Financial Management and Grant Compliance Certification Requirements: Written Transcript

Catani, Mikayla M

Welcome everyone to our training on the financial management and grant compliance certification requirements. This training is for seed. Dar grantees receiving funds for qualifying disasters occurring in 2020.

Our speakers for today's session, R Gabriela Aranda, a financial analyst in our San Francisco office, and I am Mikayla Catani, a CPD specialist in headquarters and last but not least, we have Marcela Vargas, a CPD specialist in our Atlanta office.

Today's objectives are to describe the certification checklist for 2020 Grantees. HUD has created new certification checklist to help simplify the certification process for all of our grantees and avoid any confusion of which requirements may be applicable to state grantees, completing the checklist versus our local government grantees.

During this training, we will review the state grantee checklists and we will cover the basics of the certification process. The instructions to filling out the certification checklist will describe each part of the requirements listed in the checklist and then at the very end, will do a quick demo just showing you how to complete the fillable PDF.

First, let's get started with all of the applicable notices and really understand where all of these requirements are coming from.

For 2020 grantees there are really 2 notices so to speak that each grantee will be looking at. And those notices are the consolidated notice and the allocation announcement notice. The consolidated notice describes the requirements for a grantee to be certified and all those requirements can be found in Section 3. A.1.a one which is included in Appendix B of the allocation announcement notice.

Next, we have our allocation announcement notice that incorporates all of the requirements in the consolidated notice and addresses all statutory changes made when Congress appropriated funds through Public Law 117-43.

For grantees receiving 2020 funds there really weren't any major changes to the certification process except that the Appropriations Act allows grantees to access funding for program administration costs prior to the secretary's certification of the grantee's proficiency.

If a grantee is choosing to access funds for program administrative costs prior to the secretary certification, the grantee must prepare an action plan for program administrative costs, which will describe the use of funds and be mindful of that 5% cap. The certification checklist discussed in this presentation will not apply to the program administrative costs that may be approved before the certification.

Additionally, if you have any questions about the allocation announcement notice and the consolidated notice. The grantee can go to HUD prerecorded trainings, Factsheets, and guidance, which describe all of

the details related to requirements tied to the 2020 allocation, and here's the link to that information and you can always ask any of your grant managers financial analysts and other applicable HUD folks if you have any questions.

So now let's kind of get into the specific certification requirements and there's really kind of 6 elements for a grantee to be certified and reach proficiency.

The Appropriations Act requires the secretary to certify the grantee has proficient controls in place to manage and implement CDBG-DR funds to be certified and meet this requirement. The grantee will submit all of the required documentation to HUD and complete the certification checklist. Before we continue forward in this presentation. Let's kind of pause and talk a little bit about the terminology so when you see or hear financial management and grant compliance certification requirements, HUD is really talking about all of the requirements, collectively and there's kind of 6 elements that will talk about more in this presentation. Then, when you hear or see the certification checklist were specifically talking about the Fillable PDF document, which is located on hud.gov with a series of affirmations and requirements for attachments and so that's what we mean when we're talking about the certification checklist.

Here, each grantee will complete the certification checklist to really demonstrate that they meet the certification requirements and again just kind of as a last note on this slide typically appropriations acts require that a grant agreement will not be executed until a grantee has been certified and for the most part. This continues to be true for our 2020 grantees except for that one piece where grantees can choose to access their program administrative funds before the certification so just continue to be mindful of that exception and nuanced there.

So here this slide is showing all of the certification requirements that a grantee must have in place to be proficient and reach that certification so the first one, is talking about your financial controls and that's really getting to any weaknesses or deficiencies in your single audit or your CAFR and the documentation that you'll provide to show how any of those weaknesses or concerns are being addressed next each grantee must be proficient for their procurement standards in here.

For State grantees that's really about selecting which procurement standard your point to follow up at hearing to your open and in full competition requirements and evaluating on cost and price for all products and services. Next is adequate procedures to prevent any duplication of benefits and again here this is really about verifying all sources of assistance and just seeing how funds have been used for prior assistance before CDBG funds are awarded.

Next, we have adequate procedures to ensure timely expenditures of funds and that's really getting to tracking and monitoring expenditures and then we have adequate procedures to maintain comprehensive websites and that's really about maintaining your CDBG our website in accordance with the notice requirements. So you're providing public access to all of those required documents and really maintaining Accessibility in particular for those persons with disabilities.

And anyone with limited English proficiency and then last year adequate procedures to detect and prevent fraud waste and abuse.

This slide is really showing some key steps in and the order that those steps should be completed in big picture wise and so first. We kind of have that optional step where if a grantee wants to access their

program administrative costs before the certification, they will need to submit that specific action plan first. Next, all of our grantees are required to complete and submit their financial management grant compliance certification requirements through this certification checklist by April, 9th and so that's really important. The checklist can be submitted through email. And then after you have completed and submitted that certification checklist. Then you can focus on wrapping up your action plan and developing that implementation plan and so both of those are due June 8th, where your action plan for disaster recovery needs to be submitted through DRGR and your implementation plan has a little bit more flexibility on the submission. Since it's due the same time as your action plan, you can either submit it using the upload function in DRGR and submit both of those at once or you can email it to all of your applicable HUD folks. Either is fine just make sure that you are communicating and coordinating so everybody knows how and where these documents will be submitted so that there's no confusion.

And kind of the last topic that we are going to focus on before switching gears and diving into the checklist itself is this provision where were grantees are allowed to rely on a prior certification. So, if you turn back to the consolidated notice in Appendix B, you'll see that 2020 grantees are allowed to rely on a prior certification under really specific circumstances. And so that's really once this submission that you guys are working on right now is completed. Once you have been certified and move forward in the process and you reach that grant agreement stage, and your grant agreement has been executed and you're moving forward on implementation.

If you receive another award, after all of that has happened, you won't have to necessarily repeat this entire certification process because you'll have the option to rely on this submission that you're working on right now. So, if that occurs, it's really important to really keep your HUD folks in the loop, especially if you're making any major changes to the documents that you're uploading to demonstrate to HUD that you have proficient controls in place, so you'll want to just keep everybody informed let them know if you're making major changes. Substantial changes are happening to those policies and procedures and other documents just so that there are no surprises as you're implementing your grant and monitoring visits are occurring in happening. So just make sure you're in communication and everyone is on the same page there.

And so again I kind of mentioned to utilize this ability there are some parameters and so uh grantee will need to update and resubmit the required documents to enable the secretary to make that certification for future awards. Those parameters are really if it's been more than 3 years since that executed grant agreement for this 2020 grant that you're working on right now or if a subsequent grant is greater than 10 times the amount of that 2020 CDBG-DR Grant. So those are those are really the criteria for where you will be updating and resubmitting all of your required documentation to reach a certification for that next award.

And so with that I'm going to turn the presentation over to Gabriela and she's going to kind of talk through some of those key differences of the new checklist and new process and then we'll dive deeper into the certification checklist itself.

Aranda, Gabriela R
Thank you, Mikayla. Hello everyone my name is Gabriela Aranda. I'm a financial analyst out of the San

Francisco office. And the greatest changes here to the certification checklists, which I believe everybody is going to be very happy with.

HUD has created specific documents for each of our grantee types, so the local government, the state grantee will have their own grantee checklist. Previously the checklists were all combined, and it took quite a bit of time to get to the correct portion of the checklist that applied to the specific grantee.

In our newest checklist there will be split into 3 documents; you'll have your local government grantee checklist, a state grantee checklist, and the 3rd checklist is for HUD to review. So whether you're local or state grantee you will have your own checklist. You won't have to muddle through the other checklist.

Also, there's been modifications that will match the consolidated notice, including the Part A financial standard. Which requires only the submission of the single audit the most current single audit and your consolidated annual financial report also known as the CAFR.

Previously, we required Financial policies and procedures the entire Handbook. And oftentimes the grantees handbooks Financial Policy and procedures Handbook was not updated or it did not reflect the requirements of the grant that you were receiving so in this case going forward will only ask for specific sections that are speaking in detail to what we request. You won't need to send us your entire policies and procedures Handbook.

The next change, which I think is actually really helpful as well are all questions are formatted as certification affirmations. And what does that mean? That means that the documents been streamlined so that grantees will only be required to respond with yes or no responses. If there is a no response, then documentation can be submitted to support that response and we move forward from there.

Next slide.

The certification checklist review. The instructions for the certification checklist review. If the grantee believes it complies with the requirement, the grantee will check the affirmation for that question. Affirmation being yes that the grantee believes it does comply. If the grantee does not feel that they comply with the questions as an affirmation the grantee is allowed to attach required documentation.

That will demonstrate how the grantee is going to comply with the requirement. And that can be a corrective action plan from a prior deficiency that was found or a concern that was found. Or some sort of working plan on how they will move forward to address a component that hasn't been addressed previously.

Most of the statements include citations to the applicable section in the consolidated notice for convenience and to identify the applicable sources that will serve as the basis for certification this helps you the grantee.

You know what our intent is and it follows all of the notice requirements in detail and if you have a question. You couldn't refer back to the notice, so that you know exactly what it is that we are asking.

Next slide.

The required documents. Listed here and they were again mentioned in the previous slide. Documents that are going to be needed would be your most recent Single audit. Most recent comprehensive annual financial report. Your policies and procedures relevant to the CDBG-DR Grant. Regarding procurement,

Policies procedures, Regarding duplication of benefits, regarding the use of program income, Comprehensive website, Detections of threat detection of preventing fraud waste and abuse and again. These are sections. They do not have to be the entire Policies and procedures manual it just the sections that are applicable.

This type of documentation that's required. The part a financial management controls section is the very first and again the most important.

For Grantees, the questions are listed and they may come off as being "double negatives," so don't let that Concerned you. When the question is asked, "the grantee does not have any deficiencies." You would answer yes if that is correct. If you answered no then you will be required to submit documentation that supports why the answer is no and how you are fixing or have addressed that issue.

If there are weaknesses, it is OK to say no. This certification is not a monitoring exhibit.

We ask that if there is a no response that documentation again is to submit and support what new or what changes are being made how these issues being addressed. If there were issues with your single audit or CAFR, you had to respond to those comments with a plan of action and that is what we would like to see what that response was.

Don't get caught up in what constitutes as a weakness deficiency or concern again. These terms are not in a monitoring exhibit context. But rather for HUD to know if there are any other major red flags when administering CDBG-DR funds.

Vargas-mata, Marcela
Thank you, Gabriella for walking us through the part A of the presentation. My name is Marcela Vargas. I am out of Atlanta region, and I'll be covering the remaining elements required as part of the certification process.

The next element, it's the procurement process. The state grantee has the discretion or to select the procurement standards that would be adopting and would be following as part of the city. Are you know assistance as received and they would, and they should and must provide the required documentation to demonstrate which of the selections as follow with you know it's just you know deciding to move forward with?

The first one, it's just simply going and choose to save their view, also state will follow the requirements stated on 2 CFR 200, 318, is through the 200 to 327. The next option is at the state procurement policies and procedures will stablish you know its own requirements based of course on the state requirements on procurement, and we also stablished and impose these requirements to local governments and supersedes. The next option is got from the 2 CFR 203, 17. The state will follow its own procurement, it would impose the 2 CFR 203, 18 through 2 CFR 203, 27 on its recipients. Procurement standards after being you know about federal requirements.

In general, for all these requirements, the stayed the grantee must uphold the principles of full and open competition to ensure that there's going to be an evaluation of the cost of the price of the products or services that will be provided this means there is cost reasonable is reasonable and there's going to be an evaluation that these processes are in place, and they are full and open competition.

Next.

The next item that is required under certification from the consulate or notice is the prevention of duplication of benefits.

The grantee must establish a uniform process and it should be described as the following elements and this is how it should be you know happening. Turn meaning that all the disaster assistance received by the grantee or application and all the financial assistance has been identified and is very fight to the grantee before or applicant again before awarding any CDBG funds for assistance.

The grantee or applicants admit needs mostly determined before awarding any CDBG funds. And the last part is that they require that the beneficiaries are required to enter into a signed agreement to repay any assistance that could be it duplicative of the assistant received by the CDBG Award that is use for the same purpose.

Next.

All other elements for the duplication of benefits is that the grantee has most have a method to monitor compliance with this agreement. Of course for a specific time appear were they also articulates that this method isn't and has its has his own policies and procedures. And then make sure that there's time frame for these grant agreements and it has all the elements and within this agreement.

It is important, I will say "warning any person who knowingly makes a false claim or a statement. Too hard or causes another to do so may be subject to civil or criminal penalties under 18. USC 22871001 and 31. USC 3729," is included in the agreement.

And one last item for the duplication of benefits is that before awarding any city BGR fonts grantee will use the best and the most recent available data from FEMA SBA, insurers and all the resources to prevent it application of benefits. And it's important to mention that this part right now that the grantees to get that that that the process for the grantees to get data from FEMA these changing.

And the process for how grantees will get the data from FEMA extending changing will be providing more information and coming soon and the new process will be. You know this information would be provided and it later time for these new process.

Next.

The next element that it's requires a part of this certification is that to the term in the grantee is timely expenditure. The grantee must have policies and procedures indicated how it would first track and document expenditures of the grantee and it's super segments. Of course, how are you I can't go on account for it and how you're going to manage the program income that is received, you know in different forms. Also, the grantee must ensure that once this, you know the problems are review and you know you reprogram the fonts in a different way in a timely manner fraud activities are still sitting on there, not moving in any direction. So when there is a review of your processes. We were not you want to ensure that those activities are not moving or there's reasons were not being expand that. These funds are you know, reprogramming it in a timely manner.

And projects expenditures for all CDBG funds within the time within the period provided. And the Consolidated notice and an allocation announcement notices. It's worth the grantee is going to be

limited to could be 6 years, it could be 12 years in this case. We are, and I'm following the requirements once again for the 2020 allocation, and the consolidated notice.

Next.

One more element is the procedures to maintain a comprehensive website. This is one of the elements that it is known, but it's really a very important element as this is the way to communicate to your citizens your residence. And then for the grantee. It's very important, and they must have you must have a separate website dedicated to is this aster recovery activities. There are assisted with the CDBG-DR funds and meet all the requirements are part of the applicable Federal Register notice.

These items are found in the Section 3 D. One D of the consolidated notice and they will give you the guidance and what are those requirements? What are the documents that must be published on the website and also you have to make sure that these documents are available in the form of accessible to access accessible to persons with disabilities and those with limited English proficiency.

Next.

The grantees at most you know, we will take reasonable steps to ensure meaningful access to their programs and activities by limited English, proficient persons. Of course, this included members of protected classes vulnerable populations and individuals from and the underserved communities.

This is a very important piece when you are like building out your website. There's a direct link to your website and it has Accessibility criteria is for these tables and for persons with limited English.

Are proficient? I'm the grantee would updates website at least quarterly and that would be part of your policies and procedures. This is what would you describe in your policies and procedures and if available we expect to see the link to the CDBG website as part of your policy and procedures. As Gabriella mentioned at the beginning, you don't have to provide the full guidebook for the you know internal controls sections. We just need specific sections as you know per these elements required from the Consolidated Notice.

It is important as well that you know you're good you're good go.

So the next section is procedures to detect fraud waste and abuse of funds. The grantee must have internal controls the grantee can verify the accuracy of information and it is important to have with the term in as a part of your policies and procedures. The frequency of how you know the monitoring other agencies and that would be administering the CDBG funds so recipients of those organizations that would be accessing these funds.

Also explain how would it be monitored, why monitoring will be conducted and of course, which I who will be monitored? All those elements must be identified as part of these procedures.

The grantee will hire an internal auditor and describes the auditors role. So if the if the grantee does not have an internal auditor yet that is okay to move forward and then hire an internal auditor describing as part of your procedures that you will hire. It's important to for the grantee to investigate any actions when fraud occurs within the Grantee's CDBG-DR activities and or programs. Also important to mention that if a beneficiary experiences fraud in the grantees or sub recipient's program, the fraudulent activity may create more unmet need. As we mentioned at the beginning on in some other elements under the

pleasure of duplication of benefits. They granted most you know. Of course I'll go through the unmet needs assessment.

So if there is fraudulent activity, then you may create more unmet need. If that is the case and funding is available, they grantee could potentially award the beneficiary more CDBG-DR assistance to address the unmet need.

As this might happen, the grantee needs to have in place policies and procedures described in this test the steps they will follow to award additional assistance.

The first line is where you will enter the Public Law 117-43. That's what it's going to go in that very first line and then of course, signed and dated the signature box and you know for your certifying officer.

There is an additional or extra attachment that if you run out of space there is an additional table that you could use.

Once all your certifying officer has completed this form you would submit the certification checklist by email the disaster recovery mailbox. Then the HUD reviewer will use the HUD Reviewer checklist to review the grantees responses on certification.

So this was just an overview of all the elements that are part of the certification and I will just pass it to Mikayla to have a really more details and logistics and how the actual checklist will look and see the questions, so you can really get familiar with the actual certification checklist. Thank you.

Catani, Mikayla M
Thank you so much Marcela and Gabriela what a great job, giving that overview. So as Marcela mentioned, I'm going to pull up the checklist and just kind of show you guys each part. You know what it looks like. Maybe you haven't opened it yet and that's okay. We just want you to kind of see all of the aspects and elements that were discussed during this presentation and where they're located on this checklist and where to find this checklist.

So first you'll go to hud.gov and there is a section that is titled 2020 grantees and so, if you click that button again. We have a lot of prerecorded trainings, Factsheets, guidance and other different things to really help you guys understand all the requirements and steps to reach to the Grant agreement stage and begin implementing your recovery programs and getting the funding out and in the communities and so.

This certification checklist is on that page and right now, all of our grantees are state grantees. So you'll see the state certification checklist and download click that and open it up and so I'm going to jump over to that fillable PDF now but before I do, I'll go ahead and show you guys this slide so if you have any questions, please feel free to reach out to any of your HUD folks.

We have included the policy units' email right here on this slide, but you can always email your grant managers, financial analysts and any other contacts that you've been assigned to and you're working with if you if you have any questions and we'll be able to help you so I just wanted to kind of put that slide up there and now give me a second while I transition us over to the actual checklist.

Okay, so here we go up. Hold on let me try again.

Okay, Okay, so you guys should be able to see this screen right now. I'm going to try to zoom in just a little bit.

And then we'll go ahead and get started. So when you open it up. There's a cover page that you know really shows "Hey this is for you state grantees and this is specific to 2020 Qualifying disasters" so that's your cover page. The instructions that Gabriela went over are right here, so it kind of walks you through what we mean by the term grantee for this checklist. We're really talking about a state entity who is managing the grant, and then it kind of walks you through all of the Appropriations Act requirements to reach that certification and then it kind of talks a little bit about the relationship between that allocation announcement notice and the consolidated notice and again.

Here's this reminder. I think I mentioned this earlier where if you're making any substantial changes to your documents that were submitted to reach certification you just want to make sure that HUD is aware and, in the loop, and on the same page. Then, lastly, it should end kind of talking again about the ability to rely on a certification and we have this friendly little note. You know feel free to reach out to any of your HUD representatives whether it's your grant manager or your financial analysts or both reach out with your questions. We are really here to help you and help you guys reach certification.

Oops I did not mean to jump down so fast. Let me scroll back up so here. I just want to quickly show you on this table of contents is clickable so if you're curious, which documents are required. You can click straight to that section.

Then it kind of jumps into each of those certification elements as part A through part F and then lastly, you have your certification where you're doing the actual signature, Marcela went over with you so to begin with. You'll type in your name so you know, whichever state you're from, and your state agency that's administering the funding you'll want to type in your dates and then here is your required document list.

You should be able to click the checkbox just kind of you know to use that as a typical checklist where you're crossing off you know the documents that been attached. Maybe you know when you're beginning to fill this out and you don't have all of your documents ready so just don't click them until you're ready to submit and that'll you know keep you on track to make sure you've included everything that you need to.

So below this we have this table for additional documents so again that the first section is everything that is required. So you'll want said then list in this table right here. What are those documents called if you're submitting an entire Handbook? Which again we do not need we really just need the sections applicable to each of these affirmations and kind of statements that are listed throughout the checklist. But if you are attaching a larger document that, maybe how some additional information. Please make sure that you're putting the relevant page numbers for our head reviewers to be looking at we don't want to miss something and think maybe you don't have it just because we don't know where to look and then again, it's helpful on this last column to insert the specific certification question or part are you addressing with that document so maybe it's one document that can you know, kind of verify some of these requirements throughout different parts of the checklist so?

Just make sure you're noting that making it easier for everyone to communicate and see where you are, and so then at the end of that. We have this optional documentation table as well. If you're running out

of room or maybe there's some other things that you really want to attach so similar format here just kind of raising that for awareness and so then you. You kind of jump into part A. A this is kind of weird, Gabriela spoke a lot about you know the.

So those requirements and so here question one and 2 it's a simple yes or no. An option again, it's okay if you're saying no because we have a lucky question number 3. So if you do have some sort of deficiencies in the first 2 questions. You are able to tackle it here and question number 3 and say, yes, I do have the documentation showing how these issues are being addressed. So we are good to go - if your Gold Star grantee and you were able to answer that you don't have any issues in your single audit or your CAFR you would just select "not applicable" here, so that's for questions 3 and 4 and then again, submitting this checklist is your way of demonstrating that you've met the certification requirements, so that's really what question number 5 is getting too, and Part A is really unique here. So I just want to spend an extra second here just kind of showing you the 2 affirmation choices so here.

You need to select yes, there were no weaknesses or deficiencies or any red flags concerns in my single audit or my CAFR and you will check this box if that's you or if there were, and you have included documentation, there, you're just going select this second option, so you don't need to be selecting both just pick, whichever option applies to you and again. We've included this, this documentation table here at the end if there's you know something specific you want our HUD reviewers to take a look at, you can enter that information here. It's really just a tool to help you and us stay on track for this certification and help you reach certification quicker. That's what this whole purpose was about is really streamlining this process, so that you guys can reach that grant agreement stage more quickly and get the funds out in the community. And again, this is for state grantees. We will do a separate presentation for any local government grantees where the procurement section will look a little bit different.

Our state grantees have the option to select one of 3 procurement standards, so just read through the standards, Marcela went over and they're labeled and boxes. You don't need to select more than one just pick which one that you're following and then here you'll affirm that you've met the requirement. I'm not going to go through all of these sections because they're really similar but we have this documentation table again to kind of help you for that part and what you may be submitting to support your certification also kind of draw your attention to some of these helpful notes that we have throughout the checklists and it's really just to remind you.

Some of these requirement's kind of play into your implementation plan as well as soon as you fill out this certification submissions, which happens first in the in the timeline, it should help make sure that once you submit your certification and you're continuing to prepare your implementation plan, you stay on track and don't forget in anything that may be required.

So I'm going to scroll a little bit quicker until we get to the end. Again, we have some helpful notes in here we have those citations and brackets. Please do not interpret that as us imposing additional requirements. Here again just a helpful tool for you to see where these requirements are coming from.

I wanted to note this section right here for our website and if at the time of certification submission. You have your website link ready and available. You can copy and paste it right here in this text box and if not, that's okay we will get it from you later. And make sure as Marcela mentioned to really describe that requirement in your policies and procedures of how you will be developing that website and sending that link on to head when it's ready. Then, lastly we have our prevention of fraud waste and

abuse section. Then we get to the certification again and just want to reiterate that this first blank when you download it should kind of prompt you that a public law goes here when you hover your mouse over it so just in case you forget.

Then also when you download you should be able to use this signature function to sign it and print your name and follow the date of your submission and signature.

And then this is that very last table right here come that is again just kind of attached as an optional place. If you're running out of room and you need more space to insert your document information so that's what this whole last page for feel free to use it. If you need it

That concludes our presentation for today, where we were really going over the certification information. So again if you have any questions, please feel free to reach out to any of your HUD folks whether it's the policy unit email your grant manager or your financial analysts and so on, and so thank you again for watching this recording.