**Community Development Block Grant – Disaster Recovery (CDBG-DR) and** **Community Development Block Grant – Mitigation (CDBG-MIT)**

**CDBG-DR and CDBG-MIT Certification for Public Laws 114-113, 114-223, 114-254, 115-31, 115-56, 115-123, 115-254, and 116-20 Addendum B**

This Addendum should be used when Grantees are relying on submissions from a Prior Certification or when Grantees are performing updates as required by a Federal Register notice. It covers updates to Duplication of Benefits policies and procedures and allows Grantees to inform HUD of the decision to use administrative funds across multiple grants.

**Instructions to Grantees:**

The term “Grantee” refers to a state or unit of general local government that received a direct allocation from HUD of Community Development Block Grant Disaster Recovery (CDBG-DR) and/or Community Development Block Grant Mitigation (CDBG-MIT) Funds appropriated by Public Law 114-113 (approved December 18, 2015), Public Law 114-223 (approved September 30, 2016), Public Law 114-254 (approved December 10, 2016), Public Law 115-31 (approved May 5, 2017), Public Law 115-56 (approved September 8, 2017), Public Law 115-123 (approved February 9, 2018), Public Law 115-254 (approved October 5, 2018), and Public Law 116-20 (approved June 6, 2019).

**Certifications Addendum B:**

This addendum allows grantees to do two things:

1) Complete the required update to the Duplication of Benefits component of the Prior Certification; and

2) Indicate the grantee is using CDBG-DR funds from multiple appropriations for administrative expenses.

**Background**

Certifications

Each Appropriations Act requires the Secretary to certify, in advance of signing a grant agreement, that the grantee has in place proficient financial controls and procurement processes and has established adequate procedures to prevent the duplication of benefits as defined by section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5155), to ensure timely expenditure of funds, to maintain comprehensive websites regarding all disaster recovery activities assisted with these funds, and to detect and prevent waste, fraud, and abuse of funds. Therefore, a grantee is required to submit the Financial Management and Grant Compliance certification checklist along with all supporting documentation as outlined in the applicable *Federal Register* notice(s). A full certification submission is typically required for a new CDBG-DR or CDBG-MIT grantee.

A Grantee that has received prior CDBG-DR or CDBG-MIT awards may be authorized by the applicable *Federal Register* notice(s) to request that HUD rely on its previously accepted certification submissions for a subsequent allocation. A CDBG-DR or CDBG-MIT grant agreement will not be executed until HUD has received and approved the grantee’s certification submissions. A Grantee that wishes to exercise this option must review its Certification submission to ensure that its previous submission remains unchanged, except where updates are specified and supported.

*Duplication of Benefit Certification*

On June 20, 2019, the Department published a Federal Register notice at 84 FR 28836 (the “2019 DOB Notice”) and related notice on June 20, 2019 at 84 FR 28848 (the “DOB Implementation Notice”) to update its existing duplication of benefits requirements to reflect recent CDBG-DR supplemental appropriations acts and amendments to the Robert T. Stafford Disaster Relief and Emergency Assistance Act impacting certain grantees. Under the notices, for all payments made after June 25, 2019 (the applicability date of the notices), a grantee that received funds under P.L. 114-113, 114-223, 114-254, 115-31, 115-56, and 115-123 for CDBG-DR funds shall not treat declined loans (including SBA loans) as a DOB for all disasters that occurred during 2015-2021. If a grantee’s policies and procedures treat declined loans as a DOB, the grantee must update its policies and procedures.

The 2019 DOB Notice shall supersede the 2011 DOB Notice for any new activities submitted to HUD in an action plan or action plan amendment on or after June 25, 2019, and for existing activities, to the extent that the grantee amends its action plan or policies and procedures to change its treatment of loans in accordance with the 2019 DOB Notice.

*Administrative Expenses for Grantees with Multiple CDBG-DR Allocations*

Public Law 116-20 authorizes special treatment of grant administrative funds for Grantees that received awards under certain CDBG–DR grants. Grantees that received awards under Public Laws 114–113, 114–223, 114–254, 115–31, 115–56, 115–123, and 115–254, or any future act may use eligible administrative funds (up to 5 percent of each grant award plus up to 5 percent of program income generated by the grant) appropriated by these acts for the cost of administering any of these grants without regard to the particular disaster appropriation from which such funds originated. The Department published Federal Register notices on August 30, 2019 at 84 FR 45854 and on January 27, 2020 at 85 FR 4681 describing this new provision.

This Certification Addendum B is a checklist that should be used by a Grantee who is updating its certification submission to either reflect the treatment of loans in accordance with the 2019 DOB Notice, adopt the special treatment of administrative funds, or both. Unless a change is specified here in this Certification Addendum B, the Grantee is certifying that its prior certification submission remains the same.

**Instructions**

A Grantee shall indicate its use of a prior certification by responding to the questions and prompts in Part A or B to update its DOB Policy and prior certification submission by indicating “Yes,” “No,” or “N/A” as appropriate.

* A 2015 Grantee under P.L. 114-113 or 115-31 updating its DOB Policy should fill out Section A of the Certification Addendum.
* A 2016 or 2017 Grantee under P.L. 114-223, 114-254, 115-31, 115-56, or 115-123 updating its DOB Policy should fill out Section B of the Certification Addendum.

A grantee shall respond to the questions and prompts in Part C to adopt the special treatment of administrative funds by indicating “Yes,” “No,” or “N/A” as appropriate.

Grantees must identify which Part (A, B, C) the Grantee will complete to update its prior certification submission:

| 1. DOB - A State or Local Government Grantee (2015 Disaster Award)
 |  Choose an item. |
| --- | --- |
| 1. DOB - A State Government Grantee (2016 or 2017 Disaster Award)
 |  Choose an item. |
| 1. Administrative Funds – A State or Local Government Grantee (2015 through 2019 Disaster Award, including CDBG-MIT Awards)
 |  Choose an item. |

**Table of Contents**

[Part A: DOB - A State Or Local Government Grantee (2015 Disaster Award) 7](#_Toc50648009)

[Part B: DOB - A State Government Grantee (2016 or 2017 Disaster Award) 8](#_Toc50648010)

[Part C: Administrative Funds - A State Or Local Government Grantee (2015 Through 2019 Disaster Award, Including CDBG-MIT Awards) 9](#_Toc50648011)

|  |
| --- |
| **Certification Addendum** |
| **Grantee** |
| Name of Grantee: |
| Staff Consulted: |
| Name and Title of Grantee Staff Completing Form:  |
| Signature: |
| Click or tap to enter a date. |

|  |
| --- |
| **HUD** |
| HUD Financial Analyst Consulted: |
| Name and Title of HUD Staff Completing Form:  |
| Signature: |
| Click or tap to enter a date. |

# **PART A: DOB - A STATE OR LOCAL GOVERNMENT GRANTEE (2015 DISASTER AWARD)**

**Instructions:** This section should be filled out by a State or Local Government Grantee updating its DOB Policy in accordance with the 2019 DOB Notice who received a CDBG-DR award in response to a 2015 disaster.

|  |  |  |
| --- | --- | --- |
|  | Grantee | HUD |
| 1. Has the Grantee attached its **revised** uniform prevention of duplication of benefits procedures?
 | Choose an item. | Choose an item. |
| 1. Do these **revised** procedures identify the Grantee’s processes for reflecting the treatment of loans that is consistent with the requirements of the Declined Loans Provision as explained in the 2019 DOB Notice (84 FR 28836))?

(For example, to meet the requirements above, the Grantee will describe that a subsidized loan declined by the applicant, and any subsidized loan accepted by the applicant and used for a disaster-related loss, is not a duplication of benefits. A grantee’s policies may choose to include these types of assistance in its necessary and reasonable analysis but should not consider them a duplication of benefits.) | Choose an item. | Choose an item. |
| 1. Has the Grantee indicated whether it is applying the treatment of loans in accordance with the 2019 DOB Notice retroactively or starting on a specific date?
 | Choose an item. | Choose an item. |
| 1. If the Grantee is applying the treatment of loans in accordance with the 2019 DOB Notice to its existing programs or activities in its action plan (prior to June 25, 2019), has the Grantee indicated whether it will apply the new treatment of loans to all of its programs or activities?

If the Grantee answers “no,” has the Grantee indicated how it will implement programs and activities under two different DOB policies?  | Choose an item. | Choose an item. |
| HUD ONLY: Has the Grantee met the requirements of questions 1. and 2. and responded to questions 3. and 4.? |  | Choose an item. |

Grantee must attach documentation supporting the requirement and provide appropriate cross-references.

|  |  |  |
| --- | --- | --- |
| Reference File Name/Identifier | Title of Document | Page Number (s) |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

Grantee: Explain how the information in the policy, procedure, or system referenced above is sufficient to show compliance with the requirements of questions 1. and 2.?

HUD Staff: Indicate the basis for your response:

# **PART B: DOB - A STATE GOVERNMENT GRANTEE (2016 OR 2017 DISASTER AWARD)**

**Instructions:** This section should be filled out by a State Grantee updating its DOB Policy in accordance with the 2019 DOB Notice who received a CDBG-DR award in response to a 2016 or 2017 disaster.

|  |  |  |
| --- | --- | --- |
| 1. Has the Grantee attached its **revised** uniform prevention of duplication of benefits procedures?
 | Grantee | HUD |
| Choose an item. | Choose an item. |
| 1. Do these **revised** procedures identify the Grantee’s processes for reflecting the treatment of loans that is consistent with the requirements of the Declined Loans Provision as explained in the 2019 DOB Notice (84 FR 28836))?

(For example, to meet the requirements above, the Grantee will describe that a subsidized loan declined by the applicant, and any subsidized loan accepted by the applicant and used for a disaster-related loss, is not a duplication of benefits. A grantee’s policies may choose to include these types of assistance in its necessary and reasonable analysis but should not consider them a duplication of benefits.) | Choose an item. | Choose an item. |
| 1. Do these **revised** procedures identify the Grantee’s processes for reflecting the treatment of loans that is consistent with the requirements of the Disaster Recovery Reform Act (Pub. L. 115–254, Division D, “DRRA”) as explained in the 2019 DOB Notice (84 FR 28836))?
 | Choose an item. | Choose an item. |
| 1. Has the Grantee indicated whether it is applying the treatment of loans in accordance with the 2019 DOB Notice retroactively or starting on a specific date?
 | Choose an item. | Choose an item. |
| 1. If the Grantee is applying the treatment of loans in accordance with the 2019 DOB Notice to its existing programs or activities in its action plan (prior to June 25, 2019), has the Grantee indicated whether it will apply the new treatment of loans to all of its programs or activities?

If the Grantee answers “no,” has the Grantee indicated how it will implement programs and activities under two different DOB policies?  | Choose an item. | Choose an item. |
| HUD ONLY: Has the Grantee met the requirements of questions 1., 2., and 3., and responded to questions 4. and 5.? |  | Choose an item. |

Grantee must attach documentation supporting the requirement and provide appropriate cross-references.

|  |  |  |
| --- | --- | --- |
| Reference File Name/Identifier | Title of Document | Page Number (s) |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

Grantee: Explain how the information in the policy, procedure, or system referenced above is sufficient to show compliance with the requirements of questions 1., 2., and 3.?

HUD Staff: Indicate the basis for your response:

# **PART C: ADMINISTRATIVE FUNDS – A STATE OR LOCAL GOVERNMENT GRANTEE (2015 THROUGH 2019 DISASTER AWARD, INCLUDING CDBG-MIT AWARDS)**

**Instructions:** This section should be filled out by a State or Local Government Grantee choosing to adopt the special treatment of administrative funds in accordance with the provision authorized under P.L. 116-20.

To adopt this provision, a grantee must ensure that it has the appropriate financial controls to ensure that the amount of grant administration expenditures for each grant (plus 5 percent program income) will not exceed 5 percent of the total grant award and modify its financial management policies and procedures regarding tracking and accounting of administrative costs as necessary.

|  |  |  |
| --- | --- | --- |
|  | Grantee | HUD |
| 1. Has the Grantee attached its **revised** financial management policies and procedures?
 | Choose an item. | Choose an item. |
| 1. Do the Grantee’s **revised** policies and procedures provide controls to ensure that the grant administration expenditures will not exceed 5 percent of the total grant award for each grant?
 | Choose an item. | Choose an item. |
| 1. Do the Grantee’s **revised** policies and procedures provide controls to ensure that program income expenditures on grant administration will not exceed 5 percent of the total grant award for each grant?
 | Choose an item. | Choose an item. |
| 1. Do the Grantee’s **revised** policies and procedures make modifications, as applicable, to its tracking and accounting controls of grant administration expenditures?
 | Choose an item. | Choose an item. |
| 1. Do the Grantee’s **revised** policies and procedures include internal controls to ensure that all costs incurred under this provision will qualify as an eligible administrative expense and that it will make the proper corrections for any errors that may occur?
 | Choose an item. | Choose an item. |
| HUD ONLY: Has the Grantee met the requirements of questions 1., 2., 3., 4., and 5.? |  | Choose an item. |

Grantee must attach documentation supporting the requirement and provide appropriate cross-references.

|  |  |  |
| --- | --- | --- |
| Reference File Name/Identifier | Title of Document | Page Number (s) |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

Grantee: Explain how the information in the policy, procedure, or system referenced above is sufficient to show compliance with the requirements of questions 1., 2., 3., 4., and 5. for the CDBG-DR or CDBG-MIT grant(s):

HUD Staff: Indicate the basis for your response: