



## HOME FACTS - Vol. 3 No. 2, September 2010

### **Topic**

This issue of HOME FACTS explains the recent addition of two HOME program certifications to IDIS OnLine. The certifications were added to IDIS OnLine in response to recent HUD Office of Inspector General (OIG) internal audits of the HOME program related to project commitments and the disbursement of program income. These audits found significant problems related to the set-up of projects in IDIS before a written agreement was signed and with failure to report program income and expend program income before drawing funds from the Federal HOME account. *False or fraudulent statements or claims made in IDIS in regard to either HOME project commitments or the use of program income by HOME grantee staff, as explained below, are subject to up to 5 years imprisonment and civil penalties of up to \$10,000 plus up to 3 times the amount of damages sustained by the Government for each fraudulent act committed.*

### **Requirement**

#### **I. Commitment**

The HOME Final Rule at § 92.2 defines commitment, in part, as, "The participating jurisdiction has executed a legally binding agreement with a State recipient, a subrecipient or a contractor to use a specific amount of HOME funds to produce affordable housing or provide tenant-based rental assistance; or has executed a written agreement reserving a specific amount of funds to a community housing development organization; or has met the requirements to commit to a specific local project..." as described at § 92.2 Commitment, paragraph (2).

*Only after the PJ has executed a legally binding written agreement can it enter the commitment in IDIS through the Activity Funding function. Any activity funded in IDIS without an executed legally binding written agreement already in place is not a valid HOME commitment and constitutes a false statement.*

#### **HUD Inspector General Findings**

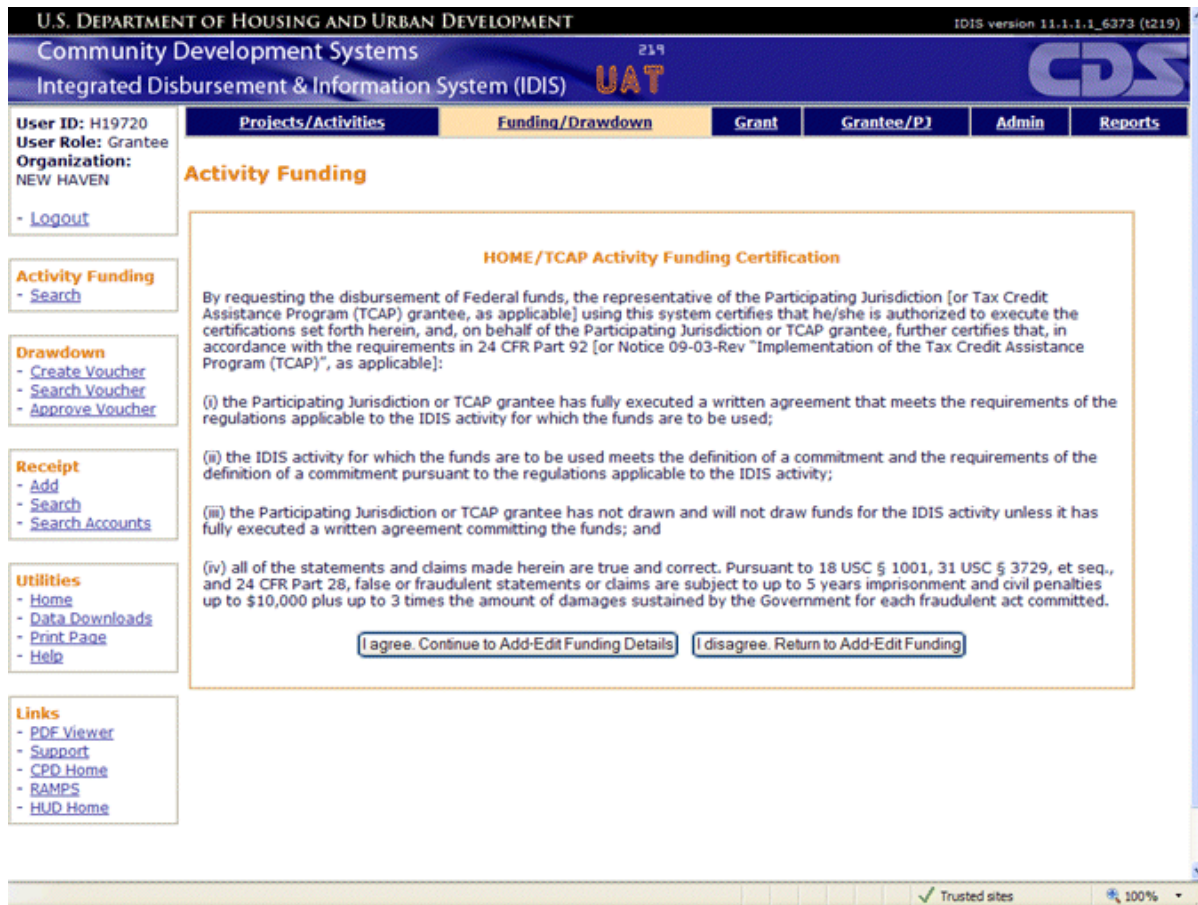
Recent OIG audits have identified nearly \$21 million in incorrect commitment entries IDIS made by seven PJs. OIG found that the PJs had not instituted basic internal controls over their HOME commitment entries. The resulting inaccuracies in HOME commitment entries undermined the integrity of IDIS data and of the reports generated by IDIS.

*As a result of the audits, HUD recommends that PJs review their internal controls over HOME commitments entered in IDIS. If necessary, PJs must establish, revise, and/or implement procedures to help reduce the potential for incorrect and improper entry of commitments into IDIS. During all HOME onsite monitoring visits, CPD field office staff will review documentation of commitments entered in IDIS for projects selected for monitoring. CPD staff will also be available to provide technical assistance to PJs regarding the proper accounting for HOME commitments in IDIS.*

#### **Commitment Certification**

As an additional measure to address OIG concerns, HUD recently added a *HOME/TCAP Activity Funding Certification* to the activity funding process in IDIS. PJs are now required to certify that the

commitments entered during activity funding in IDIS comply with requirements at § 92.2 and are supported by fully executed, legally binding written agreements. The *HOME/TCAP Activity Funding Certification*, as it appears in IDIS OnLine, is shown below:



## **IDIS Processing -- Commitment**

By selecting "*I agree. Continue to Add-Edit Funding Details*", the PJ user is certifying that he/she is authorized to execute the certifications and, on behalf of the PJ, further certifies that, in accordance with the requirements in Part 92:

- (i) the PJ has a fully executed written agreement that meets the requirements of the regulations applicable to the IDIS activity for which the funds are to be used;
- (ii) the IDIS activity for which the funds are to be used meets the definition of a commitment and the requirements of the definition of a commitment pursuant to the regulations applicable to the IDIS activity;
- (iii) the PJ has not drawn, and will not draw, funds for the IDIS activity unless it has fully executed a written agreement committing the funds; and
- (iv) all of the statements and claims made herein are true and correct. Pursuant to 18 USC § 1001, 31 USC § 3729, et seq., and 24 CFR Part 28, false or fraudulent statements or claims are subject to up to 5 years imprisonment and civil penalties up to \$10,000 plus up to 3 times the amount of damages sustained by the Government for each fraudulent act committed.

## **II. Drawdown of Program Income**

The HOME regulation at § 92.503(a)(1) requires HOME program income to be deposited in the PJ's HOME Investment Trust Fund local account unless the PJ permits the State recipient or subrecipient to retain the program income for additional HOME projects pursuant to a written agreement. The HOME regulation at § 92.502(c)(3) requires HOME funds in the local account of the HOME Investment Trust Fund to be disbursed before requests are made for HOME funds in the United States Treasury account.

**HUD Inspector General Finding**

A recent OIG audit report found that many HOME PJs did not comply with HUD's requirements on the use of available program income.

The report recommended that HUD implement procedures and controls to ensure that PJs disburse available program income for eligible housing activities and/or administrative costs before drawing down HOME funds from their Treasury accounts, as appropriate. In response, HUD will be updating IDIS to prevent PJs from drawing down HOME funds from their Treasury accounts when they have available program income, and is already requiring PJs to certify that they do not have available program income when they drawdown HOME funds.

**Drawdown Certification**

In response to the audit recommendations, HUD added the HOME/TCAP Drawdown Certification to IDIS that requires HOME PJs to certify at drawdown that there is no available program income to draw in place of HOME funds. The HOME/TCAP Drawdown Certification, as it appears in IDIS OnLine, is shown below:

**Organization:**  
NEW HAVEN  
- [Logout](#)

**Activity Funding**  
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**Drawdown**  
- [Create Voucher](#)  
- [Search Voucher](#)  
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**Receipt**  
- [Add](#)  
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**Links**  
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**Drawdown**  
Create Voucher - Page 3 of 5 (HOME/TCAP Certification)

**HOME/TCAP Drawdown Certification**

By requesting the disbursement of Federal funds, the representative of the HOME Participating Jurisdiction [or Tax Credit Assistance Program (TCAP) grantee, as applicable] using this system certifies that he/she is authorized to execute the certifications set forth herein, and, on behalf of the Participating Jurisdiction or TCAP grantee, further certifies that, in accordance with HUD's regulations at 24 CFR Part 92 [or Notice 09-03-Rev "Implementation of the Tax Credit Assistance Program (TCAP)", as applicable]:

(i) the Participating Jurisdiction or TCAP grantee has no funds in its HOME Investment Trust Fund local account or TCAP local account that constitute program income;

(ii) the Participating Jurisdiction or TCAP grantee has not drawn and will not draw HOME Investment Partnerships Program funds or TCAP funds until after all program income has been expended;

(iii) the Participating Jurisdiction or TCAP grantee has complied with and will comply with all of the financial reporting responsibilities required by HUD's regulations and the applicable uniform administrative requirements at 24 CFR Part 85;

(iv) the Participating Jurisdiction or TCAP grantee has not drawn and will not draw funds from its HOME Investment Trust Fund or TCAP Treasury Account that exceed its remaining line of credit;

(v) the funds that the Participating Jurisdiction has drawn and will draw shall be used pursuant to the Participating Jurisdiction's approved housing strategy and shall be used in compliance with all requirements of the HOME Investment Partnerships Act, 42 U.S.C. 12701, et seq., and HUD's regulations; and

(vi) all of the statements and claims, financial and otherwise, made herein are true and correct. Pursuant to 18 USC § 1001, 31 USC § 3729, et seq., and 24 CFR Part 28, false or fraudulent statements and claims made pursuant to these certifications are subject to up to 5 years imprisonment and civil penalties up to \$10,000 plus up to 3 times the amount of damages sustained by the Government for each fraudulent act committed.

This certification applies to the following HOME/TCAP Drawdown Line Item:

Line Item #	IDIS Actv ID	Activity Name	Program	Grant Year	Fund Type	Source Name	Source Type	Recipient Name	Prior Year	Drawdown Amount
1	2273	1423 Quinnipiac Ave Unit 208	HOME	2007	EN	HUD	MC	NEW HAVEN, CT	N/A	\$1,000.00
Total										\$1,000.00

**IDIS Processing -- Drawdown**

By selecting "I agree. Continue to confirm this voucher", the PJ user is certifying that he or she is authorized to execute the certifications, and, on behalf of the PJ, further certifies that, in accordance with HUD's regulations at 24 CFR Part 92 [or Notice 09-03-Rev "Implementation of the Tax Credit Assistance

Program (TCAP)", as applicable]:

(i) the Participating Jurisdiction or TCAP grantee has no funds in its HOME Investment Trust Fund local account or TCAP local account that constitute program income;

(ii) the Participating Jurisdiction or TCAP grantee has not drawn and will not draw HOME Investment Partnerships Program funds or TCAP funds until after all program income has been expended;

(iii) the Participating Jurisdiction or TCAP grantee has complied with and will comply with all of the financial reporting responsibilities required by HUD's regulations and the applicable uniform administrative requirements at 24 CFR Part 85;

(iv) the Participating Jurisdiction or TCAP grantee has not drawn and will not draw funds from its HOME Investment Trust Fund or TCAP Treasury Account that exceed its remaining line of credit;

(v) the funds that the Participating Jurisdiction has drawn and will draw shall be used pursuant to the Participating Jurisdiction's approved housing strategy and shall be used in compliance with all requirements of the HOME Investment Partnerships Act, 42 U.S.C. 12701, et seq., and HUD's regulations; and

(vi) all of the statements and claims, financial and otherwise, made herein are true and correct. Pursuant to 18 USC § 1001, 31 USC § 3729, et seq., and 24 CFR Part 28, false or fraudulent statements and claims made pursuant to these certifications are subject to up to 5 years imprisonment and civil penalties up to \$10,000 plus up to 3 times the amount of damages sustained by the Government for each fraudulent act committed.

### **Questions or Assistance**

If you have any questions regarding the two new HOME program certifications in IDIS OnLine, please contact Peter Huber at 202-708-2684.