



Navigating Compliance to Detect and Prevent a Duplication of Benefits

**Thursday, May 9, 2024
11 a.m.-12 p.m. CDT**

**2024 CDBG-DR Problem Solving Clinic
May 7-9, 2024 | St. Louis, MO**



Presenters



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Learning Objectives

- Attendees will understand what a duplication of benefits (DOB) is and the steps to complete an individual analysis.
- Attendees will learn tips to document compliance and prepare for a monitoring review.
- Attendees will learn practical strategies to minimize DOB.

Agenda

- Understanding a DOB
- Steps to conduct a DOB analysis
- Preparing for a monitoring
- Documenting compliance
- Practical strategies to minimize DOB
- Key takeaways to reducing administrative burden

A photograph of the St. Louis Gateway Arch and the city skyline, framed within a white hexagonal border. The arch is a large, white, catenary-shaped structure. The skyline includes various skyscrapers and the American flag flying in front of the city.

Understanding a DOB

What is a DOB?

- A Person (i.e., individual, household, business, government, or other entity)
- Receives Financial Assistance from Multiple Sources
- The Assistance is for the Same Purpose (e.g., as CDBG-DR funds)
- Total Assistance > Total Need for that type of assistance

Where do DOB Requirements Come From?

- Section 312 (42 U.S.C. 5155) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act
- CDBG-DR Appropriations Acts
- HUD Federal Register Notices
- OMB Cost Principles (24 CFR part 570 and 2 CFR 200, subpart E)
- Grant Agreements/Subrecipient Agreements

The Stafford Act

The primary source of DOB requirements:

Section 312(a): Requires that federal agencies assure that no person, business concern, or other entity will receive such assistance with respect to any part of such loss as to which he has received financial assistance under any other program or from insurance or any other source.

Why is DOB Important?

- **Maximizes Efficiency and Promotes Equity:** Resources can be allocated more efficiently, reducing waste and allowing assistance to reach a greater number of people in need. In addition, equitable distribution minimizes situations where some individuals or groups receive more assistance than other, and some receive insufficient support.
- **Minimizes Fraud and Abuse:** Vigilance in preventing a DOB helps to safeguard against fraudulent or abusive practices, ensuring assistance reaches those who genuinely require it and deterring misuse of resources, in addition to acting as good stewards of taxpayer dollars.

A photograph of the St. Louis skyline, including the Gateway Arch, viewed through a hexagonal frame. The frame is set against a background of green and blue geometric shapes.

Steps to Conduct a DOB Analysis

What are the Steps to Conduct a DOB Analysis?

Assess Applicant Need

Identify Total Assistance Available

Exclude Non-Duplicative Assistance

Identify the DOB Amount & Calculate Total Award (including Program Cap)

Reassess Unmet Need When Necessary

What are Common Sources of Financial Assistance?

- **Total assistance** includes cash awards, insurance proceeds, grants, and loans received by or available to CDBG-DR beneficiaries.
- At a minimum, a grantee must determine whether a beneficiary received FEMA, SBA, insurance, and any other major forms of assistance (e.g., State disaster assistance programs).

Examples

Financial Assistance

- State disaster assistance programs.
- For example, in California:
 - CalHome Program
 - State Supplemental Grant Program (SSGP)

Not Financial Assistance

- **In-kind donations** are non-cash contributions (e.g., professional services, construction equipment, or building materials).
- In-kind donations are not “financial assistance” but reduce the unmet need because the donated goods or services reduce activity costs.

A photograph of the St. Louis skyline, including the Gateway Arch and the Old Courthouse, framed within a white hexagonal border. The background of the slide features green and blue geometric shapes.

Preparing for a Monitoring

Why Monitor?

- Ensures compliance with DOB regulations
- Prevents fraud, waste, and abuse
- Detects inefficiencies early on
- Serves as a tool for the grantee to reduce administrative burdens in the future by:
 - Improving policies and procedures
 - Identifying best practices



HUD is Here to Help!

ODR is a partner with grantees to ensure successful CDBG-DR program administration and to help reduce future administrative burdens.

What is Monitored?

Compliance with:

- General requirements for activity listed in the notification letter
- DOB requirements

Exhibit 6-6: Guide for Review of Housing Rehabilitation and Reconstruction
Exhibit 6-14, sections C, D & I: Addendum Guide for Review of CDBG-DR 2017 Disasters (Review of Housing Rehabilitation and Reconstruction)



HUD MONITORING FOCUS AREAS AND PROGRAM SELECTION

Overall Management Systems

The purpose of this review is to determine if Community Development City (CDC) has developed systems and procedures for ensuring that DR funds are used in accordance with program requirements. As a part of this evaluation, we will review written procedures describing citizen engagement, citizen complaints and program management, including the tracking of individual program activities and documenting of program accomplishments. Monitoring of this area will be conducted using the following monitoring. Exhibits:

Exhibit 6-1: Guide for Review of Overall Management of CDBG Disaster Recovery Grants

Exhibit 6-14, section A: Addendum Guide for Review of CDBG-DR 2017 Disasters

Financial Management

A Financial Management review is designed to assess the grantee's conformity to financial management requirements. Your organization's financial management system will be reviewed for compliance with 24 CFR part 570, Subpart J, Grant Administration. It will also cover compliance with 2 CFR Part 200, Subpart E, which provides guidance on determining the allowable costs of programs administered by State and local governments. A review of administrative costs, including staff, overhead, and travel expenditures, for compliance with the Uniform Administrative Requirements will be included. Monitoring of this area will be conducted using the following monitoring Exhibits:

Exhibit 34-1a: Guide for Review of Financial Management and Audits

Voucher numbers for review during the visit will be provided to CDC in advance. Access to CDC's financial database system will be required, as well as a designated CDC employee to help with navigating the financial database.

Homeowner Rehabilitation and Reconstruction Program

The implementation of the Homeowner Rehabilitation and Reconstruction program will be reviewed for compliance with applicable CDBG-DR *Federal* Register notices and CDBG Regulations at 24 CFR 570. Review of this area will be conducted using the following monitoring Exhibits:

Exhibit 6-6: Guide for Review of Housing Rehabilitation and Reconstruction
Exhibit 6-14, sections C, D & I: Addendum Guide for Review of CDBG-DR 2017 Disasters (Review of Housing Rehabilitation and Reconstruction)

Monitoring Handbook

- The [CPD Monitoring Handbook](#) contains sample exhibits used by HUD.
- Grantees should review the handbook to understand DOB monitoring by:
 - Finding corresponding activity exhibit and
 - Selecting addendum based on disaster year.

CHAPTER 6: DISASTER RECOVERY COMMUNITY DEVELOPMENT BLOCK GRANT

Attachment 6-1 - Disaster Recovery CDBG Supplemental Grants Document Reference Tool

Exhibit 6-1 - Guide for Review of Overall Management of CDBG Disaster Recovery Grants

Exhibit 6-2 - Guide for Review of Flood Zone and Floodway Buyouts and Non-Buyout Acquisitions

Exhibit 6-3 - Guide for Review of New Construction of Housing

Exhibit 6-4 - Guide for Review of Infrastructure

Exhibit 6-5 - Guide for Review of Economic Development

Exhibit 6-6 - Guide for Review of Housing Rehabilitation and Reconstruction

Exhibit 6-7 - Guide for Review of Written Agreements

Exhibit 6-8 - Guide for Review of Procurement

Exhibit 6-9 - Guide for Review of Financial Management (REMOVED)

Exhibit 6-10 - Guide for CDBG-DR (Addendum for Pre-2011 Disasters)

Exhibit 6-11 - Guide for CDBG-DR (Addendum for 2011– 2013 Disasters)

Exhibit 6-12 - Addendum Guide for Review of CDBG-DR 2015 Disasters

Exhibit 6-13 - Addendum Guide for Review of CDBG-DR 2016 Disasters

Exhibit 6-14 - Addendum Guide for Review of CDBG-DR 2017 Disasters

Exhibit 6-15 - Addendum Guide for Review of CDBG-Mitigation (MIT) Grantees

Addenda can
be found
after Exhibit
6-9

DOB Requirements & Monitoring Criteria

Disaster Years (Not including CDBG-MIT)	Applicable DOB Requirements	DRRA Applicability	Section(s) of Applicable Addendum for DOB Monitoring Criteria
Before 2015	See the Federal Register Notice that allocated the CDBG-DR funds, but normally, the 2011 DOB Notice .	No.	Section B.
2015 to 2017	Generally, the 2019 DOB Notice . (<u>Exception</u> : The provisions of the 2011 DOB Notice continue to apply to existing programs and activities for 2015-2017 disasters if the grantee's activities were included in an action plan before June 25, 2019 , and were not amended to change treatment of loans in accordance with the 2019 DOB Notice.)	Only for disasters declared in 2016 and 2017. See HUD FAQ for more details.	Generally, Sections C and D. For the <u>exception</u> , refer to Section B instead of Section C. Note: Section D is not an option for 2015 grantees.
2018 to 2019	The 2019 DOB Notice and the applicable AAN. <i>*2020-2021 disasters can follow these DOB sections too</i>	Yes. See HUD FAQ for more details.	Addenda in development. Example: Sections C and D of the 2017 Addendum.
2020 to 2023	The applicable AAN/Consolidated Notice.	No.	Exhibit/Addenda in development. Example: Sections C and D of the 2017 Addendum.

Where are DOB Monitoring Questions?



Activity monitoring exhibits direct reviewers to applicable addendum containing detailed DOB questions.

Prior to answering the DOB questions in this exhibit reviewers **MUST** complete the duplication of benefits section in the applicable Addendum, based on the disaster year being monitored, to ensure proper compliance with DOB and applicable *Federal Register* notice(s).

NOTE: Failure to maintain policies and procedures to adequately address duplication of benefits could lead to a violation of the requirement for grants under Public Laws appropriating CDBG-DR funds that the grantee have “established adequate procedures to prevent any duplication of benefits” or otherwise lead to a violation of section 312 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

After completion of the DOB section in the applicable addendum, does the grantee illustrate compliance (i.e. “yes” responses for all DOB related questions)?

☐

Yes

☐

No

If so, the grantee’s policies and procedures are in place to ***prevent duplication of benefit*** (DOB).

Describe Basis for Conclusion:

DOB Monitoring Criteria Sections

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See slide 18 to
determine
section(s) used
for monitoring.

Example: Exhibit 6-14 – Addendum Guide for Review CDBG-DR 2017 Disasters

Preparation Tips Prior to a Monitoring

- **Assign knowledgeable personnel** to prepare for monitoring visit and to assist HUD for entirety of monitoring visit.
- Create **uniform recordkeeping and file management** system.
- Ensure **all files are accessible to HUD** staff.
- **Review files and records in advance** using checklists as guide.
- **Provide access to IT "system of record"** (if available) to key HUD monitoring staff prior to their visit to troubleshoot.

Organization Tips Prior to a Monitoring

- **Create checklists**

- Put checklist in file and check that all required documents are present and final.

- **Check systems**

- Create roadmap to easily find required documents and to navigate screens.

- **Review requirements**

- Read applicable DOB requirements in Federal Register Notice(s).

Organization Tips Prior to a Monitoring (Cont.)

- **Review policies and procedures**
 - Read action plan and DOB policies and procedures.
- **Rehearse**
 - Review monitoring exhibit questions in advance.
 - **Can all questions be answered using only information found in file?**

Essential Question for Monitoring:
Are there policies and procedures in place to prevent a DOB?

A photograph of the St. Louis Gateway Arch and the city skyline, framed within a white, rounded hexagonal border. The background of the slide features green and blue geometric shapes.

Documenting Compliance

What is Typically Reviewed for Compliance?

- Most recent action plan and DOB policies and procedures.
- Custom DOB analysis worksheet (if applicable).
- Files where an applicant received other sources of disaster recovery assistance, especially applicants who received subsidized loans.
 - **HUD will closely review files where the applicant has already received CDBG-DR funds.**
- Data sharing agreements – FEMA, SBA, etc.
- Subrecipient agreements (if applicable).

What is the Role of Grantee During a Monitoring?

HUD will ask grantee to:

- Identify who is responsible for completing individual DOB analyses.
- Walk through the DOB analysis process by:
 - Selecting an applicant file and locating the DOB analysis worksheet and related documentation.
- Answer questions related to how an applicant's file aligns with DOB policies and procedures.
 - Grantee staff should be easily accessible throughout the entirety of the monitoring for any follow-up discussions with HUD.

DOB Calculation Framework

DOB questions typically start with asking if the grantee determined an applicant's total need.

In regard to <i>duplication of benefits</i> (DOB) for activities subject to the June 20, 2019 notice, do reviewed activity files document the following requirements:	
a. The grantee determined an applicant's total need and identified total assistance (all reasonably identifiable financial assistance received by/available to an applicant)?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
[84 FR 28836 and 84 FR 28848]	
b. Sources of assistance, identified in a. above, that are determined to be non-duplicative were excluded from the DOB calculation and the grantee's records document the basis for the exclusion?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
<p>NOTE: Non-duplicative means amounts that are either 1.) provided for a different purpose (e.g., for a rehab activity, insurance proceeds for loss of buildings (such as a detached garage) that grantee's program does not assist); or 2.) assistance provided for the same purpose but different allowable use (e.g., the purpose is housing rehabilitation, the use of the other assistance was roof replacement and the use of the CDBG-DR assistance is rehabilitation of the interior of the house).</p>	
[84 FR 28836 and 84 FR 28848]	



Tips to Document Compliance

- What documentation should be included?

- **Step 1 – Assessing an Applicant’s Total Need**



- Cost estimates (e.g., construction cost estimates to rehabilitate a house).

- **Steps 2 & 3 – Identifying Total Assistance Available and Excluding Non-Duplicative Assistance**



- Communication and agreements from other sources of assistance (e.g., award letters from FEMA, loan agreements with SBA).



- Verification of how/if funds were spent (e.g., inspections, receipts, bank statements).

Sample FEMA Award Letter



FEMA award letters include the purpose of the assistance (e.g., “Home Repair”) and the amount provided for each purpose.

FEMA has reviewed your application for disaster assistance. FEMA Assistance is not a substitute for insurance and cannot cover all losses caused by a disaster; it is intended to help with emergency disaster recovery needs. This letter explains the assistance you are eligible to receive.

ASSISTANCE APPROVED

You are **eligible** for a total of \$10,381.46:

The U.S. Department of the Treasury will either mail you a check, or deposit the funds into your bank account.

Eligible - Home Repair (EHR)

You have been **APPROVED** for \$3,027.00 for Home Repair Assistance. This type of Housing Assistance is for the repair of your primary residence that was damaged as a result of the Presidentially-declared disaster.

Eligible – Personal Property (EPP)

You have been **APPROVED** for \$7,354.46 for Personal Property Assistance, which is provided to help repair or replace essential items damaged by the disaster. The amount provided is based on the damage caused by the disaster and the estimated cost of repairs. It is not intended to repair or replace all personal property damage.



Tips to Document Compliance (Cont.)

- What documentation should be included?

- **Step 4 – Identifying the DOB**



- Completed DOB analysis with calculation indicating amount of duplicative assistance (if any).

- **Steps 5 – Calculating the Total CDBG-DR Award**



- CDBG-DR award agreement (when funds have been awarded to an applicant).
 - Final award amount should align with amount calculated in final DOB analysis.



- Agreement to repay (e.g., subrogation agreement).
 - Note: Agreement is not necessarily specific to Step 5 but is a requirement for all grantees.

Tips for Consistent Terminology

- ☑ • Use terms in the applicable Federal Register Notice(s).
- ☑ • Use "exclusions" for funds provided for a different purpose or used for a different allowable use.
- ☑ • Use "exceptions" when talking about loans.
- ⚠ • "Deductions" and "offsets" are not terms used in Notices and can be confusing for reviewers (e.g., HUD, OIG, etc...) to determine compliance.

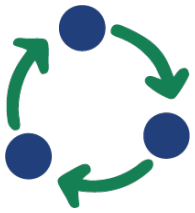
What Happens After a Monitoring?

- HUD issues Monitoring Report within 90 days.
- Grantee has 30 days to respond.
- Concerns (Recommended Action) versus Findings (Corrective Action).
- Monitoring Reports are FOIA-able but are generally not shared with third parties unless requested.

A photograph of the St. Louis Gateway Arch and the city skyline, framed within a white, irregular hexagonal shape with a drop shadow, set against a background of green and blue geometric shapes.

Practical Strategies to Minimize a DOB

How can you minimize DOB?



Ensure good program design!

- Identify other sources available to assist potential applicants.
- Choose CDBG-eligible activities that aren't funded (or fully funded).



Communicate Consistently

- Educate potential applicant pool early and often about DOB.
- Promote saving receipts!

How can you minimize DOB?



Stagger Application Periods

- Stagger application periods (if possible) so that amounts of other sources of assistance are known at the time of CDBG-DR application.



Collect Data

- Obtain data for other major sources of assistance (if possible).



Provide Technical Assistance

- Provide technical assistance to staff, subrecipients, and contractors involved in the DOB analysis.

Grantee Spotlight – Lee County, FL



Insurance Information

Provider *

Geico

Policy Number *

111-222

Insurance Type:

☐ Flood

☐ Wind

☒ Homeowner's

☐ Renter's

☐ Other

Was a claim approved in relation to damages sustained from Hurricane Ian

☒ Yes

☐ No

Please enter the amount of funding approved by your insurance provider for damages related to Hurricane Ian

\$ 5000

CANCEL

SAVE

**Online application for
housing recovery requests
homeowner's insurance.**

Grantee Spotlight – Lee County, FL Cont.



Provide the source of your funding:

What type of assistance did you receive?

Type of Fund *

Federal Emergency Management Agency (FEMA) ▼

Enter your FEMA Registrant ID

654321

Enter the amount of funding

\$ 500

CANCEL

SAVE

**Online application for
housing recovery requests
additional funding sources.**

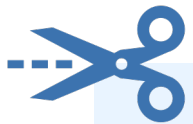
Necessary and Reasonable Cost Principles

HUD's prior policy on Cost Principles when a beneficiary received funds for a different purpose:

- CDBG-DR grantees were required to identify and document how an applicant spent non-CDBG-DR assistance, even when those funds were for a different purpose than the CDBG-DR award.
 - If a grantee identified misspent or unspent non-CDBG-DR assistance, HUD directed the grantee to either require the beneficiary to repay those funds to FEMA or reduce the CDBG-DR award.

Necessary and Reasonable Cost Principles

To reduce administrative burdens, HUD is **updating its policy** for how a CDBG-DR grantee should apply the necessary and reasonable cost principles when conducting a DOB analysis.



Reducing Red Tape for Cost Principles

- **Simplified Documentation**
Grantees are no longer required to identify and document if and how an applicant has spent non-CDBG-DR assistance received for a different purpose.
- **Easier Assessment**
Grantees can assess whether a cost is necessary and reasonable without determining exactly how an applicant spent their other, non-CDBG-DR financial assistance for a different purpose.



Simplifying the DOB Analysis

- **Easier Calculation**
Grantees conducting a DOB analysis are no longer required to calculate the amount of unspent or misspent non-CDBG-DR assistance provided for a different purpose.
- **Simplified Analysis to Fund Unmet Need**
Grantees can provide CDBG-DR assistance to applicants to cover their entire unmet need by focusing only on the financial assistance that is provided for the same purpose as the CDBG-DR award.

A photograph of the St. Louis Gateway Arch and the city skyline, framed within a white, irregular hexagonal shape with a drop shadow, set against a background of green and blue geometric shapes.

Reducing Administrative Burdens Takeaways

Reducing Administrative Burdens

- ☑ • **Takeaway #1:** Check for other sources of assistance received by the applicant.
 - Policies and procedures ask applicants if they received FEMA, SBA, or other types of assistance.
- ☑ • **Takeaway #2:** Identify the purpose(s) of other assistance received and determine how it is being used.
 - Inspections, receipts or bank statements, etc. are reviewed thoroughly.
 - Immediately exclude funds for a different purpose!

Reducing Administrative Burdens Cont.

- ☑ • **Takeaway #3:** Maintain documentation and/or policies regarding specific DOB calculations that are clear.
 - Files used for monitoring clearly show compliance.
- ☑ • **Takeaway #4:** Require a subrogation agreement or similar agreement for every applicant prior to the receipt of assistance.
 - Agreements include the following: *"Warning: Any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under 18 U.S.C. 287, 1001 and 31 U.S.C. 3729."*

Reducing Administrative Burdens Cont.

- ☑ • **Takeaway #5:** Remember that while DOB arises most frequently with homeowner rehabilitation programs, a DOB can also occur with other activities (for example):
 - Assistance to businesses.
 - Assistance for infrastructure.
 - Payments made under the Uniform Relocation Assistance and Real Property Acquisition Act (URA).
- ☑ • **Takeaway #6:** Advise the public/potential applicants ASAP to retain all receipts that document expenditures for recovery needs.

A photograph of the St. Louis Gateway Arch and the city skyline, framed within a white hexagonal border with a drop shadow, set against a background of green and blue geometric shapes.

Resources



Resources

- [CPD Monitoring Handbook \(6509.2\) | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#)
- [September 2020 CDBG-DR & MIT Webinar-Basic Overview](#)
- [2022 CDBG-DR Virtual Problem Solving Clinic Webinar-Duplication of Benefits: The Tough Cases](#)
- [CDBG-DR Policy Bulletin-Guidance on 2019 Duplication of Benefits Notice, Published November 2022 \(updated April 2024\)](#)
- [ODR Frequently Asked Questions \(FAQs\)-Duplication of Benefits & the DRRA Loan Exception, Published May 2023](#)

Resources

- [2023 CDBG-DR Problem Solving Clinic-Understanding DOB & Resources to Assist Grantees](#)
- [Fall 2023 Webinar Series-CDBG-DR Duplication of Benefits Worksheet Overview](#)
- CDBG-DR Duplication of Benefits Worksheet (updated April 2024) ([Fillable PDF](#) | [Word](#))

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Questions and Answers

A photograph of the St. Louis Gateway Arch and the city skyline is framed within a white, irregular hexagonal shape on the left side of the slide. The arch is a large, white, catenary-shaped structure. The skyline includes several skyscrapers and a flagpole with the American flag. The foreground shows a green field and some trees.

Thank You!

If you have any questions, please feel free to send an email to ODR's Policy Division at ODRPolicyDivision@hud.gov.

A photograph of the St. Louis Gateway Arch and the city skyline, framed within a white hexagonal border with a drop shadow.








Next Session

The next sessions will begin at 1:15 p.m. CDT.

Advancing Resilient Infrastructure: Explore Opportunities to Leverage CDBG-DR Funds: Grand Ballroom DEF

Enhancing Accessibility: Navigating Reasonable Accommodations in Housing: Grand Ballroom ABC

Reducing Administrative Burden Icons to Utilize Throughout your Presentation

- Standardize a process 
- Automation 
- Establishing forms 
- Documentation 
- Communication/Coordination 
- Training/Learning/Self-Paced training/Virtual learning 
- Staffing 
- Peer sharing/Best practices 