

# Chapter 18

## GRANT REPAYMENTS

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Repayments are CDBG funds that a grantee must repay when funds are disbursed for an ineligible activity. Prior to making a repayment, grantees must consult with their local HUD Field Office to determine the procedure to be followed. HUD will direct the grantee to repay the funds either to the letter of credit or to the local CDBG account.

### REPAYING FUNDS TO THE LETTER OF CREDIT

Instructions for returning CDBG funds by check or wire transfer are posted at <https://www.hudexchange.info/resource/3089/instructions-for-returning-funds-to-the-line-of-credit-and-to-us-treasury/>.

When the check/wire transfer is received by HUD Fort Worth Accounting, a transaction is initiated that eventually becomes a collection voucher in IDIS. The voucher includes the grant number and shows the amount returned as a negative draw for IDIS Activity ID 2, the CDBG Funds Adjustment activity. All funds are returned to LOCCS as EN.

If the collection is to be applied to an activity as EN funds, the grantee can use the Maintain Voucher function in IDIS to revise the collection to the correct activity or activities. Follow these steps:

1. If necessary, revise the status of all activities involved in the revision to **Open**.
2. Click the Funding/Drawdown tab at the top of the screen.
3. Click the Drawdown [Search Voucher](#) link at the left to display the Search Vouchers screen.
4. In the IDIS ACTIVITY ID field, enter **2** and click the [Search] button to display the search results.
5. Locate the line item that reflects the repaid funds (it will be a negative amount) and click the [Maintain-Approve Voucher](#) link in the last column.
6. On the next screen, click the [Revise](#) link in the last column to display the Revise Voucher Line Item screen.
7. Scroll down to the Revise Funds to Another Activity box. In IDIS ACTV ID, enter the activity ID for which the funds were originally drawn. In the AMOUNT field, enter a minus sign followed by the amount to be "undrawn" (it need not be the entire returned amount). Example: If \$10,000 was drawn for activity 1234 and then repaid because the activity was ineligible, type **1234** in IDIS ACTV ID and **-10,000** in AMOUNT. Click the [Save] button.
8. Continue revising drawdowns associated with the returned funds as needed, or to \$0.
9. Once the voucher has been revised, defund the activity for which the funds were returned, and then change the activity status to **Canceled**.

If the collection is not to be applied as EN funds, the funds must be applied to activities manually. To have the manual change made, please contact HUD Exchange [Ask A Question](#). Be sure to provide the voucher number for the collection, the activities to which the

collection is to be applied, and the amount to be applied to each activity. If any of the activities has draws from multiple fund types or organizations (such as a CHDO), the amount that is to be applied to each fund type or organization must also be provided.

## **REPAYING FUNDS TO THE LOCAL ACCOUNT**

In some cases, HUD allows grantees to make a repayment for an ineligible activity to a local account and use those funds for other eligible CDBG activities. Previously, these funds were not systematically tracked in IDIS. Grantees must now track repayments to local accounts through the Local Account Repayment receipt fund, or LA fund.

1. To report a repayment to the local account in IDIS, follow these steps:
2. Create an LA receipt. See pages 7-4 through 7-6 for instructions.
3. Submit a request to cancel the activity with draws, as explained in Chapter 16.
4. Once the request is approved, cancel the activity. Treat existing vouchers for the cancelled activity as follows:
  - Leave vouchers for grant funds (EN, AD, SU, and TA) untouched. These vouchers cannot be cancelled and the grantee shall NOT revise them. They will remain in place as a record of the draws against the ineligible activity. LA receipts for the activity will be reported as offsets against the vouchers.
  - Cancel any vouchers for program income funds (PI, RL, and SF) or local account (LA) funds and reduce the activity funding to zero for those fund types. When the funding is set to zero for those fund types, IDIS will automatically increase the available-for-funding balance of the associated fund type. Because of that system action, the grantee should not re-receipt the program income or LA funds.

By funding and drawing LA funds for new or existing activities, grantees will record in IDIS how CDBG grant funds repaid to their local account were expended and the accomplishments that were achieved with them.