS) which records, monitors and reports on the status of all activities up to \$100,000.00. These two systems automate the contract procurement and acquisition process for HUD. There is a direct interface between HPS and HUD Central Accounting and Program System (HUDCAPS), providing the ability to track the availability of funds.

Table 2-9 Purchases

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed By	Frequency
The identifying of a need for goods or services.	1.	The identification of a need for goods or services (NOT Direct Pay – Type M1) is made by a program or administrative area office		Program and Administrative Offices	
	2.	Program and administrative offices recorded commitments into the HUD Procurement System using source documents <ul style="list-style-type: none"> - Administrative Contracts & Interagency Agreements processed and recorded through HPS. - Purchase Orders and orders against Federal Supply Schedules recorded through SPS. The office confirms funds availability.	Form HUD-718 Form HUD-730 Optional Form 347	Authorized HPS/SPS Users in the Program and Administrative Offices	As necessary
	3.	Reciprocal commitment transactions are automatically generated and processed into HUDCAPS as HPS	HPS On-line, Real-time Interface	CFOAC	On-line real-time as entries are

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed By	Frequency
		Requisitions (RH Documents) and SPS Requisitions (RS Documents)	SPS On-line, Real-time Interface		processed in HPS/SPS
	4.	Evaluations are made as to the selection of a potential supplier or contractor.		Contracting Officer	
Agreement with a supplier or contractor	5.	Obligations are recorded into HPS and SPS based on procurement instrument and dollar amounts. Supplier/vendor payment information is recorded.	HPS, SPS Purchase Order, Interagency Agreement, Cooperative Agreement, or Grant Award	Authorized CPO Procurement Users	As necessary
	6.	Reciprocal obligation transactions are automatically generated and processed into HUDCAPS as HPS Miscellaneous Order (MH/MS document)	HPS On-line, Real-time Interface SPS On-line, Real-time Interface HUDCAPS	CFOAC	On-line real-time as entries are processed in HPS/SPS

Diagram 2-5 Purchasing Process



2.3.2.1.2.4 De-obligations

The de-obligation (Prior-Year –Recoveries) process describes the activities by which upward/downward adjustments to previously recorded obligations are recorded in the current fiscal year. De-obligations are performed for various reasons and must be recorded when it is determined the obligation is no longer valid for the original purpose intended when the obligation was recorded. De-obligated funds may or may not be available for future obligations, depending on the specific appropriation language relevant to the source of funding. The aim of the de-obligation process is to ensure that HUD reports timely and accurate obligation information for the fiscal year.

The OCFO uses the Financial Data Mart in conjunction with Lotus Notes to facilitate a Department-wide obligation review. Obligation information (such as obligation number, amount, and last activity date) is collected into the Financial Data Mart. Open obligation reports are distributed (via Lotus Notes) to the appropriate allotment holders in a hierarchical manner thereby facilitating a manageable review process. The allotment holders access the FDM using a pass-code to review the open obligations and determine the appropriate course of action. The obligation can be adjusted by the allotment holder, adjusted by the CFO’s office, or remain open and unchanged. The obligation disposition status is noted within FDM. Obligations that have been identified for adjustment by the allotment holder are tracked within the FDM to ensure that the de-obligation takes place. Reminders are generated and emailed to the allotment holder until the adjustment is recorded.

Section 8 Housing (project-based) and Public Housing (tenant-based) follow a slightly different process. These organizations meet on an annual basis. They review open obligations, determine contract expirations, and notify the OCFO of obligations requiring adjustment.

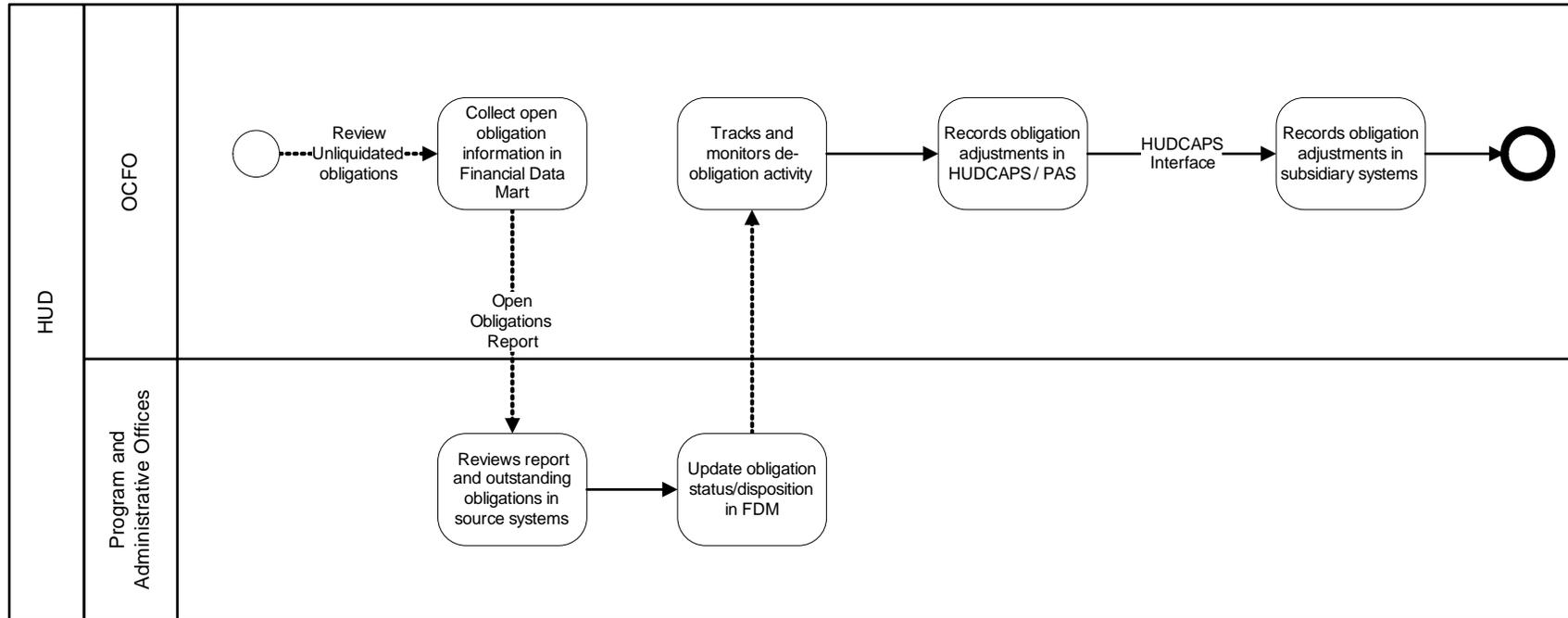
At the appropriate time, the obligation tracking module within the FDM is closed and the OCFO begins de-obligation activities on the obligations that have been marked for OCFO adjustment. Obligations that reside in PAS can be de-obligated automatically via an overnight process. Other obligations, such as contract obligations, are manually de-obligated. De-obligations are targeted for completion by the September 30 deadline.

Table 2-10 De-obligations

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Required review of un-liquidated obligations	1.	The OCFO collects open obligation information in the Financial Data Mart for allotment holder review. The OCFO uses the information in FDM to generate an Open Obligations Report that is to be reviewed by the allotment holders in the Program and Administrative offices of the Department.	HUDCAPS PAS Financial Data Mart (FDM)	OCFO	Annually (for some departments, the de-obligation activities are performed throughout the year)
	2.	The allotment holders in the Program and Administrative	Open	Program and	

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
		offices review and analyze the Open Obligations Report received via email and provide feedback to the OCFO indicating the status of obligations.	Obligations Report FDM	Administrative Offices	
	3.	In some cases, the obligations are valid and will remain unchanged. In other cases, there will be an indication that the obligation requires adjustment. The information provided to the OCFO office via FDM and will also indicate who should adjust the obligation (Program / Administrative office or OCFO).	FDM	Program and Administrative Offices	
	4.	The OCFO office monitors this de-obligation activity until approximately 90% of the de-obligation activity is completed. Periodic reminders are issued to the persons responsible for adjusting obligations until this threshold is met.	FDM	OCFO	
	5.	The OCFO receives and reviews the de-obligation justification feedback received from the allotment holders in the Program and Administrative Offices. Using the de-obligation justification, the OCFO closes the open obligation module in FDM and records obligation adjustments in HUDCAPS or PAS.	HUDCAPS PAS	OCFO	As needed
	6.	Depending on the obligation source, obligation adjustments may occur in HUDCAPS and subsequently update the originating obligations in source systems such HPS, SPS, and PAS.	HUDCAPS	OCFO, Program Managers	Annually

Diagram 2-6 De-obligation Process



2.3.2.1.2.5 TDY Travel

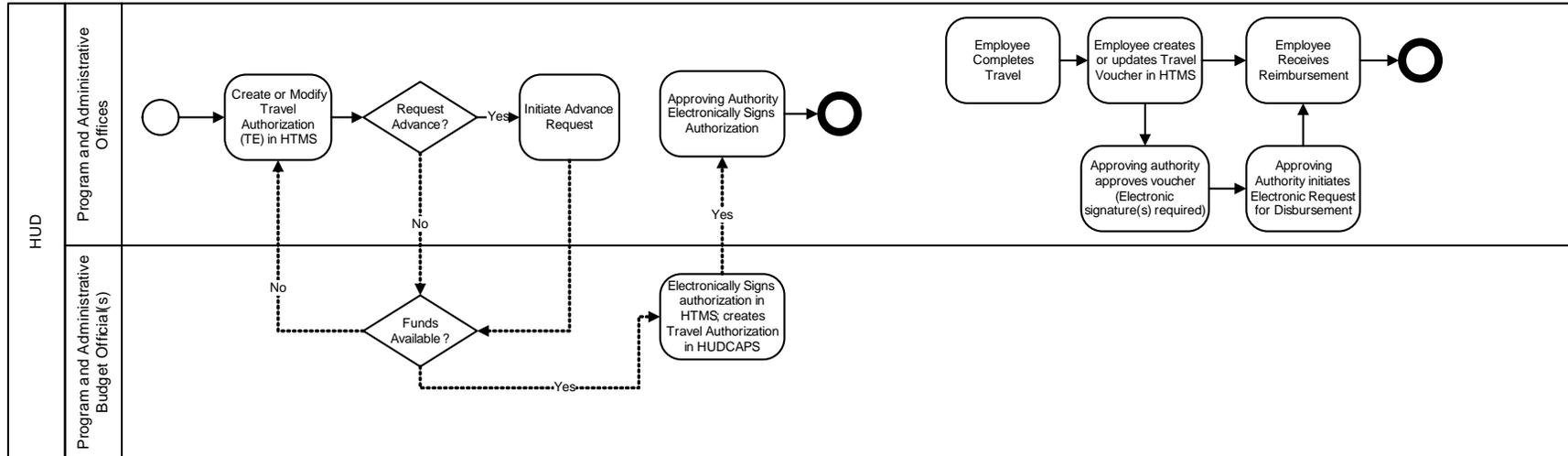
The TDY Travel process describes the activities performed to initiate, execute, and reimburse HUD travel authorizations. The HUD Travel Management System (HTMS/eTravel) provides a direct interface to HUDCAPS to create obligations. HTMS/eTravel provides users with the ability to enter a request for travel funds, request for reimbursement for local travel and travel vouchers into the system and have them automatically routed through the appropriate approval chain. HTMS/eTravel provides automated, real-time processing of all transactions (no paper documents are involved in this process). All signatures and approvals are performed using workflow technology. These online authorizations enable faster throughput of travel-related transactions. Once approved, the voucher information interfaces automatically into HUDCAPS and the obligation, reimbursement or payment is processed. Note: If the traveler incurs credit card charges, they are responsible for paying the credit card bill.

Table 2-11 TDY Travel

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Travel is authorized	1.	Traveler(s) or travel preparer log on to HTMS/eTravel to create a travel authorization (TE) based on estimated costs.	HTMS/eTravel	Traveler or Travel Preparer (in Program and Administrative Office)	Per Trip
	2.	Travelers that do not have a credit card may request a travel advance. If a travel advance is requested, HTMS/eTravel calculates the appropriate advance amount based on a formula (limits have been established within HTMS/eTravel). Advances are issued to employees via EFT.	HTMS/eTravel	Traveler or Travel Preparer (in Program and Administrative Office)	
Traveler Signature	3.	HTMS/eTravel routes travel authorization and travel advance request to designated approving official(s). Approving official(s) reviews and signs travel authorization. HTMS/eTravel routes travel authorization to budget official.	HTMS/eTravel	Approving Official(s) (in Program and Administrative Office)	
Approving Official Signature	4.	Budget official(s) signs HTMS/eTravel travel authorization; online real-time interface to HUDCAPS creates travel authorization (travel order) and processes real-time in HUDCAPS.	HTMS/eTravel HUDCAPS	Program and Administrative Budget Official(s)	
Travel authorization	5.	HUDCAPS validates funds availability and either accepts or rejects the transactions. If funds are available, traveler can complete	HUDCAPS		

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
processed		travel. If funds are not available, the budget official reviews and corrects error (error messages are reviewed and corrected in HTMS/eTravel by budget official).			
Travel has taken place	6.	Travel or travel preparer updates actual expenditures in HTMS/eTravel and adds any explanatory notations on the voucher. Traveler signs voucher electronically. Note: The travel preparer cannot sign the voucher. After signature, HTMS/eTravel automatically routes the voucher to the designated approving official(s).	HTMS/eTravel	Traveler or Travel Preparer (in Program and Administrative Office)	Per Trip
Traveler signs voucher	7.	Once the traveler electronically signs the travel voucher, HTMS/eTravel automatically routes the transaction to the approving official for additional electronic signatures. Vouchers from authorization may have one or more approving officials. If multiple approvers exist in the approval hierarchy, the voucher is forwarded to the applicable approver for signatures. The final approver will certify the voucher for payment.	HTMS/eTravel	Approval Chain (in Program and Administrative Office)	Per Trip
Final Approval has taken place	8.	Upon certification, HTMS/eTravel automatically references and liquidates obligation (and travel advance, if applicable) and interfaces travel voucher to HUDCAPS. HUDCAPS will verify funds availability (within tolerance) and send result back to certifier. If the voucher passes the validation, payment can be initiated. Otherwise, corrections are required.	HTMS/eTravel HUDCAPS	Final Approving Authority (in Program and Administrative Office)	Per Trip
HUDCAPS Approval	9.	Travel payments are included automatically in the daily HUDCAPS expenditure process.	HUDCAPS		Per Trip
	10.	Employee receives expense reimbursement.			

Diagram 2-7 TDY Travel Process



2.3.2.1.2.6 Transportation (SATO)

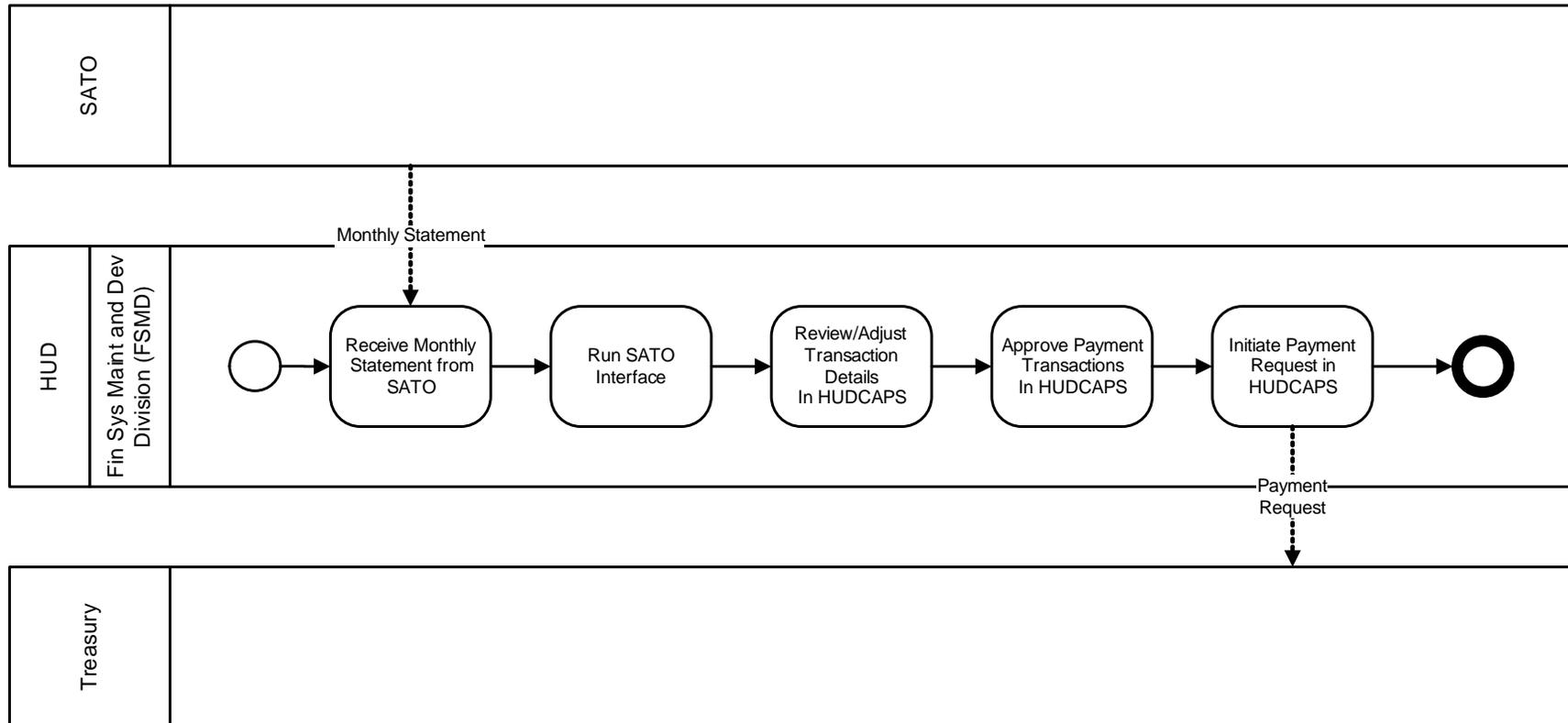
This process describes the activities that are performed when SATO is reimbursed for airline ticket purchases. Transportation and travel for HUD employees using common carriers (air, rail, bus, etc) are made by the Scheduled Airline Traffic Office (SATO), HUD's travel purchase agent. The fares are charged to HUD's Bank centrally-billed travel credit card. SATO sends a monthly transaction file to HUD monthly which is compared against the Chase statement to ensure accuracy and proper payment. Once the SATO transaction file has been reconciled it is uploaded into HUDCAPS by the Office of the Chief Financial Officer (OCFO).

Table 2-12 Transportation (SATO)

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
SATO transaction file sent	1.	HUD receives a transaction disk from SATO containing invoices and credit memos from Chase.	SATO transaction file HUDCAPS	SATO	Monthly
SATO file is uploaded	2.	An Authorized Headquarters user accesses the appropriate record on the Travel Payment Line Table (TRPL) once the SATO interface file has been run.	SATO transaction file HUDCAPS	Office of Systems Development and Maintenance (FSMD)	Monthly
SATO file is uploaded	3.	The user performs a change action on the existing record to make adjustments to the line amounts and verifies the Budget Fiscal Year and Fund data.	SATO transaction file HUDCAPS	FSMD	Monthly
Invoice Approved Amount equals the Total Fund amount.	4.	The user approves the payment by accessing the appropriate record on the Travel Payment Header Table (TRPH) and set the Approved for Payment indicator to A (approved). Expenses are paid out of a central account (funding source). During the reconciliation process, the expenditures are cleared from the central account and charged to the funding sources supplied on the detail line.	SATO transaction file HUDCAPS	FSMD	Monthly
Record is approved	5.	An off-line document generation program will generate a payment document (PS) to Chase.	HUDCAPS	FSMD	Monthly
Record is approved in	6.	In HUDCAPS the SATO approved payment document and other approved payment documents are identified for payment and	HUDCAPS	CFOAC	Daily

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
HUDCAPS		processed to Treasury for payment.			

Diagram 2-8 Transportation Process



2.3.2.1.2.7 Relocation

CFO Accounting Center (Ft. Worth) (CFO-AC) is responsible for recording obligations and generating payments associated with relocation benefits for eligible HUD employees. Relocation Vouchers (RL) generate payments to relocated employees. RL documents are processed to reimburse employees for travel, transporting household goods, temporary housing, car rental, other miscellaneous services and tax liabilities related to funds received for relocation. Payments to third parties, such as of household goods carriers, generate payment documents (TP) to vendors for shipment and storage of household goods and closing costs paid by contractor (OIG employees only).

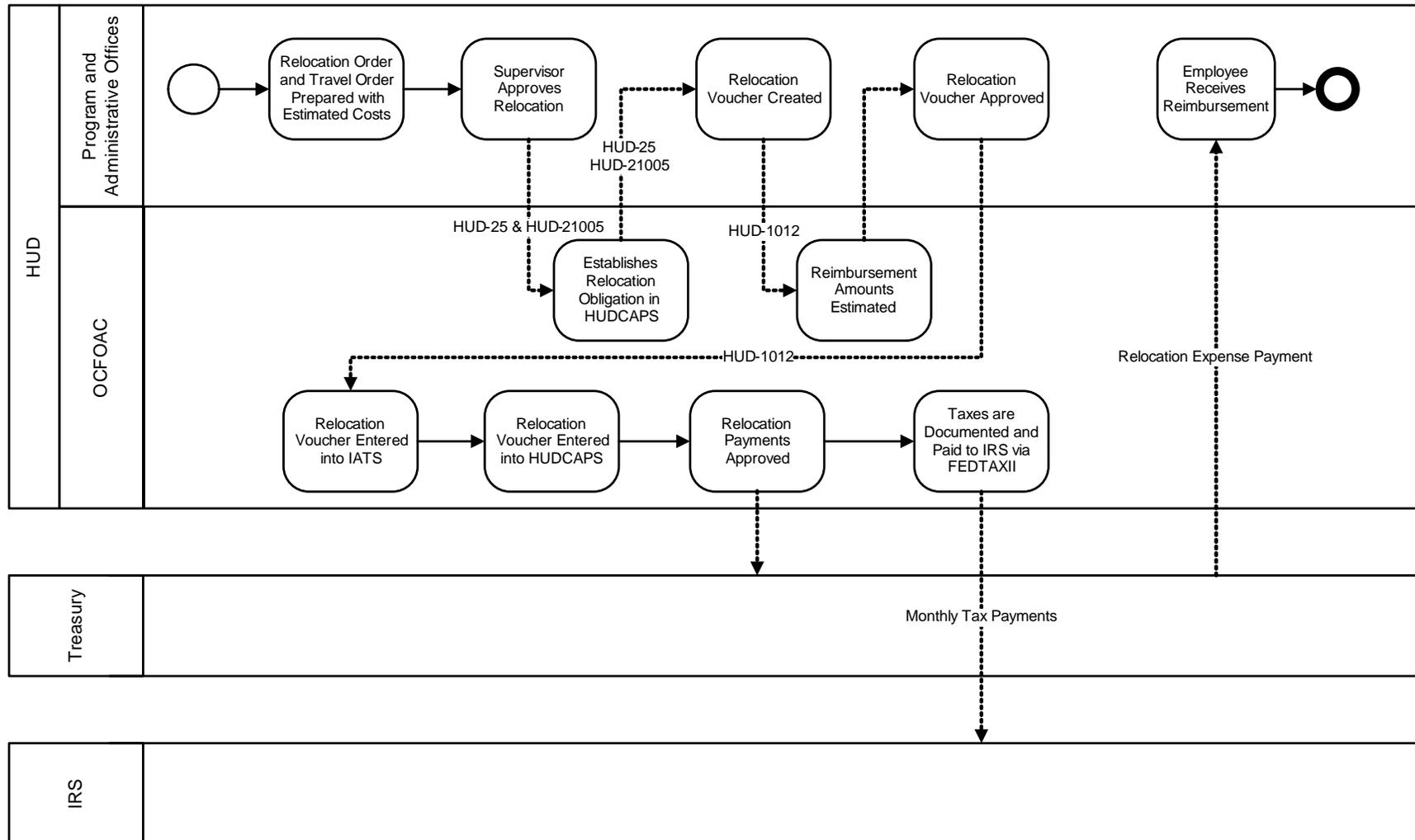
The Integrated Automated Travel System (IATS) is an independent system used to calculate federal, FICA and Medicare taxes. These taxes are withheld from each voucher. The calculated payment and tax amounts are then recorded in HUDCAPS. The taxes recorded in HUDCAPS as being collected from the employee's payments are then paid to IRS on a monthly basis. Taxes are paid using the FEDTAXII system and then recorded in HUDCAPS using a Federal Tax (FT) document.

Table 2-13 Relocation

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Relocation	1.	Relocation Orders are prepared. Estimated costs are computed manually. Relocation data is recorded on a HUD-25 and HUD-21005 and forwarded for approval	Questionnaire NRC Staff	Program and Administrative Offices	Per Move
	2.	Supervisor approves relocation.		Program and Administrative Offices	Per Move
	3.	A relocation obligation (TX) is created from an approved HUD 25 and HUD 21005 in HUDCAPS.	HUD-25 HUD-21005 HUDCAPS	OCFOAC	Per Move
	4.	A Relocation Voucher is created in the Program and Administrative office and subsequently submitted to OCFOAC.	HUD-1012 NRC Staff	Program and Administrative Offices	Per Voucher Received
	5.	The OCFOAC audits the voucher. Manual calculations are done to determine the reimbursement amount.		OCFOAC	Per Move
	6.	Relocation Voucher is reviewed by Supervisor for accuracy and approved with Signature on voucher.	SF-1012 Branch Chief	OCFOAC	Per Voucher Processed
	7.	Relocation Voucher is entered into IATS and printout with	SF-1012	OCFOAC	Per Voucher

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
		computed holding taxes is produced.	IATS		Processed
	8.	Worksheet is completed to summarize reimbursement and tax amounts to be recorded in HUDCAPS.	IATS Print Out Excel	OCFOAC	Per Voucher Processed
	9.	A Relocation Voucher (RL) is processed and funded from a previously existing reference obligation, generating a payment to the employee and recoding the taxes withheld from the employee's reimbursement.	SF-1012 HUDCAPS	OCFOAC	Per Voucher Processed
	10.	The Relocation Vouchers and Bills of Lading are verified to be correct in HUDCAPS and approved for payment to generate the transfer of funds by Treasury to: <ul style="list-style-type: none"> • the employee's bank account • the moving company's bank account • the IRS via FEDTAXII (taxes previously collected) A Transportation Payment (TP) document is processed and funded from a previously existing reference obligation.	SF-1012 HUDCAPS IATS Bill of Lading Excel Report FEDTAXII	OCFOAC	Per Voucher Processed
	11.	Taxes previously collected from employee's reimbursement is broken down by year, fund, and type of tax A Federal Tax (FT) document is processed to record the monthly taxes paid via FEDTAXII	Excel Report FEDTAXII	OCFOAC	Monthly

Diagram 2-9 Relocation Process



2.3.2.1.3 Accounts Payable (Expenditures)

2.3.2.1.3.1 Expenditures

This process explains the activities that are performed to execute payments once a payment request has been initiated. Expenditure is defined as a disbursement or payment of funds from an approved appropriation or budgetary resource. A request for payment should properly reference an established obligation. Individuals responsible for approval of the expenditure must ensure that the goods or services have been received and that a payment will not exceed authorized funds. Payments that are subject to the Prompt Pay Act are processed in accordance with prompt payment regulations and are warehoused until the appropriate scheduled payment time. After approval of the expenditure request, HUD transmits the disbursement requests to Treasury FMS for processing. Treasury accomplishes all valid and correct disbursement requests within 48 hours unless it is subject to prompt payment regulations and is warehoused until the appropriate payment time. Disbursement requests that could not be processed are also returned to HUD for review and possible correction.

Treasury posts code confirmation data in GOALS. HUD personnel download confirmation data from GOALS.

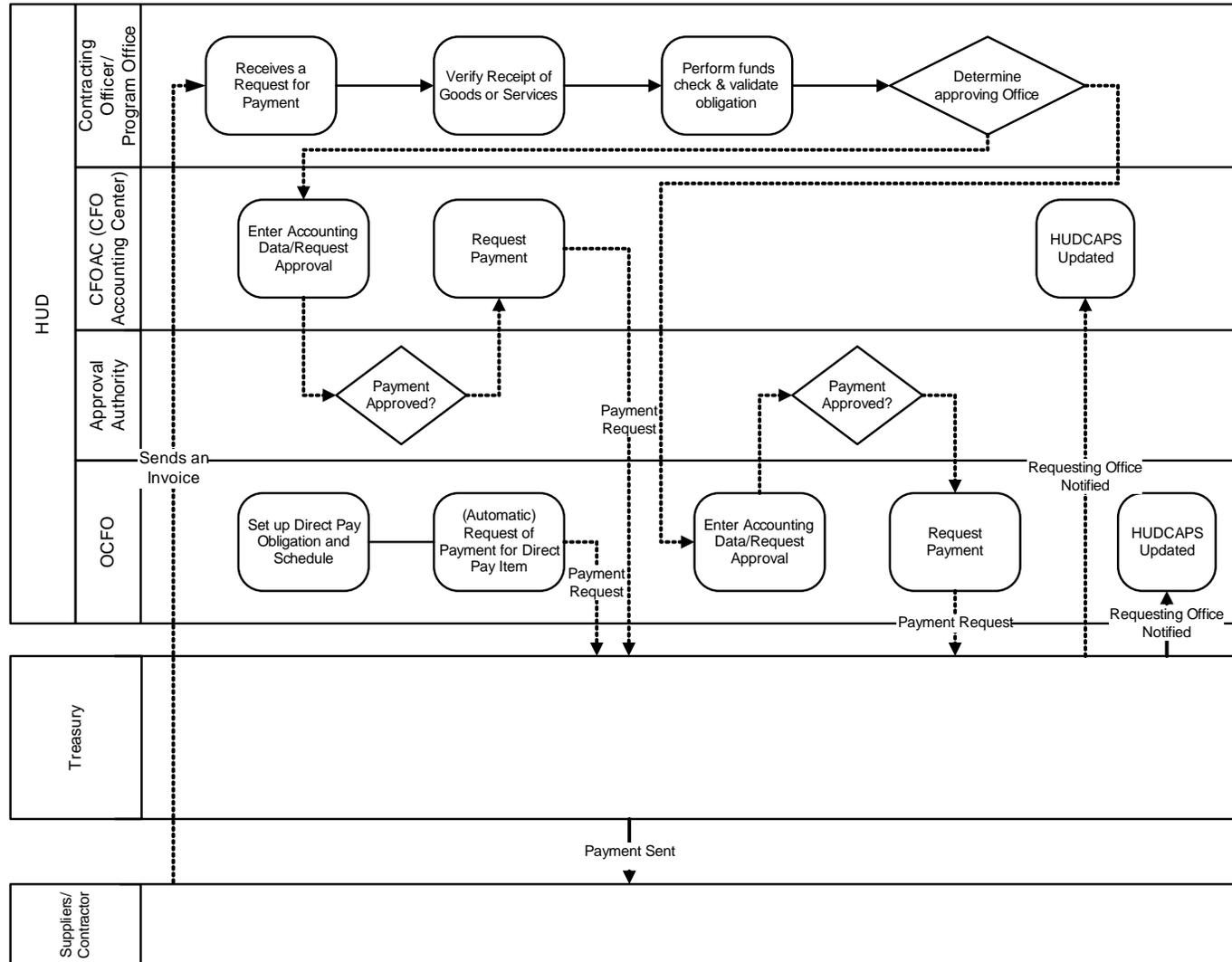
The process of payments occurs using HUDCAPS. The invoices or vouchers marked for payment are processed and batched. The batch is then approved by the OCFO and transmitted to Treasury on an electronic SF 1166. Treasury will issue payment in the form of a check or the more preferred method, of a direct deposit of funds into each customer's bank account. Treasury posts an electronic file confirming payment of the approved schedule in GOALS.

Table 2-14 Expenditures

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed By	Frequency
Invoice or voucher	1.	Receipt of invoice/statement/Voucher Request	HUD Form 27045/ HUDCAP-Chase Transaction disk	GTR/GTM	
	2.	Verification/validation: Funds check, previously established obligation; compliance with contract/agreement. Move to appropriate payment venue.	HUDCAPS	GTR/GTM	
	3.	Invoice/statement/Voucher Request <ul style="list-style-type: none"> • Bankcard • 3rd Party Contractors 	HUD Form 27045/ HUDCAP-Chase Transaction disk/ HUDCAPS	OCFO	As necessary

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed By	Frequency
		<ul style="list-style-type: none"> • Vendor invoices Or Approved vouchers/request are entered <ul style="list-style-type: none"> • Wages, salaries, retirement benefits • Intra-governmental agency payments • Travel • Vendor/Contractor invoices 	IPAC SATO/HTMS/eTravel		
	4.	Invoice/statement/Voucher Request <ul style="list-style-type: none"> • Bankcard • 3rd Party Contractors • Vendor invoices • SATO (tickets for travel) • Relocation Or Notification of approval (Certification by Certifying Officer) to pay is sent to Treasury	HUD Form 27045/ HUDCAP-Chase Transaction disk/ SF 1166 HUDCAPS	CFOAC	As necessary
	5.	Treasury receives and pays the request.	Automated Process: SF 1166, SF1164	Treasury	
	6.	Treasury returns a notification of payment to HUDCAPS. OCFO and CFOAC manually record treasury confirmation in HUDCAPS.	HUDCAPS	OCFO and CFOAC	

Diagram 2-10 Accounts Payable (Expenditure) Process



2.3.2.1.3.2 Vendor Maintenance

Vendor maintenance is an adjunct activity to both purchasing and expenditures. This process describes the activities associated with adding, changing, and maintaining vendor records. It may also take place purely as a result of external actions. During the purchasing process, vendors are identified as the source for goods and services. All information related to vendors should be current and accurate. If not, vendor maintenance must be performed. Similarly, the expenditure process usually involves the payment of vendors. All information related to vendors should be current and accurate. If not, vendor maintenance must be performed. When payments are returned to Treasury due to erroneous payment information, vendor maintenance must be performed. And, when vendors notify HUD of changes in location, banking arrangements, or other payment particulars, vendor maintenance must be performed. Vendor Maintenance is performed using separate views for employee records and commercial vendor records.

HUD tracks and maintains a history of changes to the vendor file, including vendor additions and deletions, and changes to vendor specific information such as payment address, bank account and routing information, and payment type. Vendors can only be deleted if no processing has occurred. It is also possible to deactivate a vendor. These vendor maintenance activities are necessary to ensure that payments are made to the correct supplier in a timely fashion. In addition, this supports historical vendor information by providing an audit trail of payments made to the vendor.

The CFO Accounting Center (CFO-AC) in Fort Worth updates vendor information in HUDCAPS. They are the only organization in HUD that does so. However, other HUD organizations that have closer contact with vendors and suppliers may work with CFO-AC to obtain current information.

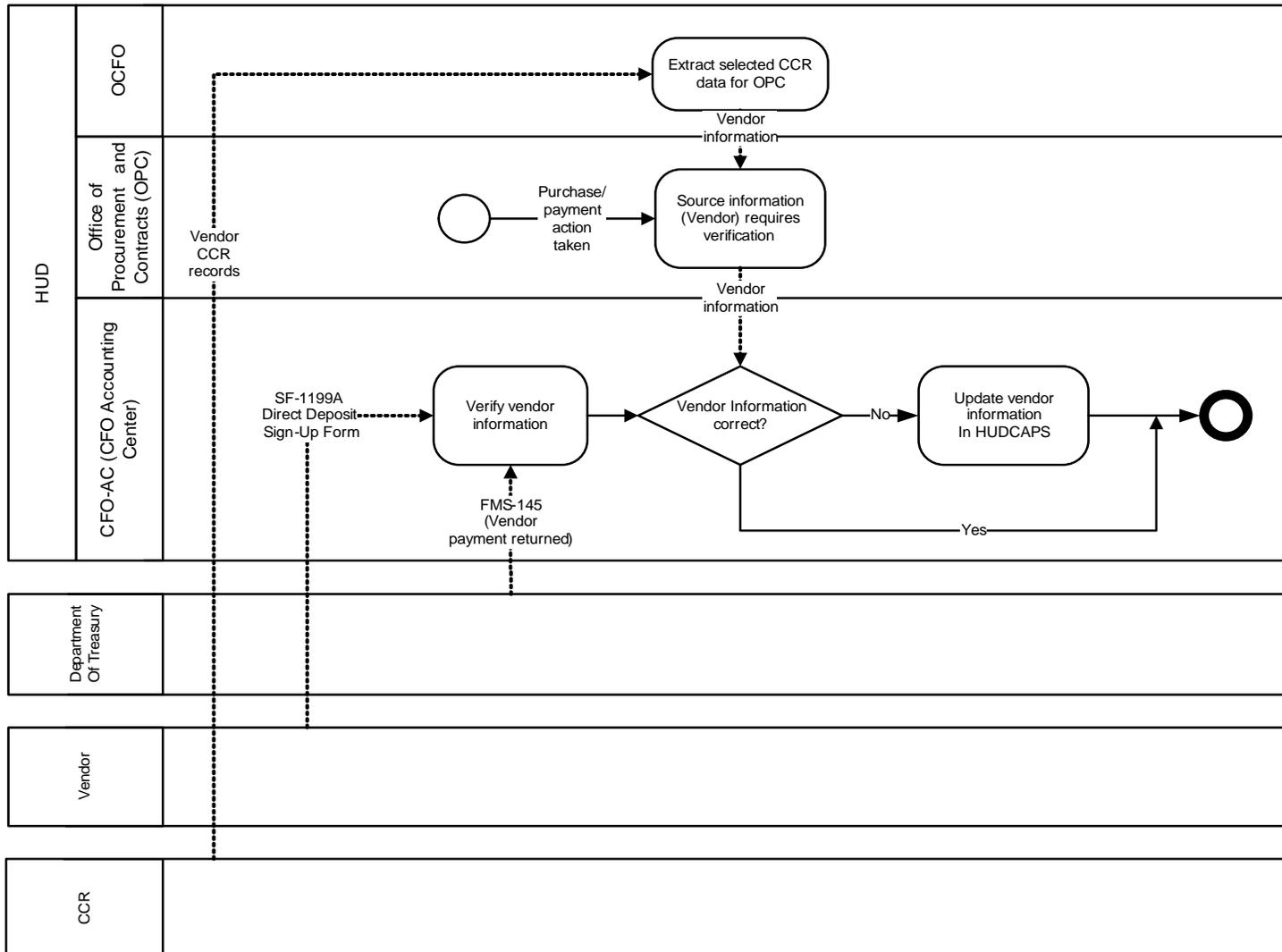
HUD is in the process of using the Central Contractor Registration (CCR) database as the preferred source of vendor information. The CCR is part of the Business Partner Network (BPN). BPN is a component of the Integrated Acquisition Environment (IAE). IAE supports a network of systems that provide information relating to trading partners, vendors, government sellers and grantees. The CCR uses the vendor's DUNS+4 identification number as one of the keys to the database. The CCR validates the DUNS+4 at registration and upon any vendor update to ensure that the number exists and that is not a duplicate registration.

HUD maintains daily updates of the CCR database in the Financial Data Mart. In addition to procurement information, CCR contains EFT information that facilitates the generation of electronic vendor payments. The OCFO provides different views of CCR data to various HUD organizations to support procurement and payment functions. For example, the OCFO receives a view of the CCR data that can be used to validate procurement information of a vendor prior to awarding a contract. The OCFO office generates reports that are used to reconcile CCR EFT information against the vendor EFT information that resides in HUD's vendor file(s). Discrepancies in banking information are reviewed and adjusted in the HUD vendor file if necessary. This reconciliation helps ensure that vendor payments are generated using the correct banking information.

Table 2-15 Vendor Maintenance

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed By	Frequency
Purchase action	1.	Purchase request is prepared. Vendor information to be verified by reviewing the Central Contractor Registration database download to ensure that the vendor is registered. If not, check waiver information to see if the vendor has a waiver. Waivers may be given for one-time payments or extenuating circumstances.	CCR	Office of Procurement and Contracts (OPC)	Per Action
Payment action	2.	A payment request is prepared. Vendor information to be verified by reviewing the Central Contractor Registration database download to ensure that the vendor is registered. If not, check waiver information to see if the vendor has a waiver. Waivers may be given for one-time payments or extenuating circumstances.	CCR	Office of Procurement and Contracts (OPC)	Per Action
Vendor Information Changes	3.	Vendor prepares and submits a change notice using the Direct Deposit Sign-Up Form (SF-1199A). Vendor changes CCR information by use of the Internet and CCR TPIN (access code).	SF-1199A	CFOAC	Per Action
Vendor payment is returned	4.	An FMS-145 is prepared by Treasury and sent to HUD	GOALS	Treasury	Per Action
	5.	Vendor information is retrieved and verified (see Steps 1 and 2 above).	HUDCAPS	CFOAC	
	6.	Vendor information is corrected, as needed (See Step 3 above).	HUDCAPS	CFOAC	

Diagram 2-11 Vendor Maintenance Process



2.3.2.1.4 IRS Form 1099

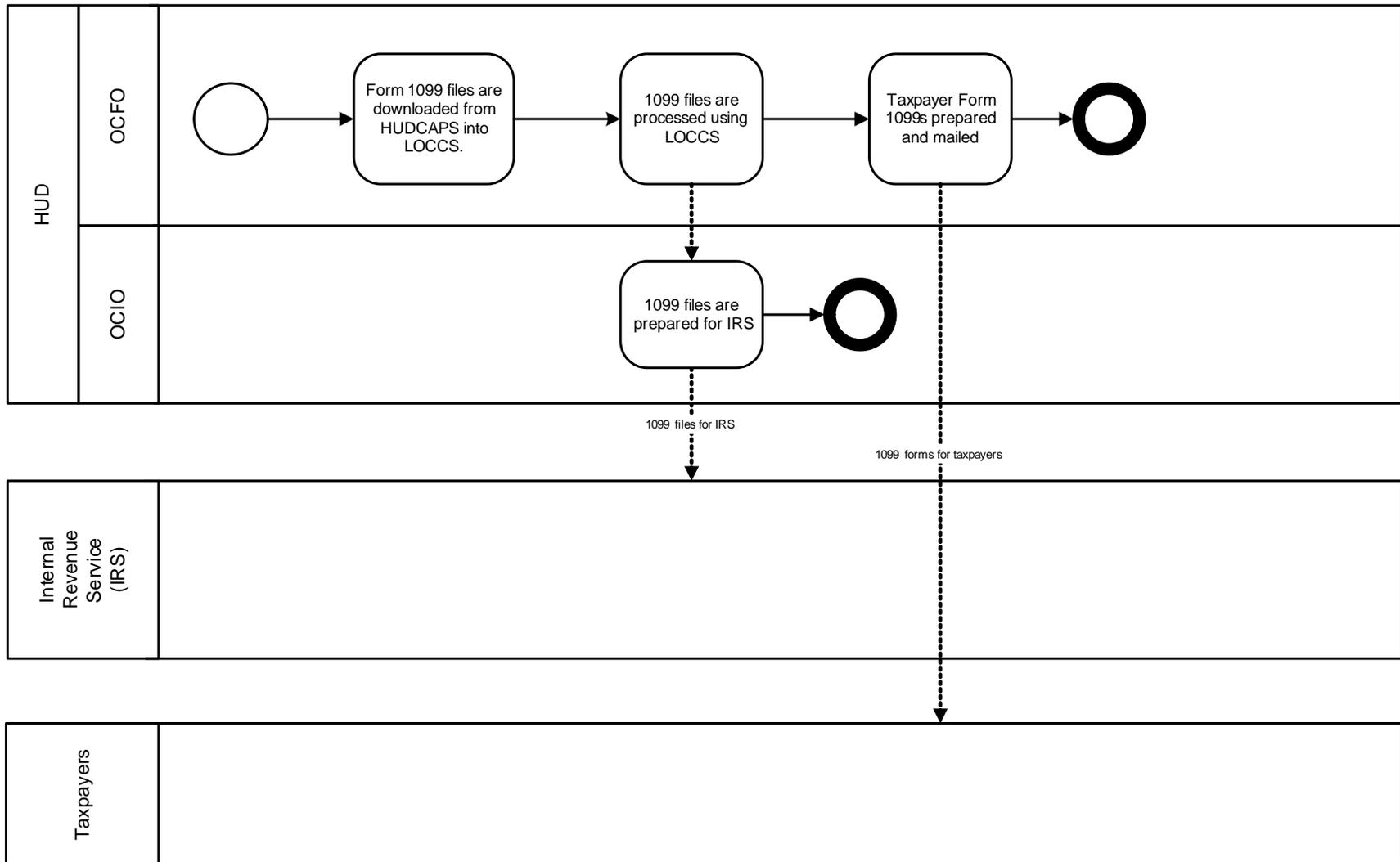
The Internal Revenue Service requires any entity which generates actual or implied income to file Form 1099. There are a multitude of income types and many different actual forms that are included under the Form 1099 umbrella. All 1099s are sent to taxpayers and the Internal Revenue Service. Form 1099 notifies taxpayers of additional monies that should be included as income with their personal income taxes.

HUD handles 1099 processing within the OCFO. The miscellaneous income information for 1099 processing is downloaded from HUDCAPS into a LOCCS file. The OCFO then uses LOCCS to prepare two Form 1099 files; one for the IRS and one for taxpayer. The IRS file is handled by OCIO. The taxpayer 1099s are prepared and mailed by a Contractor.

Table 2-16 IRS Form 1099

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed By	Frequency
Year-end close completed	1.	Form 1099 files are downloaded from HUDCAPS into LOCCS.	HUDCAPS, LOCCS	OCFO	Annually
	2.	The OCFO prepares 1099 files for processing using LOCCS.	LOCCS	OCFO	Upon receipt of HUDCAPS file
No later than January 31st	3.	The OCIO prepares 1099s and delivers this information to the IRS.		OCIO	Upon receipt of LOCCS file
No later than January 31st	4.	The OCFO prepares and mails 1099 information to the Taxpayer Form 1099s prepared and mailed	Contractor	OCFO	Upon receipt of LOCCS file

Diagram 2-12 HUD Form 1099 Process



2.3.2.1.5 Accounts Receivable

Accounts Receivable transactions for the HUD Administrative business area are processed in the Fort Worth Regional Office. Fort Worth uses a custom MS-Access database application to track administrative receivables. These receivables include:

- Vendor overpayments
- Account errors resulting in under-billing of amounts due to HUD
- HUD Accounting Center travel and relocation receivables issues

Salary discrepancies are handled within the payroll system.

The receivables listed above are also entered into HUDCAPS which produces billing documents and monthly dunning letters. HUDCAPS calculates interest, penalties and administrative charges due, a capability not available in the MS Access application.

All cash receipts are forwarded to Accounting in Fort Worth. These receipts are recorded in the MS Access application and also in HUDCAPS. The receipt is applied against the receivable, thereby reducing the receivable balance.

Collection activities are continuously carried out by Fort Worth A/R Staff. When the staff has exhausted all avenues of collection, outstanding debts are sent to HUD Headquarters Service Center, which has more extensive collection facilities. All debts that are (1) over 180 days overdue and (2) deemed to be legally collectable are forwarded to the Treasury's FMS for Government debt collection. If a debt is judged to be legally uncollectible by HUD Headquarters A/R staff, the debt is written off by OCFO.

Accounting staff at Fort Worth prepares the Treasury Report On Receivables (TROR) to report debt activities for 12 programs. This quarterly report is forwarded to OCFO, Headquarters, who prepares and submits the electronic TROR Report to Treasury. The 4th quarter (year-end) "Verification" form is signed by the CFO and faxed to Treasury concurrent with the TROR submission.

Table 2-17 Accounts Receivable

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed By	Frequency
Fort Worth receives A/R establishment document	5.	CFO-AC establishes receivables in the MS-Access database for: <ul style="list-style-type: none"> • Vendor overpayments • Account errors resulting in under-billing of amounts due to HUD 	HUD Accounting Center, OIG Audits	CFO-AC	Upon receipt of documents
Fort Worth	6.	CFO-AC records money due HUD from employees in the	HUD Accounting	CFO-AC	Upon receipt of

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed By	Frequency
receives OCFO notice		MS-Access database based on HUD Accounting Center travel and relocation receivables issues.	Center		documents
	7.	CFO-AC posts receivables to HUDCAPS (based on MS-Access).	MS-Access DBMS	CFO-AC	Upon receipt of documents
Monthly process run	8.	CFO-AC reviews HUDCAPS calculations of interest, penalties and administrative (IPA) charges for overdue receivables. CFO-AC manually enters the IPA amounts in the MS-Access database.	HUDCAPS, MS-Access DBMS	CFO-AC	Monthly
	9.	CFO-AC issues bills, performs ongoing aging analysis, and prepares dunning letters.	HUDCAPS	CFO-AC	
Payment received	10.	Debtor payments are recorded by CFO-AC in HUDCAPS and MS-Access database. These payments are recorded as cash receipts in HUDCAPS and reduce the outstanding balance of customer receivables.	HUDCAPS, MS-Access DBMS	CFO-AC	Upon receipt
	11.	CFO-AC performs continuous collection activities. Aging reports and other resources are reviewed to identify outstanding accounts for transfer to OFCO.	Fort Worth A/R staff	CFO-AC	Monthly
Uncollectible accounts	12.	HUD Headquarters A/R staff reviews debtor records forwarded from CFO-AC. If a debt is judged to be legally uncollectible by HUD Headquarters A/R staff, the debt is written off by OCFO.	HUDCAPS	OCFO	Ongoing
Legally collectable debt	13.	All debts that are (1) over 180 days overdue and (2) deemed to be legally collectable are forwarded to the Treasury's FMS for Government debt collection	HUDCAPS, FMS	OCFO	
Quarterly	14.	Staff accountant at Fort Worth prepares Treasury Report On Receivables (TROR) to report debt activities for 12 programs.	Treasury Report On Receivables (TROR)	CFO-AC	Quarterly
Quarterly	15.	OCFO receives TROR Report from CFO-AC for review and electronic transmittal to Treasury. "Verification" form is prepared and signed by the CFO and faxed to Treasury concurrent with the 4 th quarter (year-end) TROR submission.	Treasury Report On Receivables (TROR)	OCFO	

Diagram 2-13 HUD Administration Accounts Receivable Process – Fort Worth CFO-AC

