



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

OFFICE OF COMMUNITY PLANNING
AND DEVELOPMENT

Aug 3, 2007

MEMORANDUM FOR: All CPD Division Directors
FROM: Anna Maria Farias, Deputy Assistant Secretary for Grant Programs, DG
SUBJECT: Return of Excess Program Income – Community Development Block Grant (CDBG) Entitlement Program

The CDBG entitlement regulations at 24 CFR 570.504(b)(iii) provide that at the end of each program year, grantees may not have program income on hand in an amount that is more than one-twelfth of the most recent grant amount. The regulation states that any amount in excess of the one-twelfth threshold “shall be remitted to HUD” to be placed in account 86X6760. The Entitlement Communities Division worked with the Office of the Chief Financial Officer (OCFO) to set up this account for handling the return of these funds at the time this provision was added to the regulations, but the procedures for allowing grantees to use excess program income returned were not clearly documented. Grantees have been able to access and use these funds, but a recent case made it clear to both CPD and staff in the OCFO that written procedures were needed to ensure that information on handling such returns was readily available to both Headquarters and Field CPD staff.

Returning Excess Program Income

A. To return excess program income to HUD in accordance with 24 CFR 570.504(b)(iii), a CDBG grantee must complete a wire transfer request using the following information:

Bank	U.S. Treasury FRB New York
Bank Address	New York, NY
ABA Routing Number (Treasury Dept. Code)	021030004
Agency location code	86010300
Account Holder	U.S. Dept. of HUD (Washington, DC)
Memorandum/Third Party Information	Grantee Name Name Grant Number Attn: HUD CPD/CDBG Account code: 86X6760 Memo: \$\$\$ (enter dollar amount wired) and state “Returning Excess Program Income”

B. CPD Notification of returned funds: The CFO's Accounting Monitoring & Analysis Division will receive notification when a CDBG grantee has completed a wire transfer of excess program income to account 86X6760. The designated person handling this account for that Division will notify the Entitlement Communities Division in CPD of the return, identifying the name of the grantee that has returned excess program income, as well as the amount of funds and the date returned. The Entitlement Communities Division will then e-mail this information to the appropriate Field Office CPD Division Director, requesting that the Division Director ensure that the grantee has the information below on the steps to follow to request a draw of the excess program income the grantee has returned.

Drawing Returned Excess Program Income

Step 1: The grantee official authorized to approve CDBG drawdowns in the Integrated Disbursement and Information System (IDIS) will send an e-mail requesting a drawdown from account 86X6760 to a person designated by the Field Office CPD Division Director. A completed SF-1034, Public Voucher for Purchases and Services Other Than Personal, must be attached to the grantee's e-mail or faxed separately. [A sample SF-1034 and a blank SF-1034 are attached.]

Step 2: Upon receipt, the Field Office CPD designee will review the SF 1034 for completeness and send an e-mail to the grantee stating if the request is approved or not approved. If the request is not approved, the request is to be returned to the grantee, via e-mail, stating why it was not approved. (Generally, a request will only be disapproved if the form is incomplete, the amount requested exceeds the amount available, and/or the form is not signed by a grantee official authorized to approve CDBG drawdowns in IDIS. Any questions about approval should be directed to the designated person in the Entitlement Communities Division.)

Step 3: The Field Office CPD designee will forward the approved drawdown request by e-mail to the designated person in CFO Accounting (see Note below) for processing. The designated person in the Entitlement Communities Division must be copied on the e-mail.

Step 4: CFO, Accounting Monitoring and Analysis Division (AMAD), Program Support Branch, will process the payment via wire transfer.

[Note: As of the date of this memorandum, the persons referenced in Step 3 in HUD Headquarters designated to receive the e-mail (with attachment) requesting payment:

Send to - Edwina J. Middleton, CFO, AMAD, Monitoring and Analysis Branch

Copy – Puping Huang, CPD, Entitlement Communities Division

In the future, you will be notified via e-mail of any change to either of these designees.]

Reporting the Use of Excess Program Income in IDIS

Any excess program income returned in accordance with 24 CFR 570.504(b)(iii) must be used by the grantee prior to making draws from the line-of-credit. The use of the excess program income is to be reported in the IDIS in the same manner as regular program income; the only difference between the two is the location of the accounts in which the money is held.

- a. Excess program income returned in accordance with the process identified above should have been receipted in IDIS at the time it was actually received. No revision should be made to the original receipt in IDIS to reflect the amount returned as excess, nor should the excess program income be receipted a second time. Once a drawdown request for returned excess program income has been submitted to HUD, processed, and the funds received by the grantee, use of the program income is reported in IDIS by simply identifying program income as the source of funds when a draw voucher is created.
- b. If the excess program income was not receipted in IDIS before it was returned as required by 24 CFR 570.504(b)(iii), when a draw is made and the funds are received by the grantee, they should be receipted in IDIS. After being receipted in IDIS, their use will be reported when a draw using program income is created in IDIS. In this situation, the date of receipt in IDIS will not reflect the date the program income was actually received by the grantee; therefore, when the PR26, Financial Summary Report, is done, it will generally be necessary to make adjustments in Part IV, Public Service (PS) Cap Calculation, and Part V, Planning and Administration (PA) CAP.

If you have any questions about the information in this memorandum, please contact Ms. Puping Huang in the Entitlement Communities Division, (202) 402-4525.

Attachments

Internal HUD Distribution:						
DGB Miller 7184		DGB Johnson 7282			DGB Kennedy	
DGB Chron 7286						
Identification Lines:SMiuller :sm :07/03/07 :J :cgb :Miller :returning excess program income.doc						
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Correspondence Code	Originator DGB	Concurrence DGBE	Concurrence DGB	Concurrence	Concurrence	Concurrence
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