

The Origin Year Expenditure Test For Administrative & Planning Costs in the Entitlement CDBG program

Puping Huang, Senior CPD Specialist

Topics

- CDBG program year obligation test & origin year expenditure test for administrative & planning costs.
- IDIS report can be used to check origin year admin/planning expenditure test.
- Interim remediation solutions for grantees who have exceeded 2015, 2016, or 2017 origin year expenditure cap.



Origin Year Vs Program Year

- Origin year the specific Federal fiscal year during which the annual grant funds were appropriated.
- Program year grantees established twelvemonth operating period of CPD programs (CDBG, HOME, HOPWA, and ESG) and begin on the first calendar day of a month between January 1 and October 1.



How Grant based Accounting Impacts the Planning & Admin Cap

- Grant based accounting implements two distinct compliance tests under §570.200(g) for planning & admin funds:
 - The existing program year obligation test (§570.200(g)(2))
 - 2. An origin year expenditure test (§570.200(g)(1))

The grantee must pass <u>both</u> tests to be in compliance.



Obligation v. Expenditure Test

	Program Year Obligation Test	Origin Year Expenditure Test
Test applies to:	Every CDBG grantee annually	2015 CDBG grants & forward
Tests for:	CDBG funds <u>obligated</u> for planning & admin each program year (by grantee & subrecipients)	CDBG funds <u>expended</u> for planning & admin over the life of the origin year grant
ProgramIncomeincluded in test	Yes	Νο
	Ihu	ST ST

When to Check for the Origin Year Test

- HUD staff and grantees should use the Integrated Disbursement and Information System (IDIS)
 PR26 Activity Summary Report at the end of each program year to determine if the grantee is compliant for each origin year grant.
- A good practice is to use the PR26 report periodically throughout the year to track how close a grantee is getting to the 20% cap for each origin year grant.



Two PR26 Reports

CDBG Activity Summary Report by Selected Grant

CDBG Financial Summary Report

PR 26 - CDBG Fina	ncial Summary Report	Search: PI
	PR26 - CDBG Activity Summary by Selected Grant Owner: Eric Cantuti Modified: 6/18/16 9:40:09 AM	PR 26 - CDBG Financial Summary Report Owner: Eric Cantuti Modified: 6/22/16 8:10:26 AM

- New report made available in July 2016
- Compliance review on planning & admin origin year expenditure cap for 2015 origin year grants and onward

- Original PR26 Report
- Compliance review on overall benefit, planning & admin program year obligation cap, and public service cap



Using the PR26 Activity Summary Report

- Report groups activities by grant year and activity type.
- Information in each section is generated from data entered into IDIS.
- Report can be generated for a single origin year grant or multiple origin year grants.
- Use to determine if more than 20% of any origin year grant has been expended for planning and program administrative costs.



Reviewing for Origin Year Expenditures



PR26 -Activity Summary Report By Selected Grant

	Total Grant Amount for 2014 Grant year = \$1,269,701.00															
State Grantee Grant Grant		Activity	Matrix	National	IDIS	Activity	Amount Funded	Amount Drawn	% of CDBG Drawn	Total CDBG Funded	Total CDBG Drawn					
	Name	Year	Number	Group	Code	Objective	Activity	Status	From Selected Grant	From Selected Grant	From Selected	Amount	Amount			
											Grant/Grant	(All Years All Sources)	(All Years All Sources)			
GA	Athens	2014	B14MC130007	Acquisition	01	LMH	971	Completed	\$124,813.65	\$124,813.65		\$180,813.69	\$180,813.69			
GA	Athens	2014	B14MC130007	Acquisition	01	LMH	975	Open	\$77,481.70	\$77,481.70		\$195,815.00	\$142,219.56			
GA	Athens	2014	B14MC130007	Acquisition	04	LMC	989	Completed	\$4,666.00	\$4,666.00		\$4,666.00	\$4,666.00			
GA	GA Athens 2014 B14MC1		ens 2014 B14MC130007 Acquisition		B14MC130007 Acquisition 04		04	LMC	991	Open	\$26,902.51	\$26,902.51		\$45,334.00	\$27,035.00	
				Acquisition					\$233,863.86	\$233,863,86	18,42%	\$426,628.69	\$354,734.25			
GA	Athens	2014	B14MC130007	Administrative And Planning	21A		970	Completed	\$136,648.02	\$136,648.02		\$253,940.20	\$253,940.20			
	•		•	Administrative And Planning			-	1	\$136,648.02	\$136,648.02	10.76%	\$253,940.20	\$253,940.20			
GA	Athens	2014	B14MC130007	Economic Development	18B	LMJ	976	Completed	\$38,118.79	\$38,118.79		\$72,753.51	\$72,753.51			
GA	Athens	2014	B14MC130007	Economic Development	18B	LMJ	978	Completed	\$55,688.07	\$55,688.07		\$73,855.74	\$73,855.74			
GA	Athens	2014	B14MC130007	Economic Development	18C	LMC	977	Completed	\$35,638.43	\$35,638.43		\$86,413.00	\$86,413.00			
			-	Economic Development	,		1		\$129,445.29	\$129,445.29	10.19%	\$233,022.25	\$233,022.25			

How a Grantee Can Check Accuracy

For each grant year with planning & admin funds:

- Review amount funded. Confirm activities have been properly reported in IDIS, e.g. general admin vs. activity delivery costs.
- Use the PR07 report to reconcile draws made for activities.
- Correct all missing or improperly reported information in IDIS.
 - Run the PR26 Activity Summary Report by Selected Grant again.



When the Grantee Exceeds the 20% Expenditure Cap

HUD will:

- Request repayment of the amount in excess of the 20% limit.
- Issue a "Finding of Non-Compliance" in its Program Year Review Letter.



Interim Remediation If the Grantee Exceeds the 20% Expenditure Cap

- The grantee must in compliance with the program year obligation test under 24 CFR 570.200(g)(2).
- To cover the amount expended over the 20% expenditure cap (Interim solutions – Allow to use ONCE ONLY)
 - Use program income if available.
 - Using other origin year grant funds may be an option if available.



Using Program Income

 A grantee may use program income to cover the amount expended over the 20% cap if available.

However,

• The grantee would still need to meet the program year obligation test.

No more than 20% of may be <u>obligated</u> for planning & admin each program year by both the grantee & its subrecipients.



Using Funds From a Different Year

- Use pre-2015 funds if available.
 - Ensure both obligation test and expenditure tests are met.
 - May need to amend action plan for that previous year.
- Some cases, use 2015 or later Funds. For example, 2015 grant instead of 2016 grant funds was used for program year 2016 admin activities.
 Consult Field Office



Using Funds From a Different Year (cont)

- Swap funds between an admin activity and non-admin activities:
 - Both activities must be included in the same year action plan.
 - Need to obtain Field Office approval.
 - If need assistance, contact IDIS-Ask-Question
 <u>https://www.hudexchange.info/program-</u>
 <u>support/my-question/</u>.

Returning Funds to Line-of-Credit (LOC)

- Funds can be returned via check if \$2,000 or less
 - -at the following address:

U.S. Department of Housing & Urban Development Grant No.

PO Box 277303

transfer.

17

Atlanta, GA 30384-7303

If \$2,000 or more must be returned via wire



Wire Transfer Funds to Line-of-Credit

Bank	Federal Reserve Bank of NY
Bank Address	33 Liberty St., New York, NY 10045
ABA Routing Number (Treasury Department Code)	021030004
Account Number (Agency Location Code)	86011101
Account Holder	U.S. Department of HUD (Ft. Worth, TX)
Memorandum/Third Party Information	Grantee Name Grant Number Attn: HUD CPD/ CDBG/IDIS Memo: \$\$\$ (enter dollar amount being wired) and State: Drawn on ineligible activity to line of credit

1 Dati

SU

bolla ******

Determining Grant Year for the Returned Funds

- Funds must be returned to the same origin year grant(s) from which funds were drawn.
- Must identify the grant number for the funds returned.

1	Prawdown										
	Search Vouchers										
	Search Criteria										
	*Indicates Required Field										
	IDIS Voucher #:		IDIS A 18513	ctivity ID:		Line Item Status: Select ✓					
	Grant #:		Earlies (mm/dd/	t Creation Date:		* Activity Owner: BOSTON, MA		V			
7	Search Reset									-	
	Results Page 1 of 1 (1 vouch	er line items found)									
1	IDIS Voucher #	Line Item #	Creation Date	IDIS Actv ID	Grant Number	Activity Name	Line Item Status	Drawdown Amount	\Box	/	T
~	5873013	2	12/02/2015	18513	B14MC250002	ast Boston Social Centers	Completed	\$20,000.0	0 1		
10	r:01				~ 2			9 g	SIN		

Actions Must be Taken in IDIS When Funds are Returned to LOC

 Returned funds are credited as a negative draw (collection voucher) against Activity #2: CDBG Committed Funds Adjustment

Revise Voucher Line Item

Drawdown

20

Save Return to M	laintain and Approve Voucher									
Voucher Created Fe	IDIS Voucher # / Line Item #: 1346304/1				Grant #: B-04-MC-26-0006			Transaction Type: Collection		
Activity Owner: DETROIT, MI		Created By: C04PB02				Approved By: C04PB02			Pay To: DETROIT, MI	
		Creation Date: 11/23/2006				Approval Date: 11/23/2006				
IDIS Information	'n					LOCCS Confire	mation Information			
IDIS Status: Batch #: Batch Date: LOCCS Control #: LOCCS Status:	Approved 2701 11/23/2006 22691 Completed		Confirm Batch #: 2691 Confirm Batch Date: 11/23/2006 Confirmation Code: Pay Method: Payment Date: 11/23/2006							
Voucher Update	:					Schedule #: Reschedule: N				
Voucher Updated Date Updated:	By: C31409 08/14/2012					Effective Date:	01/01/0001			- [
Line Item										r"
IDIS Actv ID	Activity Name	Program	Grant Year	Fund Type	Source Name	Source Type	Recipient Name	Prior Program Year	Drawdown Amount	
2	CDBG COMMITTED FUNDS ADJUSTMENT	CDBG	2004	EN	HUD	MC	DETROIT, MI	N	(\$0.39)	
Revise Funds to An	nother Activity									~
	IDIS Actv ID				A	ction				\neg
					Show	Drawdown				/
Required Justificat	tion*:									
										DEVELOPME

AN DEVEN

HUD Exchange Resources



https://files.hudexchange.info/res ources/documents/Updated-**Instructions-Completing-CDBG-Financial-Summary-Report-**Pr26.pdf

https://www.hudexchange.info/p rograms/idis/ 21 COMMUNIT PLANNING

DEVELOPMENT

HUD Exchange Resources

 Grant Based Accounting resources: <u>https://www.hudexchange.info/programs/gra</u> <u>nt-based-accounting/#general-guidance</u>

