

CHAPTER 2. PHA RESPONSIBILITIES

2-1. INTRODUCTION. This Chapter provides instruction for the preparation and submission of Form HUD-5402A, Requisition for Development or Modernization Funds, and supporting documentation as well as other PHA responsibilities.

2-2.\* REQUISITION FORM. Before the implementation of RHPS, development and modernization funds were requisitioned on Form HUD-5402, Requisition for Funds. Development funds also required the use of Form HUD-5216, Request for Approval of Advances for Non-Permanently Financed Projects. These forms are obsolete and no longer used. The PHA shall now requisition funds using Form HUD-5402A. The PHA shall prepare Form HUD-5402A for each development project by Preliminary Loan Contract (use "P") or Annual Contribution Contract (use "A"). The PHA shall prepare Form HUD-5402A for each Modernization/Comprehensive Improvement Assistance Program (CIAP) project (use "M"). The requisition for each development or modernization project shall be sequentially numbered. Complete instructions for preparing Form HUD-5402A are contained in Appendix 2. \*

2-3.\* SUPPORTING DOCUMENTATION REQUIRED. The PHA shall submit Form HUD-5402A. All accounts except "X", Modernization / CIAP, apply to development. Accounts "I", Indian Health Service (IHS) Water and Sewer, and "M", Mutual Help Contribution Drawdown, apply only to IHAs. \*

- a. A = Administration Expense. For administrative (technical and nontechnical) salaries, when requisitioning for the first time, the PHA shall estimate the monthly payroll for a 30-day period. For the second month, the PHA shall submit the actual payroll, showing positions and salaries charged to the development project for a 30-day period. Thereafter, no further documentation is required to requisition for a 60-day need unless there are major changes to the monthly payroll. (Account 1410).

- \* b. C = Construction and Equipment Expense. Where there is a general contractor, the PHA shall submit Form HUD-51000, Schedule of Amounts for Contract Payment, one-time, and Form HUD-51001, Periodical Estimate for Partial Payment, each time thereafter. Where the PHA is authorized to use force account labor, the PHA shall submit the estimated and then actual monthly payroll in accordance with subparagraph a. For equipment or

material purchases outside of the general contract, the PHA shall identify the vendor and amount, but is not required to submit any invoices. (Accounts 1450, 1460, 1465, 1470, 1475, and 1480). \*

- c. H = HUD Technical Service Fee. In general, no funds may be requisitioned for this account. Since January 22, 1988, the Fee has been eliminated from the Development Cost Budget for all preconstruction projects and the Total Development Cost (TDC) has been reduced accordingly. For projects under construction where the Fee has not been paid, the Development Cost Budget will be revised to eliminate the Fee from the TDC during the next budget revision. Notwithstanding Section 122 of the Consolidated ACC or Article 3.5(c) of the Mutual Help ACC, HUD will not charge the Fee for current or future projects in the development pipeline. However, until all outstanding HUD Technical Service Fees are collected, this account will remain on the requisition form. (Account 1430.8).
- d. I = IHA Water and Sewer. This account is for IHAs only. Requisitions against this account will be paid to the Indian Health Service (IHS) of the Department of Health and Human Services. The IHA shall indicate the IHS project number on Form HUD-5402A. Failure to include the number may result in a delay of payment.
- e. M = Mutual-Help Contribution Drawdown. This account is for IHAs only. See instructions on the reverse of Form HUD-5402A.
- \* f. O = Other Expense. The PHA shall submit a narrative statement. This category includes \*

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expenses that cannot be categorized in other accounts, such as relocation expenses. Since RHPS automatically deducts interest expense (Account 1420) from the total amount available, the PHA shall not requisition any funds for interest expense.

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- \* g. S = Site Acquisition Expense. For property purchases, no documentation is required since the Field Office already has the site acquisition documents on file. After site acquisition, the PHA shall submit the deed and closing documents. (Account 1440). \*
- h. X = Modernization/Comprehensive Improvement

Assistance Program. Although requisitions for modernization funds are not distributed in the categories specified in subparagraphs a through h, the same documentation as set forth in subparagraphs a through h is required. Monthly payrolls submitted under subparagraphs a and b shall show positions and salaries, as charged to each modernization project.

- \* For management improvements (Account 1408), the PHA shall submit the same documentation as set forth in subparagraph a or g. The PHA also is required to enter the work item number from the modernization budget, in Column (b) of Part I of Form HUD-5402A. For the Resident Initiatives Program, the RC/RMC is required to enter the task number from the Work Plan, Exhibit 1 of the Technical Assistance Grant (TAG) HUD-1044, in Column (b) of Part I of Form HUD-5402A. \*

#### 2-4. PHA SUBMISSION.

- \* a. Timeliness and Frequency. The PHA shall submit the original Form HUD-5402A as set forth in paragraph 2-3, in a timely manner to the Field Office for review and processing. The PHA shall reach agreement with the Field Office as to the frequency of submission. \*

- (1) Maximum Time. RHPS will accept entry of payment due dates up to 60 calendar days in advance. Therefore, for administrative expense, the PHA may wish to submit one Form HUD-5402A showing payment due dates, for

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- example, every two weeks for a 60 calendar day period.
- (2) Minimum Time. Wire transfer payments have a due date of 2 to 5 working days from the date of entry into RHPS. To avoid the need for such payments and to allow adequate time (at least seven calendar days) for Field Office review and approval of the requisition, the PHA should ensure that its requisitions are received in the Field Office at least fifteen calendar days before the payment due date. If this is not possible, the PHA may receive a wire transfer payment or a late payment (a payment after the payment due date).
- b. Acceptance of Work. The PHA shall not requisition funds for a partial payment unless the PHA has

inspected and accepted the work.

- c. Budget Controls. The PHA is responsible for requisitioning and expending funds in accordance with the latest HUD-approved budget. Expenditures not made in accordance with such budget may be subsequently disallowed even though the requisition was approved by the Field Office.

## 2-5. PAYMENT NOTIFICATION.

- a. Field Office Letter. The PHA no longer will receive Form HUD-52964, Notice to Local Authority of Advance of Funds, from OFA. Instead, the PHA will receive a computer-generated letter from the Field Office indicating, for each project, the amount(s) that will be transmitted by the Treasury Department to the PHA's account on specified date(s). Requisitions against Account "I" will be paid to the IHS, not the IHA's bank. If the amount of funds are modified or disapproved, the Field Office will send an explanation to the PHA with the computer-generated letter (see paragraphs 3-6d and 3-7d). See Appendix 3 for the sample computer-generated letter.
- b. Bank Notification. Form HUD-51999, General Depository Agreement, states that "the Depository shall promptly notify the PHA of crediting or depositing of any monies in the Account." The PHA may wish to arrange with the financial institution to report ACH information to the PHA other than

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through the monthly statement. The PHA may include this service in the Request for Proposal (RFP) when soliciting for banking services. Where there is an existing General Depository Agreement, the PHA may request an amendment to the existing contract to include this service. Many financial institutions offer varying computerized services that give daily updates on accounts and transaction information.

- c. PHA Inquiry. When the PHA requests bank verification of deposit of development and modernization funds, the PHA should provide the bank with the following information relating to the type of payment. The deposit amount is the total of all funds deposited on a specific date for a specific project number, by source of funds (grant or loan) and by type of deposit (ACH or wire). For ACH type of deposits, the PHA should use the term "automatic deposit" or "ACH from the

U.S. Department of Treasury." The bank will require the account number, account name, scheduled date of deposit, deposit amount, and type of deposit. Some banks may record the deposit one day before the scheduled deposit date.

2-6. RHPS REPORTS. RHPS provides on-screen query and reporting capabilities to all Departmental users. Access to data is controlled by user and terminal tables resident in RHPS. Field Offices have reporting access to project and PHA information within their jurisdiction. Regional Offices have reporting access to all Field Office data within their jurisdiction. Headquarters has reporting access to all RHPS data. Data supplied by RHPS includes contract, development budget, banking, requisition, payment and financing information. The PHA may request that the Field Office send it a copy of any report, as needed. Examples of reports generated by RHPS are contained in Appendix 4.

2-7. DISBURSEMENT OF CASH. The PHA shall establish procedures to minimize the time elapsing between the transfer of funds from HUD and its disbursements. The PHA shall disburse any development or modernization funds within three working days of receipt.

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2-8. REMITTANCE OF EXCESS CASH. If the PHA does not remit promptly, the Field Office shall deduct the amount on hand from the next requisition for the same development or modernization project. Where the PHA needs to make payments to HUD due to disposition proceeds, excess funds, audit findings, residual receipts, or other reasons, the PHA shall follow the procedures set forth in the Collection of Public and Indian Housing Receipts Handbook 7561.1 REV-1.

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