This HOME FACTS will explain and illustrate the process of committing and disbursing HOME funds in IDIS, including changes due to the implementation of grant based accounting for fiscal year (FY) 2015 and subsequent HOME grants. This document focuses on funds in Participating Jurisdictions’ (PJs’) HOME Investment Trust Fund Treasury accounts; a subsequent HOME FACTS will address the use of funds deposited in PJs’ HOME Investment Trust Fund Local accounts and receipted in IDIS, including program income (PI), repayments to the local account (IU), and recaptured homebuyer funds (HP).

Background

IDIS has historically operated on a first-in, first-out basis (FIFO). Under FIFO, funds were committed and disbursed from the oldest grants with funds available in two separate phases so it was possible that the funds committed to an activity were not the same funds that were disbursed for the activity. As outlined in the HUD Publication “Transition to Grant Based Accounting” at https://www.hudexchange.info/resource/3838/cpd-memo-changes-to-first-in-first-out-accounting-in-idis, HUD must comply with Office of the Inspector General (OIG) and Office of Management and Budget (OMB) directives to end the use of FIFO and begin using grant based accounting starting with FY 2015 HOME grants. Under grant based accounting, funding commitments and disbursements are made from specific grant years selected by PJs and the funds committed to an activity are the same funds that are disbursed for the activity.

Important Note - HOME Commitment Deadline

In accordance with the HOME regulation at 24 CFR Part 92.500(d)(2), HUD uses a cumulative method to determine PJs’ compliance with the 24-month commitment requirement. To determine compliance with the 24-month commitment requirement under the cumulative method, HUD compares each PJ’s cumulative allocations from the beginning of its participation in the HOME program through the deadline year to its cumulative commitments from all grants from the beginning of its participation in the HOME program through its commitment deadline. HUD will deobligate from the PJ any grant funds that do not meet the 24-month commitment requirement by its deadline date.

In July 2013, the U.S. Government Accountability Office (GAO) determined that HUD’s cumulative method of determining compliance with the 24-month commitment requirement was not consistent with the HOME statute. Consequently, beginning with FY 2015 HOME grants, HUD must change its method for determining compliance with the 24-month commitment requirement. To implement this change, HUD must undertake rulemaking. Additional guidance on this topic will be issued by HUD in the future. The cumulative method will remain in place for all 1992-2014 HOME grants.
Committing HOME Funds

The process to commit HOME funds to an IDIS activity entails four steps in IDIS:

1. Selecting a HOME Activity
2. Selecting a Funding Source
3. Completing the HOME Activity Funding Certification
4. Selecting a Grant Allocation and Entering an Amount

These steps are the same for all fund types, including subgranted funds such as CHDO Reserve (CR) and General Subgrants (SU). It is important that IDIS activities are funded and drawn from the correct account (i.e., Treasury or Local). Keep the following in mind before funding IDIS activities:

- The process of creating and editing subfunds and subgrants (e.g., CHDO Reserve (CR), CHDO Loan (CL), General Subgrant (SU), etc.) will not change due to the implementation of grants-based accounting. However, users should review reports such as the “PR35 Grants, Subfunds, and Subgrants” or the “PR27 Status of HOME Grants Report” before funding an activity from a subgrant to determine if there are uncommitted balances in subfunds or subgrants from older grant years (see also the end of this document). Users may want to adjust the authorized amounts of the subfund and subgrants to ensure older grant balances will be disbursed in a timely manner.

- HOME regulations require PJs to disburse funds in the Local Account (i.e., Program Income (PI), Repayments to the Local Account (IU), and Recaptured Homebuyer (HP) funds) prior to drawing funds from their Treasury Accounts to pay for project related costs. Therefore, funds in PJs’ HOME Local Accounts should not be committed to an activity unless the activity will be included in the next drawdown scheduled.

Funding a HOME Activity -- Step 1: Selecting a HOME Activity

This step, which pertains to selecting the appropriate HOME activity on the Activity Funding screen (shown in Screen 1), is unchanged.

1. Login to IDIS and click on the Funding/Drawdown tab (A) located along the top ribbon of the IDIS screen.
2. Enter the IDIS Activity ID (B) assigned to the activity being funded and click on the Search (C) button.
3. Find the activity from the list in the Results section and click on the Add-Edit link located under the Action column (D).
Funding a HOME Activity -- Step 2: Selecting a Funding Source

The Activity Funding – Edit Activity Funding screen (shown in Screen 2) displays all funds available to be committed to the activity based on its initial setup in IDIS and requires that the user select the appropriate funding source. This step remains unchanged.

1. Identify the correct Fund Type (A) and Recipient (B) from the list shown in the Available Funds section located at the bottom of the page. IDIS users may find it helpful to use the Filters (C) located in the Funding Sources section to limit the results by Recipient, Fund Type, or both. The example below shows an activity that will be funded from an SU subgrant. This step is the same for other fund types, such as Entitlement (EN) and CHDO Reserve (CR).

2. Click the Add-Edit link (D) for the funding row selected.
Funding a HOME Activity -- Step 3: Completing the HOME Activity Funding Certification
The system will then display the HOME Activity Funding Certification page, which is unchanged. Read the certification. Ensure that the activity meets the requirements of the certification and click the I Agree button to continue to the next page.

Funding a HOME Activity -- Step 4: Selecting a Grant Allocation and Entering an Amount
The Add-Edit Funding Line Item page (shown in Screen 3) displays the new functionality related to grant based accounting. Activities can be funded with available funds in the FIFO (1992-2014 HOME grants) layer or available funds in the grant specific (2015 and future HOME grants) layer, or both, depending on the availability of uncommitted funds. At the top of the page, the system displays Activity Information (A) (highlighted in blue), including the Activity Name, IDIS Activity ID, as well as the Total Funded and Total Drawn amounts. To fund the activity from an allocation before 2015 (i.e., FIFO layer), use the sections highlighted in red (B), Funding Source Pre-2015 and Current Funding for This Source. This account includes all available funding from FY 1992-2014 HOME grants. IDIS continues to process commitments from these grants FIFO.

1. Verify there are sufficient funds available displayed in the Available for Funding column (D). This is the sum of all available funds for this fund type and recipient in the FIFO layer.

2. Enter a Grant Year (E). To split funding across more than one grant year, click the Add Grant Year button (F) to add a new line item.
IMPORTANT NOTE:
Please be advised that IDIS will continue to allow users to enter a value in the Grant Year field in the FIFO layer. However, the Grant Year field is strictly optional and it is not used by the system to determine which grant will be used for HOME funding and disbursements. Therefore, IDIS will continue to process all Pre-2015 HOME grants on a FIFO basis, meaning the oldest available funds will be committed and drawn first regardless of the grant year entered by users.

3. Enter the amount of funds to commit to the activity in the Funded Amount field (G) and click the Save button (J).

To fund the activity from the FY 2015 or a later allocation (i.e., grant specific layer), use the bottom two sections highlighted in green (C), Funding Source and Current Funding for xFIFO. The system will list each FY 2015 and later year grants on separate rows. When an activity is funded from FY 2015 and later year grants, the funding is grant-specific and FIFO does not apply.

1. Verify the amounts Available for Funding (H) from each allocation.
2. Enter the amount of funds to commit to the activity in the Funded Amount field (I) for the desired grant year. The system allows PJs to fund an activity from more than one allocation, if available.
3. Click the Save button (J).
Drawing HOME Funds

PJs will follow a five-step process to drawdown HOME funds in IDIS (the five steps are listed below). The first four steps entail creating a drawdown voucher. The final step, approving the voucher, cannot be completed by the same IDIS user who created the drawdown voucher.

1. Selecting IDIS Activities to include on the drawdown voucher.
2. Selecting a grant allocation and entering an amount for each IDIS activity.
3. Completing the HOME Drawdown Certification
4. Generating the drawdown voucher
5. Searching for and approving the drawdown voucher

It is important that IDIS activities are funded and drawn from the correct account (i.e., Treasury or Local). Keep the following in mind before drawing HOME funds:

- As discussed earlier, HOME regulations require PJs to disburse Program Income (PI), Repayments to the Local Account (IU), and Recaptured Homebuyer (HP) funds prior to drawing funds from their HOME Treasury Account to pay for project related costs.

**IMPORTANT NOTE:**
Beginning with Program Year (PY) 2015, users creating a drawdown voucher will no longer have the option of replacing HOME Entitlement (EN) funds with PI, HP, and IU funds, which comprise the HOME Local Account. Instead, PJs must manually commit funds in their HOME local accounts prior to drawdown using the Activity Funding screens. Be sure to review the Activity Funding screen to ensure that any available PI, HP, and IU funds have been committed to activities that will be included on the next drawdown voucher.

- Before creating a voucher for an activity funded from a subgrant (e.g., CHDO Reserve (CR), CHDO Loan (CL), General Subgrant (SU), etc.), review the “PR35 Grants, Subfunds, and Subgrants Report or the PR27 Status of HOME Grants Report” to determine if there are uncommitted balances of funds in subfunds and subgrants from older years. If so, the user may want to move the balances by adjusting the authorized amounts of subfund and subgrants to ensure the older grant balances will be disbursed in a timely manner.

**Drawing HOME Funds -- Step 1: Selecting HOME Activities**
The Create Voucher screen (shown in Screen 4) allows the PJ to input one or more voucher numbers for draws. This step is unchanged.

1. Login to IDIS and select the Funding/Drawdown tab (A) located along the top ribbon.
2. Select Create Voucher from the Drawdown sub-menu (B) along the left side of the screen.
3. In the Voucher Created For field (C), use the dropdown to select the correct organization. For most activities, select the PJ’s name. For activities funded from CHDO Reserve (CR) and General Subgrants (SU), select the name of the organization that received the subgrant that funds the activity.
4. Enter the activity number(s) in the IDIS Activity ID field(s) (D). IDIS allows users to enter up to 60 activities for each voucher. Alternatively, click the Search for Activities button to manually query and select activities.
5. Press the Continue button (E) after all IDIS Activity IDs have been entered.
Drawing HOME Funds -- Step 2: Selecting a Grant Allocation and Entering an Amount for each IDIS Activity

The Create Voucher Page 2 of 4 screen (shown in Screen 5), which now includes grant based accounting functionality, will display the specific accounts (e.g., Pre-2015 or FY 2015 and later grant years) selected on the Activity Funding screen. If these are incorrect, return to the Activity Funding screen to verify the correct accounts were selected.

1. The information for the first activity will be displayed at the top (A). Verify the correct activity was selected.
2. The voucher will list all of the funding sources available based on the information entered on the Activity Funding screen. Use the Grant Year/Program Year of Receipt (B), Fund Type (C), and Available to Draw (D) columns to identify the grant year and/or program year of receipt from which the draw will be debited. If the accounts or amounts listed are incorrect, return to the Activity Funding screen to make any necessary corrections.
3. Enter the amount you wish to draw for each account in the Drawdown Amount column (E).
4. The Progress by Activity ID at the bottom of the screen shows the vouchers that have been entered as well as those that remain. If users included more than one activity on the voucher, use the Next Activity button to proceed (F).
5. When finished entering data for all activities, click the Confirm Voucher button (G) to save and continue.
Drawing HOME Funds -- Step 3: Completing the HOME Drawdown Certification

When the PJ is drawing Entitlement (EN) funds, the system displays the *HOME Drawdown Certification* and a summary of the vouchers that the certification covers. This step is unchanged. Review the *Drawdown Certification*. Ensure the voucher meets the requirements of the certification and click the *I agree. Continue to confirm this voucher* button.

Drawing HOME Funds -- Step 4: Generating the Drawdown Voucher

The *Create Voucher Page 4 of 5* screen (shown on Screen 6) allows users to review the information included in the draw, including *Activity Number*, *Grant Year*, *Fund Type*, and *Amount* before creating the voucher.

1. Review the information in the *Voucher Line Items* table and verify the following are correct for each line item: *Activity ID* (A), *Grant Year/Program Year of Receipt* (B), *Fund Type* (C), and *Drawdown Amount* (D). If any of these are incorrect, cancel the voucher and create a new voucher with the correct information.
2. Once all the information has been verified, click the *Generate Voucher* button (E).
3. The system will refresh the page and provide users with an *IDIS Voucher Number*. Print a copy of the screen for your records and provide the *IDIS Voucher Number* to the person tasked with approving the voucher.
Screen 6

Drawdown

Create Voucher - Page 4 of 5 (Confirmation)

- Click "Generate Voucher" to complete voucher creation

**Generate Voucher**  **Cancel Voucher**

Voucher Created For: ILLINOIS

Activity Owner: ILLINOIS

Voucher Line Items

| Line Item # | IDIS Actv ID | Activity Name                  | Program | Grant Year/ Program Year of Receipt | Fund Type | Source Name | Source Type | Recipient Name | Prior Program Year | Drawdown Amount |
|-------------|--------------|--------------------------------|---------|-----------------------------------|-----------|-------------|-------------|-----------------|-------------------|----------------|}
| 1           | 13029        | Homeowner Rehab: 305 N Main Street | HOME    | 2011                              | EN        | HUD         | SG          | ILLINOIS        | N/A               | $5,000.00        |
| 2           | 13029        | Homeowner Rehab: 305 N Main Street | HOME    | 2015                              | EN        | HUD         | SG          | ILLINOIS        | N/A               | $2,500.00        |
| 3           | 13029        | Homeowner Rehab: 305 N Main Street | HOME    | 2015                              | PI        | HUD         | SG          | ILLINOIS        | N/A               | $5,000.00        |
| **Total**   |              |                                |         |                                   |           |             |             |                 |                   | **$12,500.00**   |

Drawing HOME Funds -- Step 5: Searching for and Approving the Drawdown Voucher

The **Search Voucher** screen (shown in Screen 7) allows the PJ to search vouchers by a number of criteria. PJ staff who need to approve or revise a voucher, can use this screen to locate a voucher. On the **Maintain and Approve Voucher** screen, the PJ can either approve or revise the voucher. This step is unchanged.

To search for a voucher:

1. Login to IDIS and select the **Funding/Drawdown** tab (A) located along the top ribbon.
2. Select **Search Voucher** for the **Drawdown** sub-menu (B) along the left side of the screen.
3. In the **Search Criteria** section (C), use the provided fields to search for the voucher and click the **Search** button.
4. In the **Search Results** at the bottom of the page, identify a line item included on the voucher and click the **Maintain-Approve** link to continue.
To Approve a Voucher or Voucher Line Item:

1. On the **Maintain and Approve Voucher** screen (shown on Screen 8), review the information included in the **Voucher Details** for each line item to ensure the information is correct, including the **Activity ID**, **Program**, **Grant Year/Program Year of Receipt**, and **Drawdown Amount**. Please note that an activity will have more than one line item on the voucher if the activity is drawing funds from multiple allocations or fund types.

2. If the information is correct for all line items on the voucher, provide a submission date at the bottom right of the screen (A) and click the **Approve All Voucher Line Items** button to approve the entire voucher.

3. If some of the information is incorrect, use the **Approve** link in the **Action** column (B) to approve individual line items that are correct and the **Cancel** link to cancel line items that are incorrect.
At the end of the business day, IDIS will forward all approved vouchers to the U.S. Treasury for processing. All draw requests that are accepted will be wire transferred to the PJ’s designated bank account within two to three business days. In IDIS, the status of all processed vouchers will be updated to Complete.

**Reminders and Next Steps**

In summary, the change from FIFO to grants-based accounting has significantly changed the funding and drawdown process in IDIS. Keep the following in mind:

- In general, the funding for each HOME allocation year should be consistent with the information presented in the PJ’s Annual Action Plan. For example, if a PJ is funding a homebuyer activity from the 2015 allocation, this activity should be included in the PJ’s 2015 Annual Action Plan or under a project that is included in the 2015 Annual Action Plan.

- Be sure to verify the correct *allocation* when committing funds or drawing funds for a HOME activity. While funding errors can usually be easily corrected in IDIS, they can lead to errors on drawdowns. If the PJ completes a drawdown that contains an error, the corrective action may not be simple or straightforward.

The following IDIS reports can be used to review funding and drawn amounts at the activity level for HOME activities:

- "**Status of HOME/TCAP Activities (PR22)**" This report includes basic activity-level information for non-administrative HOME activities, including: Initial Funding Date, Committed Amount, Drawn Amount
and Percent Drawn. For administrative activities, including those funded with AD and CO fund types, use the “List of Activities by Program Year and Projects (PR02).”

- **HOME Open Activities (PR48)** This report only includes open HOME-funded activities, including the Initial Funding Date, Last Draw Date, Funded Amount, Drawn Amount, Days Since Last Draw and Percent Drawn.

The following IDIS and HOME reports can be used to review funding and drawdown information at the grant level. In this way, they are helpful in identifying balances in older grant allocations.

- **“Status of HOME Grants (PR27)”** This report provides summaries of commitment and draw information at the grant and subfund level. Take the following steps to identify balances of funds in older years:
  
  o In the first table, Commitments for Authorized Funds, review the last column (% of Auth Cmtd) to identify grant allocations where funds have not been 100% committed.
  
  o In the sixth table, Disbursements from Treasury Account, use the last column, Available to Disburse, to identify grants with available balances to draw.

Once a balance has been identified, the PJ can use the subfund-specific tables in this report or the PR35 (see below) to determine which subfund/subgrant contains the balance. See “HOME FACTS Vol. 1, No. 3: Using the IDIS PR27 Status of HOME Grants Report to Compute Commitments” (https://www.hudexchange.info/resource/2983/home-facts-vol1-no3-idis-pr-27-status-of-home-grants-report/).

- **Grant, Subfund, and Subgrant (PR35).** This report provides information at the subfund and subgrant level. Take the following steps to determine balances at the subfund and subgrant level:
  
  o Export the report to Excel.
  
  o To calculate the balance of funds to commit, create a column with the following formula:
    
    \[
    \text{Authorized Amount} - \text{Suballocated Amount} - \text{Amount Committed to Activities}
    \]
  
  o To calculate the balance of funds to draw from each subfund and subgrant, create a column with the following formula:
    
    \[
    \text{Authorized Amount} - \text{Suballocated Amount} - \text{Net Drawn Amount}
    \]

- **Deadline Compliance Status Report.** This report provides HOME PJs a way in which to track their commitment, CHDO reservation and CHDO disbursement, and overall disbursement requirements. This report is web-based and updated monthly; however, the PJ could also run a PR49 for more updated information. HUD will soon update the web-based version of this report to include grant specific information. Information can be found on the HUD Exchange at: https://www.hudexchange.info/manage-a-program/home-deadline-compliance-status-reports/.

- **Expiring Funds Report.** This report provides HOME PJs with a way in which to check if any of the HOME funds are in danger of being recaptured by the U.S. Treasury due to the National Defense Authorization Act. For example, any HOME funds appropriated in FY 2008 will not be available for HOME participating jurisdictions (PJs) to expend after September 30, 2015. See this page that
describes this report and the accompanying HOME FACTs: https://www.hudexchange.info/manage-a-program/home-expiring-funds-reports/.

Do you have Questions?

For further questions, please work with your CPD HUD representative in your local HUD Office or contact the IDIS Ask a Question (AAQ) website at https://www.hudexchange.info/get-assistance/my-question/.