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OFFICE OF INSPECTOR GENERAL

Audit Memorandum Report
2002-DE-0801

Date March 22, 2002

MEMORANDUM FOR: Angela M. Antonelli, Chief Financial Officer, F
John C. Weicher, Assistant Secretary for Housing (Federal Housing
Commissioner), H

FROM: Robert C. Gwin, District Inspector General for Audit, 8AGA

SUBJECT: Alleged Violations of the Antideficiency Act and the HUD Reform Act by the
Office of Multifamily Housing Assistance Restructuring (OMHAR)

We performed a review of alleged violations of the Antideficiency Act (31 U.S.C. 1341) and the HUD Reform Act (42 U.S.C. 3545) in the awarding of OMHAR's Section 514 Technical Assistance Grants.

We concluded that HUD did not violate the Antideficiency Act in awarding these grants for fiscal years 1998 through 2001. However, HUD did not fully comply with the HUD Reform Act. While HUD officials competitively awarded the grants, as required by the HUD Reform Act, they did not publish the required notification in the Federal Register identifying the grantees and award amounts.

Weaknesses in HUD's management controls resulted in errors¹ in the award of the Section 514 Technical Assistance Grants. These errors, as well as management decisions that unnecessarily limited the period of funds availability, led to the appearance of potential violations of the Antideficiency Act. In fact, HUD did not obligate or expend more Section 514 Technical Assistance funds than were authorized by Statute and made available for fiscal years 1998 through 2001. However, as a result of misunderstandings between various HUD offices regarding the availability of funds over time, HUD did not comply with the Bona-fide Needs Statute (31 U.S.C. 1502), which provides that the balance of an appropriation or fund is available only for payment of expenses properly incurred during the period of availability.

¹ The General Accounting Office defines an error as an unintentional misstatement of financial information.

The Multifamily Assisted Housing Reform and Affordability Act of 1997 (MAHRA) included language authorizing the Secretary to provide up to \$10 million annually for technical assistance grants to tenant organizations. The MAHRA Statute does not include language specifically restricting the availability of the funds provided for technical assistance funds to one year. HUD's Office of the Chief Financial Officer, through the apportionment and allotment process, designated Housing Certificate no year funds as the source of funds for the Section 514 Technical Assistance Grants, but limited the availability of these funds to one year. In effect, HUD funds that were available for use without time restrictions were, after HUD's action, available for only one year. This situation created confusion among the various HUD Offices regarding the availability of funds by fiscal year for carryover and future use and contributed to the violation of the Bona-fide Needs Statute.

Factors that contributed to the appearance of violations of the Antideficiency Act included the following. In fiscal year 1998 HUD did not record or account for the commitment of Section 514 Technical Assistance Grant awards at the point of commitment or obligation in accordance with its accounting policy and the General Accounting Office's Principles of Federal Appropriations Law. As a result, fiscal year 1998 funds allocated for Section 514 Technical Assistance were reappropriated through OMB at fiscal year end. Therefore, for budgetary purposes these fiscal year 1998 funds were no longer available for future expenditure even though HUD made a definite commitment for the future use of these funds. In fiscal year 2001 Section 514 Technical Assistance Grant agreements were modified prior to grantee acceptance to clarify that the initial funding obligated for the multiyear grant is less than the total grant amount for the three year period and is based on availability of funds at the time of award. Nevertheless, the Chief Financial Officer's (CFO) Office of Budget took the position that the total award amount as shown on the grant agreement should have been obligated. This created confusion regarding the actual grant award obligation amounts for fiscal year 2001 and resulted in the CFO's Director of Budget withdrawing OMHAR as a legally qualified allowance holder for any funds appropriated to HUD by Congress.

These processes clearly caused the misstatement of actual or valid obligations in fiscal years 1998 and 1999, and caused confusion regarding the amount of fiscal year 2001 obligations, but there was no violation of the Antideficiency Act. At the point of obligation when HUD made definite commitments to make future expenditures, Section 514 Technical Assistance funds were available to cover the obligations incurred.

Our report contains recommendations to address the management weakness identified and other recommendations to assist in resolving the contributing factors that led to the appearance of violations of the Antideficiency Act.

Within 30 days please furnish to this office, for the recommendations in this report, a status report on (1) the corrective action taken, (2) the proposed corrective action and the date to be completed, or (3) why action is considered unnecessary. Also, please furnish us copies of any correspondence or directives issued because of the audit.

We appreciate the courtesies and assistance extended by the personnel of the Office of General Counsel, Office of Multifamily Housing, OMHAR, and the Office of the Chief Financial Officer during our review.

BACKGROUND

The Multifamily Assisted Housing Reform and Affordability Act of 1997 (MAHRA) established the Office of Multifamily Housing Assistance Restructuring (OMHAR) within HUD. MAHRA provided that OMHAR would be under the management of a Director, appointed by the President with the advice and consent of the Senate. The Senate approved the appointment of OMHAR's Director on October 21, 1998. From October 1997 to the confirmation of OMHAR's Director, the Mark-to-Market Program was under the direction of the Deputy Assistant Secretary for Multifamily Housing. Office of Multifamily Housing officials administered the Section 514 Technical Assistance grants award process prior to October 21, 1998.

Utilizing the authority and guidelines under MAHRA, OMHAR was responsible for the administration of the Mark-to-Market Program, with the primary goal being preservation of affordable housing. As housing subsidy contracts were expiring on thousands of privately owned multifamily properties with federally insured mortgages, the objective of the Mark-to-Market Program was to reduce rents to market levels and restructure existing debt to levels supportable by these rents. OMHAR was directed to work with property owners, Participating Administrative Entities, tenants, lenders, and others with a stake in the future of affordable housing.

Congress recognized that tenants of the project, residents of the neighborhood, the local government, and other parties would be affected by the Mark-to-Market Program. Section 514 of MAHRA directed the HUD Secretary to establish procedures for providing an opportunity for the effected parties to participate effectively and on a timely basis in the restructuring process established by OMHAR.

Moreover, Section 514(f) of MAHRA authorized the Secretary to provide up to \$10 million in annual grant funding for technical assistance to tenant organizations. Specifically, the Secretary may provide not more than \$10 million annually in funding from which the Secretary may make obligations to tenant groups, nonprofit organizations, and public entities for building the capacity of tenant organizations, for technical assistance in furthering any of the purposes of MAHRA (including transfer of developments to new owners) and for tenant services. Therefore, MAHRA provided up to \$10 million annually for the four-year authorization of MAHRA. For the period 1998 through 2001, the Secretary provided \$40 million (\$10 million annually) to fund the Section 514 Technical Assistance Grants.

The Conference Report on the fiscal year 2002 Defense Appropriations (H.R. 3338, Section 1303, December 19, 2001) speaks to the concern from Congress that an Antideficiency Act violation occurred at HUD under Section 514 of the Multifamily Assisted Housing Reform and Affordability Act of 1997. Section 1303 of the conference report states, in part, "That the recordation and liquidation of obligations and deficiencies under this heading shall not pardon or release an officer or employee of the United States Government for an act or acts in violation of the Anti-deficiency Act (31 U.S.C. 1341)."

MAHRA provided for the termination of the Mark-to-Market Program and OMHAR on September 30, 2001. However, Congress reauthorized the Mark-to-Market program until September 30, 2006. In addition, Congress extended OMHAR until September 30, 2004, but OMHAR would be under the management of the Assistant Secretary for Housing (Federal Housing Commissioner).

SCOPE AND OBJECTIVES

In a request dated November 29, 2001, Senator Christopher S. Bond, Ranking Member, Appropriations Subcommittee on VA, HUD, and Independent Agencies requested that we review alleged violations of the Antideficiency Act (31 U.S.C. 1341) and the HUD Reform Act (42 U.S.C. 3545) in the awarding of OMHAR's Section 514 Technical Assistance Grants. The Senator also requested that we review the Section 514 Technical Assistance Grants to determine if the grant funds were used for allowable purposes. The fiscal year 2002 Department of Defense Appropriations (Public Law 107-117, Section 1303), requires the Inspector General of HUD to audit OMHAR's Section 514 Technical Assistance Grants funded in fiscal years 1998 through 2001. We plan a separate review to address this Congressional directive. The review will also provide an appropriate response to the final item of Senator Bond's request.

Our audit objectives included determining if OMHAR violated the Antideficiency Act and/or the HUD Reform Act in awarding MAHRA's Section 514 Technical Assistance Grants.

In conducting the audit, we interviewed HUD officials in the Office of General Counsel, Office of Multifamily Housing, Office of the Chief Financial Officer and OMHAR. We met with members of Senator Bond's staff. We also reviewed all Section 514 Technical Assistance Grant agreements. In addition, we reviewed the Section 514 Technical Assistance Grant accounting information that included Office of Management and Budget (OMB) apportionment and reapportionment actions, and HUD's allotment, obligation, and disbursement transactions. In addition, we contacted grantees to obtain clarification and confirmation of documents. We identified and obtained an understanding of the appropriate HUD accounting policies and procedures, the General Accounting Office's Principles of Federal Appropriations Law, OMB's Circular A-34, the Section 514 Technical Assistance legislation, the Antideficiency Act, the HUD Reform Act, and the Bona-fide Needs Statute.

Our audit covered the period of October 27, 1997 through September 30, 2001 and we extended the period as necessary to fully accomplish our objectives. We performed our fieldwork from December 2001 through February 2002. We conducted the audit in accordance with Generally Accepted Government Auditing Standards.

FINDING

HUD did not Violate the Antideficiency Act, but did not Comply with the HUD Reform Act and the Bona-Fide Needs Statute

HUD did not violate the Antideficiency Act in awarding OMHAR's Section 514 Technical Assistance Grants for fiscal years 1998 through 2001. However, HUD did not fully comply with the HUD Reform Act in awarding the fiscal year 2001 Section 514 Technical Assistance Grants. As required, HUD officials competitively awarded the grants but did not publish the required notification in the Federal Register identifying the grantees and award amounts. Weaknesses in HUD's management controls resulted in accounting errors in the award of Section 514 Technical Assistance Grants. These errors, as well as management decisions that unnecessarily limited the period of funds availability, led to the appearance of potential violations of the Antideficiency Act. In fact, HUD did not obligate or expend more Section 514 Technical Assistance funds than were authorized by Statute and made available for fiscal years 1998 through 2001. However, as a result of misunderstandings between various HUD offices regarding the availability of funds over time, HUD did not comply with the Bona-fide Needs Statute (31 U.S.C. 1502). The Statute provides that the balance of an appropriation or fund is available only for payment of expenses properly incurred during the period of availability or to complete contracts properly made and obligated within that period of availability..

The Antideficiency Act

The Antideficiency Act (31 U.S.C. 1341) states that unless otherwise authorized by law, no officer or employee of the United States may make an expenditure, or create or involve the United States in any contract or obligation to make future expenditures, in the absence of sufficient funds in the account to cover the payment or the obligation at the time it is made or incurred. According to the GAO Principles of Federal Appropriations Law these two sets of prohibitions are concerned with:

- Making expenditures or incurring obligations in excess of available appropriations; and
- Making expenditures or incurring obligations in advance of appropriations.

Based on our review, we concluded that HUD did not violate the Antideficiency Act in awarding OMHAR's Section 514 Technical Assistance grants for fiscal years 1998 through 2001. At the point of obligation when HUD made definite commitments to make future expenditures, Section 514 Technical Assistance funds were available to cover the obligations incurred.

Congress, through MAHRA, authorized the Secretary to provide up to \$10 million annually for technical assistance grants for the four-year authorization of MAHRA. For the period 1998 through 2001, the Secretary provided \$40 million (\$10 million annually) to fund the Section 514 Technical Assistance Grants. Neither the Office of Multifamily Housing nor OMHAR made expenditures or incurred obligations in excess of the available authorization during that period.

The following table identifies the total Section 514 Technical Assistance Grant awards by fiscal year that **should have been recorded** in HUD's accounting system at the point of commitment or obligation in accordance with HUD's accounting policies and GAO's guidance over the four years reviewed. As shown in the table, the total grant awards per year did not exceed the \$10 million authorized and allotted/available for the four fiscal years.

Fiscal Year	Total Grant Awards		Other Grants	Total Per Fiscal Year
	OTAG ²	ITAG ³		
1998	\$6,000,000	\$1,000,000	\$2,248,140	\$9,248,140
1999	\$0	\$8,000,000	\$1,000,000	\$9,000,000
2000	\$0	\$0	\$1,000,000	\$1,000,000
2001	\$7,383,782	\$0	\$0	\$7,383,782
Totals	\$13,383,782	\$9,000,000	\$4,248,140	\$26,631,922

The following table identifies by fiscal year the **actual recorded obligation amounts** entered into HUD's accounting records for the Section 514 Technical Assistance Grants. Again, as shown in the table, actual recorded obligations per year did not exceed the \$10 million authorized and allotted/available for the four fiscal years.

Fiscal Year	Actual Obligations on HUD's Accounting System			Total per fiscal year
	OTAG	ITAG	Other Grants	
1998	\$0	\$0	\$1,350,000	\$1,350,000
1999	\$4,000,000	\$1,218,000	\$700,000	\$5,918,000
2000	\$2,000,000	\$832,000	\$1,000,000	\$3,832,000
2001	\$7,383,782	\$354,846	\$0	\$7,738,628
Totals	\$13,383,782	\$2,404,846	\$3,050,000	\$18,838,628

² Outreach and Training Assistance Grants

³ Intermediary Technical Assistance Grants

Furthermore, the **actual disbursements** to the Section 514 Technical Assistance grantees did not exceed the amounts allotted and obligated for the four fiscal years. The following table identifies the funds disbursed to the grantees by fiscal year, per HUD's accounting records.

Fiscal Year	Section 514 Funds Disbursed per HUD's Records			Total per fiscal year
	OTAG	ITAG	Other	
1998	\$0	\$0	\$1,350,000	\$1,350,000
1999	\$3,648,727	\$1,136,772	\$191,472	\$4,976,972
2000	\$1,391,491	\$0	\$1,000,000	\$2,391,491
2001	\$666,248	\$354,846	\$0	\$1,021,094
Totals	\$5,706,465	\$1,491,618	\$2,541,472	\$9,739,556

Errors Led to the Appearance of Violations of the Antideficiency Act

Office of Multifamily Housing Did Not Record the Commitment of Grant Funds

In fiscal year 1998, HUD's accounting policy required the recording of the commitment of funds. The commitment of funds is a concept that recognizes transactions on a pre-obligation basis. The recording of commitments is an accounting practice for control of funds purposes and does not constitute "commitment based funding" for budget and reporting purposes. The commitment of funds achieves an administrative control and funds availability validation before the obligation of funds. The term "commitment" describes the setting aside or earmarking of funds that will be used in the future for the purchase of goods or services, or the award of grants or subsidies. HUD's published criteria for recording a commitment states that commitments shall be recorded in a timely manner coincident with the occurrence of the events from which they originate. Commitments were to be recorded against an approved budget with the required classification and dimensions of the applicable budget structure.

HUD Handbook 1900.20 (Paragraph 2-6 A.7) states that obligations shall be recorded when the final act is performed which completes and makes binding a contract or agreement. The Handbook further states that:

“If, as is very often the case, formal contracts or agreements are accepted and signed by the parties at different times and places, the final act making a binding contract usually will be the written notification to the grantee or borrower of approval by HUD of the grantee's or borrower's application, and the obligation shall be recorded at the time that such notification is made (emphasis added).”

In August 1998, the Office of Multifamily Housing selected and notified through a grant award letter twenty-five Outreach and Training Assistance Grantees of their Section 514 Technical Assistance Grant awards. These fiscal year 1998 Section 514 Technical Assistance Grant awards totaled \$6 million. In addition, the Office of Multifamily Housing selected and notified three Intermediary Technical Assistance Grantees of their Section 514 Technical Assistance Grant awards, in accordance with the April 1998 Notice of Fund Availability, totaling \$9 million (\$1 million for fiscal year 1998 and \$8 million for fiscal year 1999). The multiyear Intermediary Technical Assistance Grant (ITAG) agreements prepared in fiscal year 1998 by Office of Multifamily Housing officials did not identify the award-funding source by fiscal year. However, these grant agreements did incorporate the 1998 Notice of Fund Availability which provided for the award of \$1 million from fiscal year 1998 funds and \$8 million from fiscal year 1999 funds. These ITAG grant agreements totaled the \$9 million awards as announced in the Federal Register. The Office of Multifamily Housing also awarded two additional contracts, totaling \$2,248,140, to provide technical assistance to the tenants.

HUD's Office of the Assistant Secretary for Congressional and Intergovernmental Relations Intergovernmental Affairs sent out letters of award and acceptance to the grantees. The grantees accepted and signed the grant award letters and returned them to HUD over the period of August 26 through September 2, 1998. The grantee's formal acceptance of the grant award established the actual point of obligation. HUD's Office of Multifamily Housing then sent out the official grant agreements and the grantees signed the grant agreements over the period of September 23, 1998 through October 14, 1998 (seventeen grant agreements were signed prior to the end of the fiscal year, fifteen were signed after fiscal year end).

After the grantees signed and returned their respective grant award letter, the Office of Multifamily Housing authorized the grantees to start incurring cost before HUD officials signed the official grant agreements. HUD's Assistant Secretary for Housing published notification in the Federal Register identifying the fiscal year 1998 and 1999 Section 514 Technical Assistance Grant awardees. This public notification clearly indicated HUD's position that it had committed fiscal year 1998 funds for future use. This created a legal liability of the Government for future payment from these funds.

The General Accounting Office's (GAO) Principles of Federal Appropriations Law (July 1999, Chapter 7, page 7-3) states that an obligation can be defined as a definite commitment, which creates a legal liability of the Government for the payment of appropriated funds. Furthermore, the Grants and Subsidy section (Chapter 7, Subsection 5a) states that in order to properly obligate an appropriation for an assistance program some action creating a definite liability against the appropriation must occur during the period of the obligation availability of the appropriation. In the case of grants, the obligating action will usually be the execution of the grant agreement. **The particular documents will vary and may be in the form of an agency's approval of a grant application or a letter of commitment.** GAO states as a general proposition four requirements must be met to properly obligate assistance funds:

- There must be some action to establish a firm commitment on the part of the Government;

- The commitment must be unconditional on the part of the government;
- There must be documentary evidence of the commitment; and
- The award terms must be communicated to the official grantee.

The grant award notification letter sent to the grantees in August 1998 established a firm commitment, placed no conditions on the award, provided documentary evidence of the award, and communicated the award to the official grantee. Therefore, we concluded that a **point of legal obligation** resulted from the award letters and grantee acceptance of the award in accordance with HUD's and GAO's published guidance.

Even though HUD provided notification to the grantees of the awards and allowed them to start incurring cost, the definite commitment of \$7 million of fiscal year 1998 funds was not recorded and accounted for in HUD's accounting system contrary to HUD's accounting policy and GAO's guidance. Multifamily Housing officials failure to record commitments or obligations at the point of legal obligation in fiscal year 1998 for the OTAG/ITAG grant awards represents a significant accounting error. Since the CFO's Office of Budget had limited the availability of the Section 514 Technical Assistance funds to one year, fund balances remaining at fiscal year end without recorded obligations were no longer available for future use. As a result, fiscal year 1998 Section 514 Technical Assistance funds that HUD in fact had obligated for future use were, in effect, closed out at fiscal year end and reestablished as fiscal year 1999 funds through the OMB reapportionment process.

Prior Year Accounting Errors Affected Fiscal Year 1999 Obligation Accounting

As a result of the prior year accounting errors and fund control actions, The CFO's Office of Budget believed that HUD obligated more funds in fiscal year 1999 than were authorized and available for Section 514 Technical Assistance Grants. In fiscal year 1999, HUD changed its accounting policies and procedures and began recording grant obligations based on HUD's issuance of the official grant agreement signed by both the grantee and HUD officials. In fiscal year 1999, after the Director of OHMAR came onboard, the OTAG and ITAG grant agreements were signed off on and officially issued to the grantees for the Section 514 Technical Assistance Grant funds awarded in both fiscal year 1998 and 1999. In accordance with the new accounting policy, the CFO's Office of Budget believed that the total amount of funds awarded through these grant agreement documents, for both fiscal years, should have been recorded as fiscal year 1999 obligations. This occurred because HUD officials were not aware that prior year accounting errors led to valid obligations in fiscal year 1998 not being recorded and accounted for in HUD's accounting system. As a result, the CFO's Office of Budget believed that fiscal year 1999 obligations for Section 514 Technical Assistance grants exceeded the amount of authorized and allotted funds and consequently a violation of the Antideficiency Act occurred.

The 2001 OTAG Grant Agreements Did Not Identify Modified Award Amount

The 2001 Outreach and Training Assistance Grant (OTAG) award agreements were modified before issuance. The grant amounts, per the multiyear grant award agreements totaled \$11,771,300, exceeding the Section 514 Technical Assistance funds allotted/available for fiscal year 2001. However, OMHAR modified the multiyear grant agreements prior to issuance and acceptance by the grantees advising the grantees that actual funds awarded would be less than the total grant amount, and would be based on funds available at the time of award for these multiyear grants. OMHAR subsequently obligated grant amounts generally based on the grantees first year grant budget, which was far less than the amount shown on the multiyear grant agreement.

The CFO's Office of Budget again believed that the full amount shown on the grant agreement should be obligated. Therefore, the Office of Budget's position was that the fiscal year 2001 OTAG grant awards exceeded the availability of Section 514 Technical Assistance funds and consequently an alleged violation of the Antideficiency Act occurred in fiscal year 2001.

However, the CFO's Office of Budget should have known that the grant agreements had been modified prior to issuance and acceptance, in effect, advising the grantees that the initial funding obligation for the grant would be less than the total award amount for the three year grant period. In a memorandum dated February 28, 2001, the Office of Multifamily Housing discussed, in part, a concern raised by the Office of General Counsel (OGC) regarding obligations of funds for the OTAG/ITAG program. The memo specifically cites discussions with the OGC, the Office of Chief Financial Officer, and the OIG to resolve the concern. The memorandum clearly explains that the concern about the obligations for these OTAG grants arises from a simple misunderstanding about the nature of the contracts. The memorandum states that these contracts were in fact up to **three-year** contracts under which the obligation of funds in any particular year did not exceed \$10 million. Attached to the memorandum was a copy of a typical letter sent to the OTAG grantees that specified the three year term of the Grant Agreement, and initial funding of only a portion of the total grant amount "based on the availability of funds at the time of the award.

The HUD Reform Act

Our review identified that OMHAR did not fully comply with the HUD Reform Act by not publishing the fiscal year 2001 Section 514 Technical Assistance grantees and award amounts in the Federal Register, as required.

Section 102 of the HUD Reform Act of 1989 (Public Law 101-235, approved December 15, 1989, 42 U.S.C. 3545, hereinafter referred to as Section 102) requires (among other things) that before the Department solicits an application for assistance subject to Section 102, it is to publish a Notice in the Federal Register describing application procedures. Not less than 30 calendar days before the application deadline, HUD is to publish selection criteria in the Federal Register. Furthermore, the Department is to publish a Notice in the Federal Register to notify the public of all decisions made by HUD.

HUD published two Notices of Funds Availability (NOFA) for the Section 514 Technical Assistance Grants. The first NOFA, published April 30, 1998 provided \$6 million for Outreach and Training Assistance Grants (OTAG) and \$9 million for Intermediary Technical Assistance Grants (ITAG). The NOFA also identified that funding of the OTAG grants and \$1 million for ITAG, was to come from fiscal year 1998 funds. The remaining \$8 million for ITAG was to be available in FY 1999, subject to the Congress appropriating funds.

The second NOFA, published February 24, 2000, advertised the availability of approximately \$6 million for additional OTAG grants. Both NOFAs met the requirements of the HUD Reform Act by providing for the availability, competition, and selection process of the available funds.

The following table identifies the Section 514 funds made available through the two NOFAs for fiscal years 1998 through 2001. The other grants listed were funded through a separate process.

Fiscal Year	NOFA for Funds Available		Other Grants	Total awards per fiscal Year
	OTAG	ITAG		
1998	\$6,000,000	\$1,000,000	\$2,248,140	\$9,248,140
1999	\$0	\$8,000,000	\$1,000,000	\$9,000,000
2000	\$6,000,000	\$0	\$1,000,000	\$7,000,000
2001	\$0	\$0	\$0	\$0
Totals	\$12,000,000	\$9,000,000	\$4,248,140	\$25,248,140

On November 27, 1998, HUD's Assistant Secretary for Housing confirmed and announced in the Federal Register the awarding of OTAG Grants totaling \$6 million and three ITAG grants totaling \$9 million, related to the April 30, 1998 NOFA.

However, for the February 24, 2000 NOFA⁴, we found no announcement or notification of the grant awards in the Federal Register. We performed searches of the Federal Registers on the Government Printing Office websites and did not find the required publication of the award of the 2001 OTAG grants. As a result, the public was not notified of the fiscal year 2001 Section 514 Technical Assistance Grant awards. OMHAR staff could not recall why the grant awards were not published in the Federal Register. We found no evidence that OHMAR requested OGC to publish the Federal Register notification.

HUD awarded funds in excess of the amount advertised as available in the February 24, 2000 NOFA. We identified that OMHAR awarded grants totaling \$7,383,782 which was \$1,383,782 in excess of the approximate \$6 million announced as available in the February 24, 2000 NOFA. Since the amount advertised as available in the NOFA was an approximate and all applicants in fact were awarded grants, HUD did not violate the Reform Act by awarding grant funds in excess of the advertised available amount.

⁴ OTAG funds made available in the February 2000 NOFA were awarded in fiscal year 2001.

Nevertheless, had HUD published the required Federal Register notification of grant awards, the public would have been notified of the award of additional funds.

The Bona-fide Needs Statute

As a result of misunderstandings between various HUD offices regarding the availability and carryover of funds for future use, HUD did not comply with the Bona-fide Needs Statute.

The Bona-fide Needs Statute (31 U.S.C. 1502) provides that the balance of an appropriation or fund limited for obligation to a definite period is available only for payment of expenses properly incurred during the period of availability or to complete contracts properly made within that period of availability and obligated consistent with the obligation. However, the appropriation or fund is not available for expenditure for a period beyond the period otherwise authorized by law.

Section 514 of MAHRA provided that the Secretary may provide not more than \$10 million annually in funding for technical assistance in furthering any of the purposes of MAHRA. The language of Section 514 authorized the Secretary to provide no more than \$10 million annually, but did not preclude the Secretary from using a multiyear funding source, and thus potentially allowing for the carry over of the unused funds until OMHAR's sunset date of September 31, 2001. In fact, the funding source for the Section 514 apportionment was multiyear funds, but the Chief Financial Officer's Office of Budget established and allotted the Section 514 Technical Assistance funds as **one year funding** thereby limiting the availability period for the funds use to one fiscal year. Since the Section 514 account funds were one year funds, fund balances remaining at fiscal year end without recorded obligations were no longer available for future obligation and use.

In fiscal years 1999, 2000, and 2001, OMHAR recorded and charged obligations against fiscal year 1998 funds that it believed were previously committed and carried over/available for future use/obligation. As discussed previously in this report, fiscal year 1998 funds were not properly recorded as commitments in HUD's accounting system because of accounting errors and misunderstandings among the various offices.

Since fiscal year 1998 commitments or obligations were not recorded, the CFO's Office of Budget, not aware that valid obligations existed, closed out these funds at fiscal year end through the OMB reapportionment process. In effect, fiscal year 1998 funds that the Congress authorizes and the Secretary provided for the award of Section 514 Technical Assistance grants were no longer available for use according to the CFO's Office of Budget. As a result, HUD violated the Bona-fide Needs Statute by recording obligations of fiscal year 1998 funds in fiscal years 1999, 2000, and 2001, when the fiscal year 1998 funds were no longer available for use. These funds **should and would have been available** for future use had HUD at the point of obligation properly recorded and accounted for commitments and obligations in its accounting system. In our opinion, HUD did not intentionally violate this Statute.

The highlighted areas of the table below show the amount of actual violations by fiscal year.

Fiscal Year	Bona-Fide Needs Violations			Total per fiscal year
	OTAG	ITAG	Other	
1998	\$0	\$0	\$0	\$0
1999	\$3,648,727	\$0	\$0	\$3,648,727
2000	\$1,391,490	\$0	\$0	\$1,391,490
2001	\$0	\$354,846	\$0	\$354,846
Totals	\$5,040,217	\$354,846	\$0	\$5,395,063

Availability of Appropriations to Pay Obligations

Section 1553(a) of Title 31, United States Code, provides that for the five years that follow the period fixed for the obligation of an appropriation the account shall retain its fiscal year identity and remain available for recording, adjusting, and liquidating obligations properly chargeable to the account. Pursuant to this statute, HUD has the discretionary authority to process adjusting entries, using funds available in the Housing Certificate Fund or the Annual Contributions for Assisted Housing account, to correct the prior period accounting errors discussed herein (*i.e.*, failing to record obligations when they were incurred, and recording prior year obligations against later year accounts). Further, as discussed above the actual obligations that were incurred never exceeded amounts authorized under section 514(f) of MAHRA, and the balance of funds available in the Housing Certificate Fund and the Annual Contributions for Assisted Housing account is approximately \$2 billion, adjusting entries pursuant to section 1553(a) will avoid the occurrence of a deficiency. However, as also discussed above, the Office of Budget annually rescinded account balances in excess of recorded obligations remaining in the annual OTAG/ITAG grant fund accounts, and a strong argument could be made that the failure to timely adjust entries could result in Antideficiency Act violations at the end of the adjustment period authorized by section 1553(a). In other words, and for example, it would appear that the unrecorded fiscal year 1998 obligations in excess of the amount recorded as obligations that year may properly be classified as deficiencies on October 1, 2003, if accounting adjustments are not entered.

Other Factors Contributed To the Errors

During our review, we obtained numerous documents related to the OTAG/ITAG grants award process for the period 1998 through 2002. The concerns communicated in these documents generated many questions between Department officials within the Office of General Counsel, Office of the Chief Financial Officer, Office of Multifamily Housing and OMHAR related to funding of the OTAG and ITAG grants. These documents, in our opinion, show a need for improved coordination and cooperation between the various HUD Offices. Moreover, the inability of Department officials to reach consensus on

appropriate action to address the various concerns regarding grant funding contributed to delays and confusion in processing and recording grant awards. As a result, grantees were not reimbursed for services provided per their grant agreements. A primary example of the need for better communication between the key offices involved in the alleged Antideficiency Act violations is the CFO's Office of Budget action to withdraw OMHAR as a legal Allowance Holder of Federally appropriated funds without meeting and discussing the issues involved with the Director of OMHAR.

Auditee Comments and OIG Replies

We provided the Assistant Secretary for Housing—Federal Housing Commissioner and the Chief Financial Officer with a copy of the draft report on February 13, 2002 for their comments. They provided a final joint response as provided in Appendix A.

The auditees requested additional clarification be included in the final report and concurred with our recommendations. We expanded our report to clearly identify our conclusions and included additional information not contained in our draft report.

The auditees divided their response into eight areas. We provided the following replies to the eight areas. We also wish to point out that as noted below, a number of statements in the response provide a misunderstanding of the facts. For example, the response refers to letters issued on January 5, 2001 that modified the grant agreements and states that knowledge of these letters would have alleviated concerns that the grant amounts exceeded the funds available. As stated in the report, a memorandum dated February 28, 2001 from the Deputy Assistant Secretary for Multifamily Housing through the Office of the Chief Financial Officer discussed, in part, a concern raised by the Office of General Counsel (OGC) regarding obligations of funds for the OTAG/ITAG program. The memorandum specifically referenced the January 5, 2001 modifications to the multiyear grant agreements. Additionally, attached to the February 28, 2001 memorandum was a typical letter sent to an OTAG grantee modifying the terms of the grant agreement.

Unique Status of OMHAR

The auditees requested a clearer explanation of OMHAR's unique status created by Congress through MAHRA. While OMHAR operated as a unique entity within HUD, it relied on HUD for accounting, budget, legal, and other support services. The auditee notes that after the confirmation of the Director of OMHAR, OMHAR became responsible for many actions related to the Section 514 grant awards. As identified in the report, the Office of Multifamily Housing's actions in fiscal years 1998 and 1999 before the Director of OMHAR was onboard lead to the greatest errors identified. In addition, the Deputy Assistant Secretary for Multifamily Housing and the Office of the Chief Financial Officer were fully aware of the modifications to the fiscal year 2001 Section 514 Grant agreement as clearly communicated in a February 2001 memorandum from the Deputy Assistant Secretary for Multifamily Housing. As stated in the report, OMHAR did not fully comply with the HUD Reform Act regarding the fiscal year 2000 NOFA. However, we believe the auditee's response to our report provides inaccurate information given the HUD Offices involved, and the policies and guidance in place at the time.

Point of Obligation

We concur that a pivotal point in determining if a violation of the Antideficiency Act occurred is a full understanding of the point of obligation. We expanded the report to fully explain our review and conclusions related to the point of obligation. As stated in the report, per HUD's policies and GAO's guidance, the point of legal obligation for the fiscal year 1998 Section 514 Grants was the award letters. Again, as stated above for the fiscal year 2001 OTAG grant awards, the Deputy Assistant Secretary for Multifamily Housing and the Office of the Chief Financial Officer agreed in February 2001 that the grant agreements were properly modified. It would appear from this response that these Offices are taking a different position than the one reported by the previous Deputy Assistant Secretary for Multifamily Housing and the Office of the Chief Financial Officer, per their February 2001 memorandum.

The response also refers to Chapter 7, page 7-6 of GAO's Principles of Federal Appropriations Law (Red Book). We concur with the reference, but as noted in the report Section 5a of the same chapter identifies that a legal obligation did take place before signing the grant agreements for fiscal year 1998, given HUD's policies and GAO's guidance.

Apportionments

We modified the report to clearly identify the apportionment, reapportionment, and allotment of the Section 514 funds. We disagree with the comment that the report concludes that the Section 514 funds were no year funds and that allotment of these funds on an annual basis was an error. The report in fact states that the authorizing language does not specify that the Section 514 funds are only available for one year's use. The report points out that HUD designated these funds as available for one year. If we were taking the position that the Section 514 funds were/are no year funds, the report as written would not be necessary because there would not have been an appearance of a Antideficiency Act violation if these were no year funds.

HUD states that there is no disagreement regarding OMHAR's failure to follow established funds control procedures and the under-recording of reservations and obligations. HUD's response misrepresents our position. As the report clearly discusses, the failure of Office of Multifamily Housing officials (not OMHAR) to properly record the commitment of fiscal year 1998 funds led to the appearance of a violation of the Antideficiency Act in fiscal year 1999. According to a schedule provided to us by the CFO's Director of Budget, his office believed that an over obligation of funds occurred when the Director of OMHAR signed the official grant agreements much later in fiscal year 1999 and thus a violation of the Antideficiency Act. Because the Office of Multifamily Housing did not record the commitment of funds in fiscal year 1998, these uncommitted funds balances were reapportioned at the beginning of fiscal year 1999. In addition, the CFO's Office of Budget did not recognize this error in their review of the alleged violation of the Antideficiency Act. Had the CFO's Office of Budget and the Office of Multifamily Housing officials met and discussed the fiscal year 1998 Section 514 Technical Assistance grants award process prior to processing reapportionment actions at fiscal year end, these officials should have found that valid unrecorded obligations existed. At that time, timely actions could have been taken to address the accounting errors instead of waiting almost three years to identify and address this issue.

Bona-fide Needs Rule

Again, as discussed above, the report does not conclude that funds available to Section 514 grants were no year funds. The report in fact clearly describes how HUD established the Section 514 funds as one year funds. We concur that the Bona-fide Needs Statute indicates a possible violation of the Antideficiency Act. However, as cautioned in GAO's Principle of Appropriation Law, a violation of the Bona-Fide Needs Statute may have the appearance of a violation of the Antideficiency Act but does not necessarily constitute a violation. The auditee also question if a correction to the accounting records is possible. In our opinion and per OMB Circular A-34 (see paragraph below for additional details), an adjustment is possible given the facts of the accounting errors.

Applicability of the 5-Year Availability of Appropriations Statute

The response provides a misunderstanding of the conclusion in the report. Again, as discussed above, the OIG did not conclude that the Section 514 account funds are no year funds. The OIG's position is that adjustments could be made for the accounting errors identified in the report under the authority of 31 U.S.C. 1553. This authority is clearly defined in OMB Circular A-34 Section 11.5. Specifically, OMB states that during the expired phase, (the time period when the appropriations are no longer allowed to incur new obligations) the appropriation is available to liquidate valid obligations incurred during the unexpired phase. The Department may make adjustments to increase or decrease valid obligations incurred during the unexpired period but not previously reported. Normally this phase lasts for five fiscal years after the close of the period of availability except when a law specifically lengthens this phase.

Violation of the HUD Reform Act and Appropriations Law

The response provides a misunderstanding of the conclusions in the report. We state that a violation of the HUD Reform Act occurred in fiscal year 2001 (no other year) because OMHAR failed to provide the required notice in the Federal Register. We believe that the response is based on a misperception by the CFO's Office of Budget that HUD must issue a separate NOFA for each fiscal year. Neither MAHRA nor the HUD Reform Act requires a NOFA for each fiscal year. HUD practices in other program areas clearly provides for issuing NOFAs covering multiyear funding. NOFAs issued for multiyear funding contain language basing future funding on availability of funds. Since MAHRA provided an authorization for Section 514 funds for the four-year period of MAHRA, we concluded that issuing multiyear NOFAs did not violate the HUD Reform Act.

Coordination and Cooperation within HUD

As stated in the report, we based our conclusion on emails, correspondences, and interviews related to the period July 1998 through January 2002. Furthermore, as identified in the report, the Office of the Chief Financial Officer and the Deputy Assistant Secretary of Multifamily Housing were fully aware and in possession of documents that clearly showed that the fiscal year 2001 grant agreements had been modified. Additionally, in our meetings with HUD officials as late as February 2002, it was clear that these officials were still confused about the facts pertaining to the award and obligation of Section 514 Technical Assistance grants.

Addressing OIG Recommendations

The auditees concurred with OIG recommendations. The auditee referred to HUD's plan for updating the "Administrative Control of Funds" approved by OMB. We concur that the plan generally addresses our recommendation to update HUD's accounting and budget Handbooks. However, the plan does not address whether the outdated accounting and budget Handbooks issued by HUD's Office of Administration will be included in the update. The response also states that HUD is currently developing a set of Departmental protocols for identifying and addressing Antideficiency Act violations. We did not include a recommendation for this area. However, as identified in the report any protocols should include the need for coordination and cooperation between the various HUD offices.

Recommendations

We recommended that the Chief Financial Officer:

- 1A. As appropriate, adjust HUD's accounting records for the Section 514 Technical Assistance Grants to address the prior year errors.
- 1B. Update and revise HUD's Budget and Accounting Handbook guidance to ensure compliance with current policies and procedures.
- 1C. Coordinate fiscal year end fund liquidation or reapportionment actions with the effected Program Offices responsible for administrating the grants.

We recommended that the Assistant Secretary for Housing:

- 1D. Take appropriate actions to ensure future Section 514 Technical Assistance grants are timely awarded and properly recorded by fiscal year in HUD's accounting system.
 - 1E. Require that multiyear grant award agreements specify award amounts by fiscal year funded.
-

Appendices

Appendix A

Auditee Comments



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

March 21, 2002

MEMORANDUM FOR: Robert C. Gwin, District Inspector General for Audit, 8AGA

FROM: John C. Weicher, Assistant Secretary for Housing-Federal Housing
Commissioner, F

Angela M. Antonelli, Chief Financial Officer, F

SUBJECT: Alleged Violations of the Antideficiency Act and the HUD Reform Act by
the Office of Multifamily Housing Assistance Restructuring (OMHAR)

The Department appreciates the opportunity to comment on the draft Office of Inspector General (OIG) review of the Section 514 technical assistance grants made by the Office of Multifamily Housing Assistance Restructuring (OMHAR). We are pleased that the OIG, following the request from the Office of Housing for assistance on November 19, was able to secure all relevant files and documentation for these grants needed to assess when, and in what amount, obligations were incurred for this program.

From January 2001 through October 2001, the Office of Housing and the Office of the General Counsel were unsuccessful in obtaining full documentation of these grants from OMHAR, which led to the preliminary determination that an Antideficiency Act violation had occurred. The OIG report, however, is based on an analysis of all the OMHAR documents, including materials such as the letters issued on January 5, 2001, specifying that the amounts in the grant agreements were for a three-year period and that initial funding was for less than the amount stated in the agreement. When the Office of Housing and the Office of the General Counsel specifically requested such documentation, OMHAR informed them that the documentation did not exist. Knowledge of these letters would have alleviated concerns that the grant amounts exceeded the funds available.

Unique Status of OMHAR. In general, we request that the draft report provide a clearer explanation of the context in which the Section 514 program was administered and how the grants were handled. The Department notes that, under the Multifamily Assisted Housing Reform and Affordability Act of 1997 (MAHRA), OMHAR enjoyed a unique independence from other organizational elements of the Department. This unique status needs to be understood in order to put in perspective the issues that

arose in the administration of these grants. Section 573 of that Act provided a statutory delegation of authority to the Director of OMHAR for the administration of the Section 514 technical assistance grant program. Accordingly, once the Director of OMHAR was confirmed, OMHAR was responsible for preparation of the NOFA, review of grant applications, making awards, preparation and execution of grant agreements, submission of documentation to reserve and obligate funds in the accounting system, and administration of those grant agreements.

As the draft report recognizes, it is because OMHAR failed to comply with basic funds control procedures that the reservations and obligations of funds were not properly recorded. For example, the report states that OMHAR failed to place any notification of the awards for the February 24, 2000 Notice of Funds Availability (NOFA) in the *Federal Register*, and awarded almost \$1.4 million more than the \$6 million announced in the NOFA. Thus, OMHAR did not inform potential applicants of the availability of the additional funds. OMHAR also did not advise the Office of Housing or the Departmental Budget Office of the increase in the aggregate amount of the awards. In addition, as the draft report notes, when OMHAR amended the 2001 OTAG Grant Agreements, these amendments were not communicated to the Departmental Budget Office.

Point of Obligation. A pivotal issue in a determination of whether an Antideficiency Act violation has occurred is an understanding of what constitutes the legal point of obligation for these funds. The draft report in some places acknowledges the differences between “commitments” and “obligations” and in other places uses the terms interchangeably. These terms should be reviewed to confirm they were correctly used in context. With respect to the Antideficiency Act determination, it should be noted that only the point of obligation is relevant.

The draft report does not include any detailed discussion defining the point of obligation for the Section 514 grants. The draft report does conclude that a substantial sum for grant awards should have been recorded as obligated in FY1998, prior to the execution of the actual grant agreements that occurred in FY1999. Conversely, the report finds that substantial portions of amounts included in grant agreements executed in FY2001 should not be considered as obligated until a later fiscal year. We appreciate that these conclusions are based on a grant-by-grant investigation and on a legal assessment by OIG of the applicable point of obligation for each sum involved. We believe that if the Department’s normal procedures had been followed, including the reservation of funds prior to grant award and the recording of obligations once binding legal instruments were executed, no questions would have arisen with respect to these agreements, and disruption of this program could have been readily avoided.

The draft report notes that because the actual obligations recorded in HUD’s accounting system were less than \$10 million, no Antideficiency Act violation occurred. With respect to the recording of obligations in the accounting system, the General Accounting Office, in establishing case law surrounding the appropriations issues, has clearly stated in Chapter 7, page 7-6 of its “Red Book” that the act of recording an

obligation in an accounting system evidences the obligation but does not create it. Consequently, amounts reflected in the accounting system cannot be used as the basis of deciding the amount of the obligations that has occurred.

Apportionments. The draft report blames “errors, as well as management decisions that unnecessarily limited the period of funds availability” as leading to the “appearance of potential violations of the Antideficiency Act.” The report concludes that Section 514 funds were no year funds, because the funds were derived from the Housing Certificate Fund, which is a no year account; and therefore, the Departmental Office of Budget’s allotment of these funds on an annual basis was an error.

Even if the funds were no year funds, the Section 514 program could not benefit from the carryover of unused funds from one year to the next, at least prior to FY2003. There are two reasons. Section 514 makes up to \$10 million available for each year. At the end of each year, these no year funds would revert back to the parent Housing Certificate Fund for redistribution to other eligible activities, especially the annual rescission of unobligated funds. In addition, the \$10 million limitation contained in Section 514 acts as an annual appropriation. The limitation is the only source of expressed authority to spend funds on Section 514 activities in the Act. Even if unused funds are carried over, funds available in any subsequent year would have to be reduced dollar for dollar. In either case, Section 514 activities could not receive the benefit of carryover from year to year.

While there is no disagreement regarding OMHAR’s failure to follow established funds control procedures and the under-recording of reservations and obligations, the report appears to question how these funds were apportioned by the Office of Management and Budget (OMB), allotted by the Department, and reflected in the Department’s accounting system. This gives the erroneous impression that OMB or the Department has the authority to administratively change the statutory availability of funds.

The draft report discusses apportionment and allotment; and therefore, it would be beneficial for the report to address as well the Antideficiency Act prohibition of obligation or expenditure in excess of an apportionment or an allotment.

Exhibit A includes all of the OMB Section 514 apportionments for 1998 through 2002. While OMB Circular A-34 does indicate that an apportionment may be for a period exceeding the current fiscal year, it is routine practice to apportion all of the Department’s funds on an annual basis. This means that any end-of-year unobligated balance in a no year account such as the Housing Certificate Fund must be reapportioned in subsequent years, as shown on these apportionments. These balances did not expire, as would be the case with annual funding. Regardless of the period of availability, it is difficult to imagine how the Department’s actions could have contributed to the “appearance of potential violations of the Antideficiency Act.” The apportionment and allotment documents were sent to the program offices and, to the best of our knowledge, there never was any question about the fact that the maximum

amount that could be legally obligated in any year was \$10 million, as stated in the apportionments and allotments for this activity.

The most recent OMB FY 2002 apportionment of funds for Section 514 is as one year funds (see Exhibit A). HUD is legally obligated to implement the Section 514 program based on this apportionment.

Bona Fide Needs Rule. The draft report concludes that there was a violation of the Bona Fide Needs Rule when OMHAR committed funds for a multi-year period of performance. The Bona Fide Needs Rule only applies to fixed-term accounts, and the draft report made a determination that funds available to Section 514 grants were no year funds. As such, the Bona Fide Needs Rule would not apply and no violation of the Rule occurred. Regardless of whether the Bona Fide Needs Rule is applicable here, this statement also indicates a possible violation of the Antideficiency Act. If we have correctly understood this statement, then the draft report should discuss this possible violation.

Later, however, the report concludes that funds allocated for this program had expired at the end of the year of availability and the authority of 31 U.S.C. 1553 made available these expired balances for accounting adjustments to record obligations. Such corrections are not possible, since the Department has reported to the Treasury no expired balances in this account. Moreover, if the funds used for these corrective entries are to come from current balances in the Housing Certificate Fund, such use must be reconciled with many other eligible uses and are subject to certain laws. For example, each year unused funds in the account are programmed to support vouchers, used as offsets to new appropriations, or rescinded as an offset for other purposes. Consequently, HUD could only use unobligated funds for corrections if it could establish that this use of funds takes precedence over other uses specified in the FY2002 Appropriations Act. Furthermore, Congress has already provided specific authority to make corrections for the under-recording of obligations for this grant program, whether or not violations of law or the apportionment have occurred, and OMB has not further restricted the use of funds. HUD has already used a portion of this authority to pay existing invoices relevant to the 1998 agreements.

Applicability of the 5-Year Availability of Appropriations Statute. The 5-year availability of appropriations statute only applies to time-limited appropriations, creating a 5-year "expired" account from which the Department can make expenditures against reported obligations and necessary corrections. It appears that OIG has concluded that funds available for these grants are no year funds. If OIG has made such a conclusion, this provision would not apply.

Informal discussions by OGC with GAO attorneys, however, reveal that they would apply this principle by analogy to a no year situation. If OIG has determined that these are no year funds, OIG may want to consider modifying its analysis to indicate that the 5-year availability statute applies by analogy and not directly.

Violation of the HUD Reform Act and Appropriations Law. The Department agrees with the draft report's conclusion that OMHAR violated the HUD Reform Act by not publishing a NOFA in FY1999 and also in FY 2001. Congressional staff have also raised this question. In addition, the draft report does not address a principle of appropriations law that an obligation of funds for an unauthorized purpose is construed as an obligation in excess of a \$0 appropriation, and, if "proper" funds are not available to make the necessary correction, may constitute a violation of the Antideficiency Act.

Coordination and Cooperation within HUD. We are also concerned with the final observation made in the draft report that the extensive record of communications between staff regarding the interpretation and administration of the Section 514 program shows a lack of coordination and cooperation between various HUD Offices. We believe that this does not accurately characterize the actions of the Office of General Counsel, Office of the Chief Financial Officer, or the Office of Housing during 2001. These HUD offices were attempting to ascertain the facts about the grants by OMHAR and were sharing their information. At the time, as the report notes, the FY2001 grant awards had not been published in the Federal Register; nor had the grant files or other information concerning the grants been given to the HUD Budget Office. At one point, as previously noted, OMHAR staff denied the existence of documents that were later located and which OIG found to be critical in determining the existence of obligations. When the files were provided, they were often inadequate and incomplete. Only after your investigation was launched did OMHAR fully disclose all relevant documentation in their possession.

Addressing OIG Recommendations. At the conclusion of the draft report, OIG specifically requests the Department's comments on the recommendations to address the management weakness identified and to assist in resolving the contributing factors that led to the appearance of violations of the Antideficiency Act. We note that HUD now has an OMB-approved plan for updating its policies and procedures concerning the administrative control of funds. In addition, the Department is currently developing a set of protocols for identifying and addressing Antideficiency Act violations. The Department also will make the necessary and appropriate accounting adjustments using existing statutory authorities to ensure all obligations and payments are recorded properly and appropriately.

Again, we appreciate the opportunity to comment on this draft OIG review of the Section 514 technical assistance grants made by OMHAR.

Attachment

ING

202 395 1307
ID:202-395-1307

FEB 21 '02 17:17 No.001 P.01 14.4K

EXHIBIT A
Page 1

86 (= Treasury agency code) (- first year of availability, or blank for annual and no-year) (- last year of availability, or "X" for no-year) 0119 (- Treasury account code) 2002 (- fiscal year) 01 (- program number, 1 for the default value of "01" unless OMD tells you to use other numbers)		Fiscal year: 2002 Appropriational: HCF - 88	
SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE			
Department of Housing and Urban Development Public and Indian Housing/CFD		Housing Certificate Fund 86X0319	
BUDGETARY RESOURCES			
1A	Budget authority:		
1B	Appropriation (P.L. 107-73)	15,640,975,000	15,640,975,000
1C	Borrowing authority		
1D	Contract authority		
1E	Net transfers (+ or -)		
1F	Other		
2A	Unobligated balance:		
2B	Brought forward October 1	1,675,585,680	1,675,585,680
2C	Net transfers, actual (1 or -)		
2D	Anticipated transfers (1 or -)		
3A1	Spending authority from offsetting collections (gross):		
3A2	Earned:		
3B1	Collected		
3B2	Receivable from Federal sources		
3B3	Change in unfilled customers' orders (1 or -)		
3B4	Advance received		
3B5	Without advance from Federal sources		
3B6	Anticipated for rest of year, without advance		
3B7	Transfers from trust funds:		
3B8	Collected		
3B9	Anticipated		
4A	Reversives of prior year obligations:		
4B	Actual	946,722,948	946,722,948
4C	Anticipated		
5	Temporarily not available pursuant to P.L. (-)		
6A	Permanently not available:		
6B	Classification of expired and no-year accounts (-)		
6C	Unacted reclassifications (-)		
6D	Capital transfers and redemption of debt (-)		
6E	Other authority withdrawn (-)		
6F	Pursuant to Public Law 107-73 (-)	(1,200,000,000)	(1,200,000,000)
6G	Anticipated rest of year (-)		
7	Total budgetary resources	17,063,283,628	17,073,083,628
APPLICATION OF BUDGETARY RESOURCES			
Appropriated			
Category A: Memorandum Obligations:			
8A1	FYH quarter		
8A2	Second quarter		
8A3	Third quarter		
8A4	Fourth quarter		
Category B:			
8B1	Renewal of Existing Section 8 Contracts	15,861,458,064	15,861,458,064
8B2	Section 8 Rental Assistance	272,890,048	272,890,048
8B3	Incremental Section 8 Housing Assistance Voucher	104,170,276	104,170,276
8B4	Regional Opportunity Counseling	10,000,000	10,000,000
8B5	Welfare To Work	267,856	267,856
8B6	Non-Elderly Disabled	40,000,000	40,000,000
8B7	Section 8 Amendments	301,980,309	301,980,309
8B8	Preservation Payment Enhanced Vouchers	300,830	300,830
8B9	Section 8 Counseling	3,250,000	3,250,000
8B10	Preservation	82,587	82,587
8B11	HOME (City of New Rochelle)	4,582,658	4,582,658
8B12	Job Plus Demonstration	6,817,808	6,817,808
8B13	Section 8 Preservation Amendments	1,782,428	1,782,428
8B14	Contract Administrators	240,881,642	240,881,642
8B15	Working Capital Fund	19,400,000	19,400,000
8B16	Section 614 Technical Assistance	8,800,000	8,800,000
8B17	Other	2,023,038	2,023,038
9	Withheld pending reclassification		
10	Deferred		
11	Disapportioned balance of revolving fund		
12	Total budgetary resources	17,063,283,628	17,073,083,628

Submitted _____
 Date _____
 Appropriated *J S Redburn for AR*
 Date *2/20/2002*

a/ Pursuant to Circular A-34, any cancellations or downward adjustments of obligations incurred in prior fiscal years that were not obligated shall be displayed on this line. This includes actions taken under Section 8 (b) of the United States Housing Act of 1927.

b/ This amount is allocated to the City of New Rochelle, New York for use under the HOME Investment Partnership pursuant to P.L. 101-537 Section 219.

c/ Funds are available for one year only per P.L. 107-117

d/ Of these amounts, funds may be used to synchronize the expiration dates of Section 8 rental contracts ("synch-on-rollover") 30 days after submission to OMA, on March 31 or thereafter, of a report that demonstrates that all FY 2002 statutory program requirements have been met, and that substantiates the effect of FY 2000 synchronization actions on renewal needs and funding in FY 2001, FY 2002 and FY 2003. FY 2002 statutory requirements include those in the third and fourth proviso under the head, "Housing Certificate Fund" in the FY 2002 Appropriations Act.

AGENCY		APPROPRIATION OR FUND TITLE AND SYMBOL		
Department of Housing and Urban Development		Housing Certificate Fund		
BUREAU		86X0319		
DESCRIPTION		Amount on Latest SF 132	Agency Request	Action by OMB
BUDGETARY RESOURCES				
Budget authority:				
1A	Appropriation.....	13,940,907,000	13,940,907,000	13,940,907,000
1B	Borrowing authority.....			
1C	Contract authority.....			
1D	Net transfers (+ or -).....			
1E	Other.....			
Unobligated balance:				
2A	Brought forward October 1.....	2,948,168,230	2,948,168,230	2,948,168,230
2B	Net transfers, actual (+ or -).....			
2C	Anticipated transfers (+ or -).....			
Spending authority from offsetting collections (gross):				
Earned				
3A1	Collected.....			
3A2	Receivable from Federal sources.....			
Change in unfilled customers' orders (+ or -)				
3B1	Advance received.....			
3B2	Without advance from Federal sources.....			
3C	Anticipated for rest of year, without advance.....			
Transfers from trust funds:				
3D1	Collected.....			
3D2	Anticipated.....			
Recoveries of prior year obligations:				
4A	Actual.....	4,592,556	4,592,556	4,592,556
4B	Anticipated.....	1,524,646,402 a/	1,513,628,109 a/	1,513,628,109 a/
5	Temporarily not available pursuant to P.L. (-).....			
Permanently not available:				
6A	Cancellations of expired and no-year accounts (-).....			
6B	Enacted rescissions (-).....			
6C	Capital transfers and redemption of debt (-).....			
6D	Other authority withdrawn (-).....	(54,771,185) f/	(54,771,185) f/	(54,771,185) f/
6E	Pursuant to Public Law PL 106-337 and PL 106-554 (-).....	(1,973,937,395)	(1,970,954,731)	(1,970,954,731)
6F	Anticipated rest of year (-).....			
7	Total budgetary resources.....	16,389,605,608	16,381,569,979	16,381,569,979
APPLICATION OF BUDGETARY RESOURCES				
Apportioned				
Category A: Memorandum Obligations:				
8A1	First quarter.....			
8A2	Second quarter.....			
8A3	Third quarter.....			
8A4	Fourth quarter.....			
Category B:				
8B1	(1) Renewal of Expiring Section 8 Contracts	14,935,688,161 b/	14,935,688,161 b/	14,935,688,161 b/
8B2	(2) Section 8 Rental Assistance	325,969,978	325,969,978	325,969,978
8B3	(3) Incremental Section 8 Housing Assistance Vouchers	452,074,701	452,074,701	452,074,701
8B4	(4) Regional Opportunity Counseling	10,000,000	10,000,000	10,000,000
8B5	(5) Welfare To Work	1,403,523	1,403,523	1,403,523
8B6	(6) Non-Elderly Disabled	55,977,104	55,977,104	55,977,104
8B7	(7) Section 8 Amendments	355,950,194	355,950,194	355,950,194
8B8	(8) Preservation Prepayment Enhanced Vouchers	335,039	335,039	335,039
8B9	(9) Section 8 Preservation Amendments	9,776,592	1,762,428	1,762,428
8B10	(10) Section 514 Technical Assistance	10,000,000	10,000,000	10,000,000
8B11	(11) Section 8 Counseling	11,772,698	11,772,698	11,772,698
8B12	(12) Preservation	92,587	92,587	92,587

EXHIBIT A
Fiscal year: 2001
HCF - 2001 - 07 Page 2

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

EXHIBIT A
Page 3

86 [= Treasury agency code]
 [= first year of availability, or blank for annual and no-year]
 [= last year of availability, or "X" for no-year]
 0319 [= Treasury account code]
 2001 [= fiscal year]
 01 [= program number. Use the default value of "01" unless OMB tells you to use other numbers]

Fiscal year: 2001
 HCF - 2001 - 07

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

AGENCY		APPROPRIATION OR FUND TITLE AND SYMBOL		
Department of Housing and Urban Development		Housing Certificate Fund		
BUREAU		86X0319		
Public and Indian Housing/Housing/CPD				
DESCRIPTION	Amount on Latest SF 132	Agency Request	Action by OMB	
8B13 (13) Section 8 replacement/relocation/demo	1,874,354	1,874,354	1,874,354	
8B14 (14) Others	2,718,538 c/	2,718,538 c/	2,718,538 c/	
8B15 (15) Job Plus Demonstration	6,984,600	6,984,600.	6,984,600	
8B16 (16) Working Capital Fund	10,975,800	10,975,800	10,975,800	
8B17 (17) Contract Administrators	191,577,600	191,577,600	191,577,600	
8B18 (18) Lead-Based Paint	1,820,118	1,820,118	1,820,118	
8B19 (19) John Heinz Neighborhood Development Program	17,500	
8B20 (20) Economic Development Initiative	3,965	
8B21 (21) HOME (City of New Rochelle)	4,592,556 g/	4,592,556 g/	4,592,556 g/	
9 Withheld pending rescission.....				
10 Deferred.....				
11 Unapportioned balance of revolving fund.....				
12 Total budgetary resources.....	16,389,605,608 d/	16,381,569,979 d/	16,381,569,979 d/	

Submitted _____

Apportioned *[Signature]* SEP 21 2001

Date: *[Signature]*
 Date: **Alan B. Rhinesmith**
 Deputy Associate Director
 Housing, Treasury & Finance Division

a/ Pursuant to Circular A-34, any cancellations or downward adjustments of obligations incurred in prior fiscal years that were not outlayed shall be displayed on this line. This includes actions taken under Section 8 (bb) of the United States Housing Act of 1937.

b/ The Department shall provide a monthly report on the estimated amounts obligated and estimated amounts disbursed for Section 8 administrative fees for Public and Indian Housing and separately for Housing.

c/ These amounts become available five days after the department provides a complete list of the amounts by program within this overall amount. The amounts obligated as of the date of this apportionment are excluded from this requirement; however, HUD should also submit a report on these amounts within 10 days after the date on this apportionment.

d/ Of these amounts, funds may be used to synchronize the expiration dates of Section 8 rental contracts ("synchronization") 30 days after submission to OMB, on March 31 or thereafter, of a report that demonstrates that all FY 2001 statutory program requirements have been met, and that substantiates the effect of FY 2000 synchronization actions on renewal needs and funding in FY 2001 and FY 2002. FY 2001 statutory requirements include those in the second proviso under the head, "Housing Certificate Fund" in the FY 2001 appropriations act.

f/ This amount includes \$52,071,048 in FY 74 contract authority and \$2,700,137 in 94/96 expired funds.

g/ This amount is allocated to the City of New Rochelle, New York for use under the HOME Investment Partnerships pursuant to P.L. 106-337 Section 219.

Revised July 1976:
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Circular No. A-34

Sheet 1 of 1
Fiscal Year 2000
HCF No 10

APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

EXHIBIT A
Page 4

Department of Housing and Urban Development		Appropriation or Fund Title and Symbol Housing Certificate Fund 86X0319		
Description		Amount of Latest S.F. 132	Agency Request	Action by OMB
BUDGETARY RESOURCES				
1. Budget Authority:				
A. Appropriations realized (P.L. 106.74)		7,176,695,000	7,176,695,000	7,176,695,000
B. Appropriations anticipated (Indefinite)				
C. Other new authority ()				
D. Net transfers (+ or -)		183,000,000 a/	183,000,000 a/	183,000,000 a/
E. Other				
2. Unobligated balances:				
A. Brought forward October 1 (Estimated)		3,185,494,822	3,185,494,822	3,185,494,822
B. Net transfers prior year balance (+ or -)		661,474,794 a/	661,474,794 a/	661,474,794 a/
C. Anticipated transfers prior year balance (+ or -)				
3. Spending authority from offsetting collections (Gross):				
A. Earned:				
1. Collected				
2. Receivable from Federal sources				
B. Change in unfilled customers' orders (+ or -)				
1. Advance received				
2. Without advance from Federal sources				
C. Anticipated for rest of year:				
1. Advance for anticipated orders				
2. Without advance				
D. Transfers from trust funds:				
1. Collected				
2. Anticipated				
4. Recoveries of prior year obligations:				
A. Actual		1,660,796,554	1,660,796,554	1,660,796,554
B. Anticipated		1,192,797,510	1,192,797,510	1,192,797,510
5. Temporary not available pursuant to P.L. (-)				
6. Permanently not available:				
A. Cancellation of expired and no-year accounts (-)				
B. Enacted rescission of prior year balances (-)		(2,318,323,000)	(2,325,441,753)	(2,325,441,753)
C. Capital transfers and redemption of debt (-)				
D. Other authority withdrawn (-)				
Pursuant to P.L. (-)				
Anticipated for rest of year (+ or -)				
7. Total Budgetary Resources		11,741,935,680	11,734,816,927	11,734,816,927
APPLICATION OF BUDGETARY RESOURCES				
		Memorandum: Obligations incurred		
8. Apportioned:				
Category A:				
1. First Quarter				
2. Second Quarter				
3. Third Quarter				
4. Fourth Quarter				
Category B:				
(1) Renewal of Expiring Section 8 Contracts		9,872,142,747	9,676,408,771	9,676,408,771
(2) Section 8 Rental Assistance		269,547,269	269,547,269	269,547,269
(3) Incremental Section 8 Housing Assistance Vouchers		352,797,792	352,797,792	352,797,792
(4) Regional Opportunity Counseling		10,000,000	10,000,000	10,000,000
(5) Welfare To Work		282,257,361	282,257,361	282,257,361
(6) Non-Elderly Disabled		80,407,968	80,407,968	80,407,968
(7) Section 8 Amendments		530,469,959	530,469,959	530,469,959
(8) Preservation Prepayment Enhanced Vouchers		8,609,182	8,609,182	8,609,182
(9) Section 8 Preservation Amendments		9,923,442	9,923,442	9,923,442
(10) Section 514 Technical Assistance		10,000,000	10,000,000	10,000,000
(11) Section 8 Counseling		11,900,698	11,900,698	11,900,698
(12) Section 23 Conversion		1,561,680		
(13) Section 8 replacement/relocation/demo		1,874,354	1,874,354	1,874,354
(14) Property Disposition		12,000,000		
(15) Preservation		9,690,375	1,054,499	1,054,499
(16) Others		278,752,853	489,565,632	489,565,632
(17) Enacted Rescission PL 106-74		0	0	0
9. Withheld pending rescission				
10. Deferred				
11. Unapportioned balance of revolving fund				
12. Total Budgetary Resources		11,741,935,680	11,734,816,927	11,734,816,927

Authorized Officer _____ Date _____ Apportioned C.B. Rhinesmith Date 9/29/00

a/ Out of the total \$183 million, \$85 million is from ACAH unobligated amounts and \$98 million from the ACAH obligated balances recaptures to be realized.

Alan B. Rhinesmith
Deputy Associate Director
Housing, Treasury & Finance Division

SEP 29 2000

KM

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(Revised July 1976)
Office of Management and Budget
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Sheet 1 of 1
Fiscal Year 1999
ACA#-3

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APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

Agency		Appropriation or Fund Title and Symbol		
Department of Housing and Urban Development		Annual Contributions for Assisted Housing		
Bureau		86X0164		
Public and Indian Housing/Housing/CPD/OLBP				
Description	Amount of Latest S.F. 132	Agency Request	Action by OMB	
BUDGETARY RESOURCES				
1. Budget Authority:				
A. Appropriations realized (P.L. 105-276)				
B. Appropriations anticipated (Indefinite)				
C. Other new authority ()				
D. Net transfers (+ or -)				
E. Other				
2. Unobligated balances:				
A. Brought forward October 1 (Actual)				
B. Net transfers prior year balance (+ or -)				
C. Anticipated transfers prior year balance (+ or -)				
3. Spending authority from offsetting collections (Gross):				
A. Earned:				
1. Collected				
2. Receivable from Federal sources				
B. Change in unfilled customers' orders (+ or -)				
1. Advance received				
2. Without advance from Federal sources				
C. Anticipated for rest of year:				
1. Advance for anticipated orders				
2. Without advance				
D. Transfers from trust funds:				
1. Collected				
2. Anticipated				
4. Recoveries of prior year obligations:				
A. Actual				
B. Anticipated				
5. Temporary not available pursuant to P.L. (-)				
6. Permanently not available:				
A. Cancellation of expired and no-year accounts (-)				
B. Enacted rescission of prior year balances (-)				
C. Capital transfers and redemption of debt (-)				
D. Other authority withdrawn (-)				
E. Pursuant to P.L. _____ (-)				
F. Anticipated for rest of year (+ or -)				
7. Total Budgetary Resources	795,727,691	1,484,083,826	1,477,356,338	
APPLICATION OF BUDGETARY RESOURCES				
Memorandum:				
Obligations incurred				
8. Apportioned:				
Category A:				
(1) First Quarter				
(2) Second Quarter				
(3) Third Quarter				
(4) Fourth Quarter				
Category B:				
(1) Public Housing Service Coordinators 179,651				
(2) Section 8 Rental Assistance 43,851,192				
(3) Disaster Assistance Vouchers 25,272				
(4) Section 8 Counseling 10,964,031				
(5) Section 23 Conversions 637,556				
(6) Incremental Vouchers 166,019				
(7) Relocation/Replacement/Demo 2,467,662				
(8) Preservation 4,451,933				
(9) Section 514 Technical Assistance 5,918,000				
(10) Property Disposition 79,405,634				
(11) Economic Development Initiative 3,965				
(12) John Heinz Neighborhood Development 14,000				
(13) Lead-Based Paint Abatement 142,161				
(14) Renewal of expiring Section 8 Contracts 647,500,615				
(15) Drug Elimination Grant ...				
(16) Other ...				
9. Withheld pending rescission				
10. Deferred				
11. Unapportioned balance of revolving fund				
12. Total Budgetary Resources	795,727,691	1,484,083,826	1,477,356,338	

Submitted: David McBlain 9/3/99 (DWA) Appointed: Alan B. Rhinesmith 9/30/99
 Authorized officer (DWA) Deputy Associate Director
 a/ Transferred to National Cities in Schools Community Development Program account.
 b/ Transferred to Public Housing Capital Fund pursuant to the FY 1999 Appropriations Act.
 Housing, Treasury & Finance Division

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Fiscal Year 1999
EXHIBIT A
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APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

Agency Department of Housing and Urban Development Bureau Public and Indian Housing/Housing/CPD		Appropriation or Fund Title and Symbol Housing Certificate Fund 86X0319		
Description	Amount of Latest S.F. 132	Agency Request	Action by OMB	
BUDGETARY RESOURCES				
1. Budget Authority:				
A. Appropriations realized (P.L. 105-276)	10,326,542,030	10,326,542,030	10,326,542,030	
B. Appropriations anticipated (Indefinite)				
C. Other new authority ()				
D. Net transfers (+ or -)				
E. Other				
2. Unobligated balances:				
A. Brought forward October 1 (Actual)				
B. Net transfers prior year balance (+ or -)	3,405,048,060	3,405,048,060	3,405,048,060	
C. Anticipated transfers prior year balance (+ or -)	71,992,005	71,992,005	71,992,005	
3. Spending authority from offsetting collections (Gross):				
A. Earned:				
1. Collected				
2. Receivable from Federal sources				
B. Change in unfiled customers' orders (+ or -)				
1. Advance received				
2. Without advance from Federal sources				
C. Anticipated for rest of year:				
1. Advance for anticipated orders				
2. Without advance				
D. Transfers from trust funds:				
1. Collected				
2. Anticipated				
4. Recoveries of prior year obligations:				
A. Actual	729,925,517	729,925,517	729,925,517	
B. Anticipated				
5. Temporary not available pursuant to P.L. (-)				
6. Permanently not available:				
A. Cancellation of expired and no-year accounts (-)				
B. Enacted rescission of prior year balances (-)				
C. Capital transfers and redemption of debt (-)				
D. Other authority withdrawn (-)				
E. Pursuant to P.L. _____ (-)				
F. Anticipated for rest of year (+ or -)				
7. Total Budgetary Resources	13,697,071,790	13,617,286,913	13,617,286,913	
APPLICATION OF BUDGETARY RESOURCES				
Memorandum: Obligations incurred				
8. Apportioned:				
Category A:				
(1) First Quarter				
(2) Second Quarter				
(3) Third Quarter				
(4) Fourth Quarter				
Category B:				
(1) Renewal of Expiring Section 8 Contracts	11,748,627,142	11,748,627,142	11,748,627,142	
(2) Section 8 Rental Assistance	714,333,286	714,333,286	714,333,286	
(3) Regional Opportunity Counseling	10,000,000	10,000,000	10,000,000	
(4) Welfare To Work	283,000,000	283,000,000	283,000,000	
(5) Preservation Amendments	20,433,322	20,433,322	20,433,322	
(6) Non-Elderly Disabled	114,636,172	114,636,172	114,636,172	
(7) Section 8 Amendments	754,657,044	674,872,167	674,872,167	
(8) Preservation Prepayment Enhanced Vouchers	47,302,824	47,302,824	47,302,824	
(9) Section 514 Technical Assistance	4,082,000	4,082,000	4,082,000	
9. Withheld pending rescission				
10. Deferred				
11. Unapportioned balance of revolving fund				
12. Total Budgetary Resources	13,697,071,790	13,617,286,913	13,617,286,913	

Submitted: Daniel M. S. Whelan 9/3/99 Date: 9/3/99 Apportioned: [Signature] Date: 9/3/99
Authorized Officer: _____ Date: _____

a/ The balance represents total carryover transferred from the Prevention of Resident Displacement account pursuant to the FY 1999 Appropriations Act.

Alan B. Rhinesmith
Deputy Associate Director
Housing, Treasury & Finance Division

BLC Km

EXHIBIT A

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Fiscal year 1998
ACAH-6

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APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

Agency Department of Housing and Urban Development BUREAU Public and Indian Housing/Housing/CPD/OLBP	Appropriation or Fund Title and Symbol		
	Annual Contributions for Assisted Housing 86x0164		
Description	Amount on Latest S.F. 132	Agency Request	Action by OMB
BUDGETARY RESOURCES			
1. Budget authority:			
A. Appropriations P.L. 104-204			
B. Borrowing authority			
C. Contract authority			
D. Net transfers, current year authority (+ or -)			
E. Other			
2. Unobligated balance:			
A. Brought forward October 1 (Estimated)	495,179,306	449,302,074	\$449,302,074
B. Net transfers prior year balance, actual (+ or -)	(326,964,080) a/	(281,086,848) a/ b/	(281,086,848) a/ c/
C. Anticipated transfers prior year balance (+ or -)			
3. Spending authority from offsetting collections (Gross):			
A. Earned:			
1. Collected			
2. Receivable from Federal sources			
B. Change in unfiled customers' orders (+ or -):			
1. Advance received			
2. Without advance from Federal sources			
C. Anticipated for rest of year:			
1. Advance for anticipated orders			
2. Without advance			
D. Transfers from trust funds:			
1. Collected			
2. Anticipated			
4. Recoveries of prior year obligations:			
A. Actual			
B. Anticipated (Section 514 recaptures)	5,918,000	5,918,000	\$5,918,000
5. Temporarily not available pursuant to P.L. 104-204(-)			
6. Permanently not available:			
A. Cancellations for expired and no-year accounts (-)	(527,120)	(527,120)	(527,120)
B. Enacted rescission of prior year balances (-)			
C. Capital transfers and redemption of debt (-)			
D. Other authority withdrawn (-)			
E. Pursuant to P.L. _____ (-)			
F. Anticipated for rest of year (+ or -)			
7. Total Budgetary Resources	173,606,106	173,606,106	\$173,606,106

a/ An accounting adjustment was made to transfer \$20.8 mil. of Section 202/811 recaptures from the Section 8 Reserve Preservation Account to Annual Contributions for Assisted Housing account. However, these funds were then transferred to the Housing for Special Populations account pursuant to the FY 1998 Appropriations Act. Therefore, the net affect of the transfer is zero.

b/ An accounting adjustment of \$42.8 million was made for Elderly/Disabled recaptures. An accounting adjustment of \$3.1 million was also made for Public Housing Amendments and Public Housing Development. These amounts (\$45.9 mil) will remain unavailable.

c/ An accounting adjustment of \$42.8 million was made for Elderly/Disabled recaptures. An accounting adjustment of \$3.1 million was also made for Public Housing Amendments and Public Housing Development. These amounts (\$45.9 million) will remain unavailable.

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Description	Amount on Latest S.F. 132	Agency Request	Action by OMB
APPLICATION OF BUDGETARY RESOURCES			
Memorandum: Obligations Incurred			
8. Apportioned:			
Category A:			
(1) First quarter.....			
(2) Second quarter.....			
(3) Third quarter.....			
(4) Fourth quarter.....			
Category B:			
(1) Public Housing Service Coordinators	179,651	179,651	179,651
(2) Section 8 Rental Assistance	66,281,528	66,281,528	66,281,528
(3) Disaster Assistance Vouchers	25,272	25,272	25,272
(4) Relocation/Repl/Demo	2,467,662	2,467,662	2,467,662
(5) Section 8 Counseling	11,294,948	11,294,948	2,467,662
(6) Section 23 Conversions	637,556	637,556	11,294,948
(7) Incremental Vouchers	166,019	166,019	637,556
(8) Property Disposition	79,405,634	79,405,634	166,019
(9) Preservation	7,069,710	7,069,710	79,405,634
(10) Economic Development Initiative	3,965	3,965	7,069,710
(11) John Heinz Neighborhood Development	14,000	14,000	3,965
(12) Lead-Based Paint	142,161	142,161	14,000
(13) Section 514 Technical Assistance	5,918,000	5,918,000	142,161
			5,918,000
9. Withheld pending rescission.....			
10. Deferred.....			
11. Unapportioned balance of revolving fund.....			
12. TOTAL BUDGETARY RESOURCES.....	173,606,106	173,606,106	\$173,606,106

Submitted David M. Johnson 7/29/98 (Authorized officer) (Date) Apportioned J.R. Redman 9/30/98 (Date)
 for AR

Jim G.
9-30-98

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APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

EXHIBIT A
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Fiscal year 1998
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Agency Department of Housing and Urban Development		Appropriation or Fund Title and Symbol		
BUREAU Public and Indian Housing/Housing		Housing Certificate Fund 86X0319		
Description	Amount on Latest S.F. 132	Agency Request	Action by OMB	
BUDGETARY RESOURCES				
1. Budget authority:				
A. Appropriations P.L. 105-65	\$9,373,000,000	\$9,373,000,000	\$9,373,000,000	
B. Borrowing authority				
C. Contract authority				
D. Net transfers, current year authority (+ or -)				
E. Other				
2. Unobligated balance:				
A. Brought forward October 1				
B. Net transfers prior year balance, actual (+ or -)	2,309,903,870	2,421,332,739	2,421,332,739	
C. Anticipated transfers prior year balance (+ or -)				
3. Spending authority from offsetting collections (Gross):				
A. Earned:				
1. Collected				
2. Receivable from Federal sources				
B. Change in unfilled customers' orders (+ or -):				
1. Advance received				
2. Without advance from Federal sources				
C. Anticipated for rest of year:				
1. Advance for anticipated orders				
2. Without advance				
D. Transfers from trust funds:				
1. Collected				
2. Anticipated				
4. Recoveries of prior year obligations:				T
A. Actual				S
B. Anticipated				S
5. Temporarily not available pursuant to P.L. ____ (-)				
6. Permanently not available:				
A. Cancellations for expired and no-year accounts (-)				
B. Enacted rescission of prior year balances (-)				
C. Capital transfers and redemption of debt (-)				
D. Other authority withdrawn (-)				
E. Pursuant to P.L. ____ (-)				
F. Anticipated for rest of year (+ or -)				
7. Total Budgetary Resources	11,682,903,870	11,794,332,739	11,794,332,739	
APPLICATION OF BUDGETARY RESOURCES				
Memorandum: Obligations incurred				
8. Apportioned:				
Category A:				
(1) First quarter				
(2) Second quarter				
(3) Third quarter				
(4) Fourth quarter				
Category B:				
(1) Renewal of Expiring Section 8 Contracts	10,435,232,323	10,463,340,008	10,463,340,008	
(2) Relocation and Other	303,000,000	303,000,000	303,000,000	
(3) Amendments	901,696,650	975,456,723	975,456,723	
(4) Non-Elderly Disabled Assistance	40,000,000	40,000,000	40,000,000	
(5) Preservation Amendments	2,974,897	8,454,008	8,454,008	
(6) Section 514 Technical Assistance	...	4,082,000	4,082,000	
9. Withheld pending rescission				
10. Deferred				
Unapportioned balance of revolving fund				
12. TOTAL BUDGETARY RESOURCES	11,682,903,870	11,794,332,739	11,794,332,739	

Submitted David Williams
(Authorized officer)

2/20/98
(Date)

Apportioned Alan B. Rhinesmith
Deputy Associate Director
Director of Finance Division

3/10/98
(Date)

Appendix B

Report Distribution

Secretary, S, Room 10000
 Deputy Secretary, SD, Room 10100
 Chief of Staff, S, Room 10000
 Senior Advisor to Deputy Secretary, SD, Room 10100
 Deputy Chief of Staff for Policy & Programs, S, Room 10214
 Deputy Chief of Staff for Intergovernmental Affairs, S, Room 10214
 Assistant to the Secretary for White House Liaison, S, Room 10216
 Press Secretary/Senior Communications Advisor to the Secretary, S, Room 10226
 Chief Executive Officer, S, Room 10220
 Assistant Deputy Secretary for Field Policy and Management, M, Room 7108
 Chief Information Officer, Q, Room P8206
 Chief Financial Officer, F, Room 10234
 General Counsel, C, Room 10110
 Special Counsel, C, Room 10126
 President, Ginnie Mae, T, Room 6100
 Assistant Secretary for Congressional and Intergovernmental Relations, J, Room 10120
 Assistant Secretary for Housing/Federal Housing Commissioner, H, Room 9100
 Assistant Secretary for Community Planning and Development, D, Room 7100
 Assistant Secretary for Public and Indian Housing, P, Room 4100
 Director, Office of Departmental Equal Employment Opportunity, EU, Room 2134
 Director, Office of Departmental Operations and Coordination, I, Room 2124
 Director, Office of Federal Housing Enterprise Oversight, O, Room 4011
 Director, Office of Healthy Homes and Lead Hazard Control, L, Room P3206
 Deputy Director, Center for Faith-Based and Community Initiatives, K, Room 10184
 General Deputy Assistant Secretary for Policy Development and Research, R, Room 8100
 General Deputy Assistant Secretary for Fair Housing and Equal Opportunity, E, Room 5100
 General Deputy Assistant Secretary for Administration, A, Room 10156
 Acting Inspector General, G, Room 8256
 Regional Directors, HUD, Nationwide
 Field Audit Liaison Officer, 6AF, Room 26 (2)
 Acquisitions Librarian, Library, AS, Room 8141
 Sharon Pinkerton, Senior Advisor, Subcommittee on Criminal Justice, Drug Policy & Human Resources, B373 Rayburn House Office Bldg., Washington, DC 20515
 Stanley Czerwinski, Director, Housing and Telecommunications Issues, U.S. General Accounting Office, 441 G Street, NW, Room 2T23, Washington, DC 20548
 Steve Redburn, Chief Housing Branch, Office of Management and Budget, 725 17th Street, NW, Room 9226, New Executive Office Bldg., Washington, DC 20503
 Linda Halliday (52P), Department of Veterans Affairs, Office of Inspector General, 810 Vermont Ave., NW, Washington, DC 20420
 William Withrow (52KC), Department of Veterans Affairs, OIG Audit Operations Division, 1100 Main, Rm 1330, Kansas City, Missouri 64105-2112
 The Honorable Joseph Lieberman, Chairman, Committee on Government Affairs, 706 Hart Senate Office Bldg., United States Senate, Washington, DC 20510

The Honorable Fred Thompson, Ranking Member, Committee on Governmental Affairs, 340 Dirksen Senate Office Bldg., United States Senate, Washington, DC 20510

The Honorable Dan Burton, Chairman, Committee on Government Reform, 2185 Rayburn Bldg., House of Representatives, Washington, DC 20515

The Honorable Henry A. Waxman, Ranking Member, Committee on Government Reform, 2204 Rayburn Bldg., House of Representatives, Washington, DC 20515

Andy Cochran, House Committee on Financial Services, 2129 Rayburn H.O.B., Washington, DC 20515

Clinton C. Jones, Senior Counsel, Committee on Financial Services, U.S. House of Representatives, B303 Rayburn H.O.B., Washington, DC 20515