

Financial Management and Grant Compliance Certification Requirements



2022 CDBG-DR Certification Training



Presenters

Gabriela Aranda, Financial Analyst; San Francisco Office

Mikayla Catani, CPD Specialist; Headquarters


Marcela Vargas, CPD Specialist; Atlanta Office



Objectives

- To describe the new certification process and applicability
- To explain the changes to the Financial Management and Grant Compliance Certification Requirements
- To review the State Grantee Checklist





Applicable Federal Register Notices



The Consolidated Notice

- **Consolidated Notice:** Describes the grant award process for CDBG-DR grantees, including the certification of financial controls and procurement processes and adequate procedures for proper grant management in Section III.A.1
- The Consolidated Notice is provided in Appendix B of the Allocation Announcement Notice at 87 FR 6370



The Allocation Announcement Notice

- **Allocation Announcement Notice:** On February 3, 2022, HUD published a Federal Register notice at 87 FR 6364 that incorporates the provisions of the Consolidated Notice, to the extent they are consistent with PL 117-43, and announces funds for disasters occurring in 2020
- The Allocation Announcement Notice also adds and modifies requirements in the Consolidated Notice to comply with statutory requirements




Trainings and Resources

- HUD has pre-recorded trainings, fact sheets, and guidance that describe the requirements tied to 2020 CDBG-DR grant and topics listed in the Allocation Announcement Notice and the Consolidated Notice. These materials can be viewed at:

https://www.hud.gov/program_offices/comm_planning/cdbg-dr/grantees





Certification Requirements



Purpose of the Certification

- The Appropriations Act requires that the Secretary certify that the grantee has proficient controls in place for successful grant management
- To enable the Secretary to make this certification, each grantee must submit to HUD the certification documentation collectively referred to as the “Financial Management and Grant Compliance Certification Requirements”
- Grant agreements will not be executed until the Secretary has issued the certification, unless the Appropriations Act requires otherwise

*Note, this requirement does not apply to the Action Plan for Program Administrative Costs



Financial Management and Grant Compliance Certification Requirements

To be certified, the grantee must have:

- Proficient financial controls in place
- Proficient procurement processes in place
- Adequate procedures to prevent any duplication of benefits
- Adequate procedures to ensure timely expenditure of funds
- Adequate procedures to maintain comprehensive website
- Adequate procedures to detect and prevent fraud, waste, and abuse



Key Steps for 2020 Grantees

01

Optional: Completes and submits the Action Plan for Program Administrative Costs

02

Completes and submit the Financial Management and Grant Compliance Checklist by April 9, 2022

03

Completes and submits the Action Plan for Disaster Recovery and the Implementation Plan by June 8, 2022



Relying on a Prior Certification

- After the 2020 CDBG-DR grant is certified, HUD will rely on the grantee's 2020 submissions for future responses to the Financial Management and Grant Compliance Certification Requirements
- HUD will continue to monitor the grantee's submission and updates made to the policies and procedures during the normal course of business
- The grantee must notify HUD of any substantial changes made to these submissions



Relying on a Prior Certification Continued

- Grantees must update and resubmit the required documents to enable the Secretary to certify the grantee if:
 - It has been more than three years since the executed grant agreement for the 2020 CDBG-DR grant, or
 - A subsequent grant is equal to or greater than ten times the amount of the 2020 CDBG-DR grant



Noteworthy Changes to the Certification Checklist

- Split into three documents:
 - Local Government Grantee Checklist
 - State Grantee Checklist
 - HUD Review Form
- Modified all parts to match the Consolidated Notice, including:
 - Part A Financial Standards requires only the submission of the single audit and consolidated annual financial report
 - All questions are formatted as certification affirmations



Certification Checklist Review



Instructions

- If the grantee believes it complies with the requirement, the grantee should check the affirmation for each question
- The grantee must attach the required documentation, including the appropriate cross references in each Part to demonstrate how the grantee will comply with the requirements
- Most 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 the certification



Instructions Continued

- The statements in the Certification Checklist reflect existing requirements listed in the Consolidated Notice and imposed by the Allocation Announcement Notice
- The statements should not be interpreted as HUD imposing additional requirements
- Upon completion, a grantee must submit the Certification Checklist and the requested documentation to the designated HUD representative



Required Documents

- The most recent single audit
- The most recent comprehensive annual financial report (CAFR)
- Procurement policies and procedures relevant to the CDBG-DR grant
- Policies and procedures that prevent duplication of benefits
- Policies and procedures governing the use of program income
- Policies and procedures to maintain a comprehensive website
- Policies and procedures to detect and prevent fraud, waste, and abuse



Part A: Financial Management Controls

- The most recent single audit does not indicate weaknesses, deficiencies, or concerns related to CPD programs
- The most recent CAFR does not indicate weaknesses, deficiencies, or concerns
- If either of these indicate deficiencies, provide documentation showing how those weaknesses have been or are being addressed



Part B: Procurement Processes

- For a State grantee, select the procurement standard to be adopted for CDBG-DR funds and provide the required documentation:
 - 2 CFR 200.318 through 2 CFR 200.327
 - State procurement policies and procedures for itself and establishes requirements for local governments and subrecipients
 - 2 CFR 200.317, meaning it will follow state procurement for itself but impose 2 CFR 200.318 through 2 CFR 200.327 on subrecipients
 - All procurement standards must uphold the principles of full and open competition and evaluate the cost or price of products or services



Part C: Procedures for Prevention of Duplication of Benefits

- Uniform processes that:
 - Determines all disaster assistance received by the grantee or applicant and all reasonably identifiable financial assistance available to the grantee or applicant BEFORE awarding CDBG-DR assistance
 - Determines a grantee or an applicant's unmet need(s) BEFORE awarding CDBG-DR assistance
 - Requires beneficiaries to enter into a signed agreement to repay any duplicative assistance if they later receive additional assistance for the same purpose the CDBG-DR award was provided



Part C: Procedures for Prevention of Duplication of Benefits Continued

- A method to monitor compliance with the agreement for a reasonable period and articulates this method in its policies and procedures
- Agreements include “Warning: Any person who knowingly makes a false claim or statement to HUD or causes another to do so may be subject to civil or criminal penalties under 18 U.S.C. 2, 287, 1001 and 31 U.S.C. 3729.”
- Before awarding CDBG-DR funds, grantees will use the best, most recent available data from FEMA, SBA, insurers, and other sources to prevent a DOB



Part D: Procedures to Determine Timely Expenditures

- Policies and procedures indicate how it will:
 - Track and document expenditures of the grantee and its subrecipients
 - Account for and manage program income
 - Reprogram funds in a timely manner for activities that are stalled
 - Project expenditures of all CDBG-DR funds within the period provided in the Consolidated Notice and Allocation Announcement Notice



Part E: Procedures to Maintain a Comprehensive Website

- The grantee will have a separate webpage dedicated to its disaster recovery activities assisted with CDBG-DR funds and meet all requirements in the applicable Federal Register notice(s)
- For items required in Section III.D.1.d of the Consolidated Notice to be available to the public on its website, the grantee will make these documents available in a form accessible to persons with disabilities and those with limited English proficiency



Part E: Procedures to Maintain a Comprehensive Website Continued

- The grantee will take reasonable steps to ensure meaningful access to their programs and activities by LEP persons, including members of protected classes, vulnerable populations, and individuals from underserved communities
- The grantee will update its website at least quarterly
- If available, provide the link to the CDBG-DR website



Part F: Procedures to Detect Fraud, Waste, and Abuse of Funds

- Procedures indicate:
 - How the grantee will verify the accuracy of information
 - Criteria to evaluate the capacity of potential subrecipients
 - Frequency of monitoring other agencies that will administer CDBG-DR funds
 - How it will monitor, why monitoring will be conducted, and which items will be monitored
 - That the grantee has or will hire an internal auditor, and describes the auditor's role
 - That the grantee will investigate and take action when fraud occurs within the grantee's CDBG-DR activities and/or programs



Part F: Procedures to Detect Fraud, Waste, and Abuse of Funds Continued

- Grantees receiving CDBG-DR funds for the first time shall attend and require subrecipients to attend fraud-related training provided by HUD OIG, when offered, to assist in the proper management of CDBG-DR funds
- Indicates that instances of fraud, waste, and abuse will be referred to the HUD OIG Fraud Hotline (phone: 1-800-347-3735 or email: hotline@hudoig.gov)
- Indicate how the grantee will make CDBG-DR beneficiaries aware of the risks of contractor fraud and other potentially fraudulent activity that can occur in communities recovering from a disaster



Part F: Procedures to Detect Fraud, Waste, and Abuse of Funds Continued...

- Grantees must provide CDBG-DR beneficiaries with information that raises awareness of possible fraudulent activity, how the fraud can be avoided, and which local or state agencies have the responsibility to take action to protect the beneficiary and the grantee's investment
- Steps the grantee will take to assist a CDBG-DR beneficiary if the beneficiary experiences contractor or other fraud
- If the beneficiary is eligible for additional assistance as a result of the fraudulent activity and the creation of remaining unmet need, the procedures should also address the steps the grantee will follow to provide additional assistance



Certifications & Extra Attachments

CERTIFICATIONS

As required by the Consolidated Notice and the Allocation Announcement Notice, the grantee must make the certification below by signing where indicated.

Compliance Certification

The grantee certifies that: it has reviewed the requirements of _____, and the Consolidated Notice and Allocation Announcement Notice that establishes the rules, waivers, and alternative requirements for the CDBG-DR funds; that its responses to this checklist and submitted supporting documentation are accurate; that it will adhere to the controls, standards, processes, corrective actions, and procedures it described in this checklist and supporting documentation; and that it has in place proficient financial controls and procurement processes and that it has established adequate procedures to prevent any duplication of benefits as defined by section 312 of the Stafford Act, 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.

Signature of Certifying Official

(Printed Name of Certifying Official)

(Date)

Additional attachments can be listed in this table.

[illegible]

Quick demo: How to fill out the checklist.

https://www.hud.gov/sites/dfiles/CPD/documents/Financial_Mgmt_Grant_Compliance_Cert_Reqs_for_State_2020_Grantees.pdf



Community Development Block Grant – Disaster Recovery (CDBG-DR)

**Financial Management and Grant Compliance Certification
Requirements for State Grantees
2020 Disasters**



Thank you!

If you have any questions, please email them to the Policy Unit at drsipolicyunit@hud.gov or email your assigned grant manager and financial analyst, if applicable.

