



OFFICE OF COMMUNITY PLANNING
AND DEVELOPMENT

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-7000

**Instructions for
Remitting CPD Formula Funds to Program Line of Credit or to US Treasury
and
Updating IDIS to Reflect Changes in Draws**

I. Background

HUD previously published basic instructions on returning funds to a grantee's line of credit in IDIS *Live Issue 45*, dated November 2000. However, those instructions are now outdated and are being replaced with the information and guidance below. The scenarios provided cover:

Returning funds to the program line of credit:

Scenario 1: funds drawn on an ineligible activity (including State CDBG-funded activities).

Returning funds to the U.S. Treasury:

Scenario 2: interest accrued/earned on funds not disbursed within established timeframes after a draw.

Scenario 3: interest earned on the cash balance of Entitlement CDBG revolving loan funds.

Scenario 4: interest earned by units of general local government on State CDBG program funds during the time between receipt of funds from the state and disbursement by the unit of general local government.

Scenario 5: interest earned on loans or other CDBG-assisted activities that are subsequently determined to be ineligible.

Guidance is also provided below on making revisions in IDIS to reflect changes in draws when funds are returned, as well as making revisions when funds are not returned to the line of credit. Grantees and field offices are reminded to consult the applicable program regulations to ascertain the specific program requirements and situations under which funds must be remitted using these procedures.

Note that this guidance does not apply to reimbursements made under the Section 108 Loan Guarantee Program. Any questions about Section 108 reimbursements should be directed to the Financial Management Division in the Office of Block Grant Assistance, 202-708-1871.

II. Payment Options: Checks v. Wire Transfer

Any funds being returned to the U.S. Treasury, *rather* than to the line-of-credit, should only be returned via wire transfer, as described in Scenarios 2 - 5 below, and *not* by check.

Any remittance to the line of credit of \$2000 or more must be sent via wire transfer, as described below in Scenario 1.

A. Returning Program Funds to HUD via Check

A remittance to the line of credit of less than \$2000 may be made by sending a check for the amount to HUD’S Miscellaneous Lockbox at the following address:

U.S. Department of Housing & Urban Development
 Grant No. _____*
 PO Box 277303
 Atlanta, GA 30384-7303

(*insert CDBG, HOME, ESG or HOPWA grant number, as appropriate)
 Be sure to identify the Grant Number and Account Number (as described below) in the memo field on the check. Normal time span for processing: 4 – 6 weeks before showing as a negative draw in IDIS. **Note: No checks should be sent directly to HUD Headquarters.**

B. Returning Program Funds Via Wire Transfer

Wire transfer payments must be sent using the Department of Treasury’s Financial Communications System (TFCS). For funds and deposit messages to be routed correctly and efficiently, all wire transfer messages should conform to the applicable structured format described below. All wire transfers must be returned through the participant’s local financial institution. If the local financial institution is not a member of the TFCS, it must have a correspondent bank relationship with a member bank that will actually transfer the funds by wire to the Treasury. Normal time span for processing funds returned to the line of credit: 10 – 15 days before showing as a negative draw in IDIS.

Scenario 1: Returning funds drawn on an ineligible activity to the line of credit

Bank	U.S. Treasury FRB New York
Bank Address	New York, NY
ABA Routing Number (Treasury Department Code)	021030004
Account Number (Agency Location Code)	ALC-86011101
Account Holder	U.S. Department of HUD (Ft. Worth, TX)
Memorandum/Third Party Information	Grantee Name Grant Number Attn: HUD CPD/ [<i>Program Name</i>]*IDIS Memo: \$\$\$ (enter dollar amount being wired) and state: Drawn on ineligible activity to line of credit

*Insert CDBG, HOME, ESG or HOPWA, as appropriate.

Scenario 2: Returning interest accrued/earned on funds not disbursed within established timeframes after a draw.

Scenario 3: Returning interest earned on the cash balance of Entitlement CDBG revolving loan funds.

Scenario 4: Returning interest earned by units of general local government on State CDBG program funds during the time between receipt of funds from the state and disbursement by the unit of general local government. [Note: Interest earned by states prior to disbursement of funds is governed by the Cash Management Improvement Act and the implementing regulations (31 CFR Part 205) of the Treasury Department. The Treasury Department, not HUD, is responsible for procedures governing any return of interest earned on disbursements by states.]

Scenario 5: Returning interest earned on loans or other CDBG assistance to activities that are subsequently determined to be ineligible.

Bank	U.S. Treasury FRB New York
Bank Address	New York, NY
ABA Routing Number (Treasury Department Code)	021030004
Account Number (Agency Location Code)	ALC-86011101
Account Holder	U.S. Department of HUD (Ft Worth, TX)
Memorandum/Third Party Information	Grantee Name Grant Number Attn: HUD CPD/ [<i>Program Name*</i>] Account 863200** Memo: \$\$\$ (enter dollar amount being wired) and state which type of interest is being returned: Return to Treasury interest earned on funds not used w/in 15 days of draw; Return to Treasury interest earned on CDBG revolving loan fund; or Return to Treasury interest earned by unit of govt on funds rec'd from state before disbursement; or Return to Treasury interest earned on ineligible activity.

*Insert CDBG, HOME, ESG or HOPWA, as appropriate.

****Note that this is a *different* account number than provided in past guidance and should now be used when returning interest to Treasury.**

II. Actions That Must Be Done in IDIS When Funds are Returned to the Line of Credit.

Crediting Funds Returned to the Line of Credit in IDIS (Scenario 1)

When funds returned to the line of credit are processed back into IDIS, IDIS does not automatically change the amount disbursed for the activity for which the funds were drawn. Rather, the amount returned shows as a negative draw for the year to which the funds were returned under the activity number for the CPD program from which the funds were drawn:

<u>Activity Number</u>	<u>Program</u>
1	HOME
2	CDBG
3	ESG
4	HOPWA

Use the following steps to revise the negative draw voucher(s) for the program from which the funds were originally drawn so that the returned funds may then be used for other eligible activities:

Crediting Funds Returned to the Line of Credit in IDIS

- 1) Select the **Funding/Drawdown** Tab
- 2) Click **Search Voucher** link on the left side under **Drawdown**
- 3) The **Search Vouchers** page will appear
- 4) Enter the IDIS Activity Number in the **IDIS Activity ID** field for the CPD formula program that received the returned funds (Activity number 2 is for CDBG)
- 5) Click the **Search** button
- 6) The search results will appear
- 7) Click **Maintain-Approve** link under the **Action** column for the voucher line that reflects the returned funds (funds will show as a negative amount)
- 8) The **Maintain and Approve Voucher** page will appear
- 9) Click the **Revise** link under the **Action** column
- 10) The **Revise Voucher Line Item** page will appear
- 11) Under the **Revise Funds to Another Activity** section, enter the IDIS Activity ID for which the funds were originally drawn and the new dollar amount to be associated with the activity, *preceded by a negative sign.*
- 12) Click the **Save** button

- 13) **Voucher revised successfully** message will appear
- 14) Once the Voucher(s) has been revised, it is necessary to de-fund the activity from which the funds were returned.
- 15) Repeat these steps for each return of funds to ensure the returned funds are available to be used for other eligible activities.

NOTE: For an ineligible HOME activity, if all funds originally drawn for the ineligible activity have not been returned, the activity cannot be cancelled in IDIS. If this is the case, the participating jurisdiction (PJ) must confer with the HOME program office in HUD Headquarters to manually adjust the activity's accomplishments.

III. **Revisions in IDIS When Funds Are Not Returned to the Line of Credit**

The guidance above addresses returning funds to the line of credit and changes that must be made in IDIS to reflect the ultimate use of the returned funds. However, there are situations, as described in A and B below, when no funds are returned to the line of credit, but changes are needed in IDIS to reflect the final use of the funds for eligible activities.

A: **HOME - Transferring Funds Drawn on an Ineligible Activity in IDIS to an Eligible Activity**

Instead of returning funds to their line of credit, HOME PJs can transfer funds disbursed on an ineligible activity to an eligible activity if the activities involved all were established under the same IDIS fund type.

For example, if a PJ disbursed \$1,000 on an ineligible CHDO activity, the PJ can transfer the funds disbursed only to other CHDO activities for the same CHDO. If the funds were drawn from entitlement funds, the funds can be transferred only to entitlement funds.

Instructions for transferring disbursed funds from one activity to another activity

1. Select the **Funding/Drawdown** Tab
2. Click **Search Voucher** link on the left side under **Drawdown**
3. The **Search Vouchers** page will appear
4. Enter the IDIS Activity Number in the **IDIS Activity ID field** for which the funds were originally drawn.
5. Click the **Search** button
6. The search results will appear
7. Click **Maintain-Approve** link under the **Action** column for the voucher line that reflects the returned funds (funds will show as a negative amount)

8. The **Maintain and Approve Voucher** page will appear
9. Click the **Revise** link under the **Action** column
10. The **Revise Voucher Line Item** page will appear
11. Under the **Revise Funds to Another Activity** section, enter IDIS activity ID you want to transfer funds to and the new amount to be transferred (need not be the entire amount of the draw).
12. Click the **Save** button. The disbursed funds are immediately transferred from the activity specified in Step 4 to the activity specified in Step 11.
13. **Voucher revised successfully** message will appear
14. Once the voucher(s) has been revised, if the activity from which the funds were transferred is to be cancelled, changing the Activity Status to “Cancel” will automatically de-fund the activity.

B: CDBG - Revising IDIS to Document the Use of Funds Returned to a Grantee’s Local Program Account

If a grantee returns funds to its local CDBG program account (rather than to the line of credit) because the use of funds has been disallowed, the funds should not be “receipted” in IDIS. Instead, when the grantee reuses the funds for an eligible activity, it must revise the voucher(s) for the activity for which the disallowed costs were originally drawn and then de-fund the original activity. To accomplish this, follow steps 1 - 14 above at III.A., Transferring Funds Drawn on an Ineligible Activity in IDIS to an Eligible Activity.

Finally, the new draw record created in IDIS will reflect these funds as being drawn in the current program year. Therefore, a grantee’s financial records need to reflect the payment of the same amount from its CDBG program account for the new activity at the same point in time.

IV. Other transfers

If a transfer between fund types is necessary, HUD must intervene to make the change. If such a transfer is required, the grantee or PJ should call the IDIS Technical Assistance Unit (TAU) at 1-877-483-8282 to request this change.

V. Questions?

Please contact Steve Johnson at 202-708-1577 (Steve.Johnson@hud.gov) with questions related to returning CDBG entitlement funds; Diane Lobasso at 202-708-1322 (Diane.L.Lobasso@hud.gov) on questions related to returning CDBG state funds; or Peter Huber at 202-708-2684 (Peter_H._Huber@hud.gov) with questions related to returning HOME funds. Also, contact the TAU at 1-877-483-8282 if returned funds are not reflected in IDIS as a negative draw(s) within the normal processing times indicated above or if you require further

assistance correcting the negative figures in IDIS.

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