

## SANITATION FACILITIES CONSTRUCTION BRANCH GUIDELINES

Office of Environmental Health and Engineering  
Navajo Area Indian Health Service  
Window Rock, Arizona

### CHAPTER 19 - Transfer Process

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#### Section 3: - Disposition of Excess Project Funds Guideline No. 19.3 (94-3) April 15, 1994

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Supersedes: 19.3 (88-1), Disposition of Excess IHS Project Funds

Distribution: Standard List

This guideline defines the timing and procedure for disposing of those funds still remaining in a project, after all the activities listed in the Project Summary have been completed, and the warranty period has expired. This guideline will also provide information on returning funds, if it is apparent from the JCA (job cost accounting) during construction that there will be funds remaining upon construction completion.

Action is initiated by the Assistant Chief, SFCB, responsible for final inspections. When it is determined that all activities called for in the Project Summary have been completed, and the warranty period for the facilities has expired, a notice is issued to the Deputy Chief, SFCB, by the Assistant Chief (Attachment A).

The Deputy Chief, SFCB, initiates a request for transfer of funds to the FMB (Financial Management Branch), NAIHS, indicating that all remaining IHS funds in the project should be transferred to the bulk accounts. IHS project funds bulk accounts are account 098 for regular funds and 099 for housing funds. There are no bulk accounts for non-IHS contributed funds, so these must be handled by different procedures.

Some projects include relatively large contributions from other agencies, such as the NHA (Navajo Housing Authority)/HUD (Housing and Urban Development), Office of Navajo Hopi Relocation, Community Development Block Grant, and the Capitol Improvement Program. These large contributions are typically applied to the entire project and seldom applied to narrow, specific, services. The MOA's (Memoranda of Agreement) for most of these projects include a clause stating that if construction cost are less than estimated, the IHS will refund a prorated share of the savings to the contributing agency. The IHS returns the funds by the same mode as received, i.e., if the funds are received as a check, a request is sent to FMB to process a check to reimburse the contributor.

For a large remaining balance of project funds, the District Engineer will prepare an analysis of the remaining funds, which will show how much of the non-IHS contributed funds are to be returned. If there are other possible uses of the contributed funds, the District Engineer should include a proposed plan for using those funds with the analysis. Our experience has been that most contributing agencies have concurred with our recommendations for the expenditure of remaining contributed funds.

Some of the contributions have been made for specific purposes, such as serving individual relocatee homes. As long as this service has been provided, there is no need to analyze the costs. For projects which contain only NHA/HUD funds, remaining funds are generally returned to NHA/HUD unless there is good

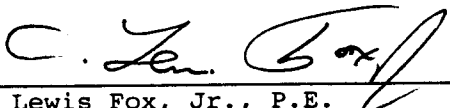
justification to utilize the funds on a related NHA/HUD project within the same community.

During the life of a project contributed funds are generally spent first. After contributed funds are used, then IHS funds are spent with the oldest funds spent first. If there is a need to reimburse a contributing agency, the Deputy Chief will utilize the District Engineer's analysis to do the necessary journal vouchers to reimburse various project accounts, so that the correct amount of funds can be placed in IHS bulk accounts and/or returned to the contributing agency.

When an existing project is amended to add IHS funds, it is preferable to use older year IHS funds for this purpose. The District Engineer should track project costs based on the JCA, and if it is apparent that there will be a significant amount of excess funds at project completion, these funds should be returned to the bulk accounts prior to project completion and transfer. Adequate funds, based on a conservative estimate, should be kept to complete the project, plus \$25,000 for correcting punchlist items. Documentation required for this action would be a brief letter amendment to the Project Summary, unless the project is reduced in scope. It is likely that the most common occurrence of returning funds to the bulk account prior to project completion will be in the case of a project that is reduced in scope. If the project is reduced in scope, then the requirements of Guideline 10.7 should be followed.

When all of the necessary actions are taken by FMB, documentation will be sent to the District Engineer responsible for the project. After the final transfer of funds is accomplished, there will be no further monthly financial reports for that project.

  
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Ronald C. Ferguson, P.E.  
Deputy Chief, SFCB

  
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C. Lewis Fox, Jr., P.E.  
Chief, SFCB

Attachment: A - "Notification of Warranty Period Expiration" Memo



# Memorandum

Date

From Assistant Chief, SFCB, NAIHS

Subject Deputy Chief, SFCB, NAIHS

To Notification of Warranty Period Expiration

Quarter Ending \_\_\_\_\_

Projects with warranties expiring this quarter:

<u>Project No.</u>	<u>Date Warranty Expired</u>	<u>Comments</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
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Assistant Chief, SFCB, NAIHS

xc: District Engineers  
Project Files  
Chrono/Reading