

## **CDBG-DR Program Launch Action Plan to Project Implementation, 6/15/20**

Wareesha Tariq: Hi, everyone. Welcome. This webinar is part of a series of webinars for CDBG-DR and CDBG-MIT grantees and their partners on various critical topics. So I'm very excited to have you all here today.

In this presentation we will cover the process grantees will follow from the time they receive their allocation through the Federal Register notice until the time they launch their programs when they open their doors and start taking applications.

The word "program launch" basically refers to the phase of CDBG-DR program implementation, when grantees prepare and submit certification packages and implementation plans, when they develop and submit an action plan, and when they determine and set up critical operational components and management systems.

Before we move any further, I wanted to provide an update about the CDBG-DR clinic. This news has already been published on the HUD Exchange, but due to COVID-19 and nationwide travel restrictions, HUD has decided to cancel the upcoming 2020 CDBG-DR Problem Solving Clinic in Chicago, which was previously rescheduled from March 2020 to August 18-20, 2020.

Instead, HUD is encouraging all grantees to participate in the CDBG-DR and CDBG-MIT webinar series, which is taking place right now through June 2020. We also anticipate providing additional webinars and other virtual learning opportunities through 2020 so that grantees are able to obtain and share CDBG-DR and CDBG-MIT information.

We have also planned the next CDBG-DR Problem Solving Clinic in Chicago, Illinois on March 30th through April 1st, 2021. So more information on registration for this clinic will be announced in December of 2020. If you're interested in registering for the next clinic, please mark your calendars for December when we will open registration.

For this webinar, we will have two presenters, including myself, Sue Southon and Kelly Price. My name is Wareesha Tariq and I am a community planning and development specialist at the Department of Housing and Urban Development. I work in HUD headquarters in Washington, D.C. and I am a part of the Policy Unit of the CDBG-DR team.

The Policy Unit is the unit that is responsible for creating products such as Federal Register notices, program guidance, policy manuals, FAQs, as well as lots of information webinars like this one. So I'm very excited to be here and I'm happy to take any policy questions back to my team if you have any at the end.

After me would be Sue Southon from ICF. Sue is a development professional trainer and strategic planner with over 30 years of experience in community, economic development, and affordable housing production. She has managed several technical assistance engagements for HUD in states such as Michigan, where she provided senior expertise on program design,

organizational structure, staffing requirements, budget development, regulatory compliance, and project underwriting.

She has also assisted major disaster recovery initiatives in Louisiana, New Jersey, Pennsylvania, U.S. Virgin Islands, and the city of Houston. She also has served as a HUD technical assistance provider to CDBG-DR grantees and has assisted grantees in order to develop a variety of disaster recovery programs, organizational structures, staffing projections, and monitoring and compliance protocols.

After Sue we will have a presentation portion from Kelly Price of ICF. Kelly has nearly 30 years of professional experience in planning housing and community development programs. She has hands-on expertise with planning, development, implementation, and evaluation of housing and community development activities at the local level.

Kelly currently manages large multi-task technical assistance projects for HUD state and local – (inaudible) – on programs such as HOME, HTF, CDBG, and disaster recovery. Kelly has worked with and trained CDBG-DR grantees since the late 1990s and she's currently assisting USVI with this program implementation.

So from all three of us, I'm very excited to have you all here today.

For today our agenda will focus on required HUD certification and implementation plans, development of an action plan, and operational first steps and critical decisions.

To start off we have our first poll question here. And as you all can see, the question is, "What stage of your program are you currently on?" A, are you writing an action plan? B, are you trying to implement programs now? Or C, are you considering a revision to your existing program? So if you can take the poll, we would be happy to show the results in a few minutes. (Pause.)

Female: The poll will be closing in 30 seconds. (Pause.)

Wareesha Tariq: All right. So we have the results from the poll at this point. The answers are 28 out of 160 people are currently writing an action plan; 31 out of 160 are beginning to implement; and 13 out of 160 are considering a revision. We also have 88 people who did not provide an answer.

So it's great to see the mark-up of our audience today and it might help us connect everyone with one another. Again, please feel free to ask questions through the chat box.

I will pass the presentation on to Sue Southon, who will now discuss HUD certifications and management plans. Thanks.

Sue Southon: Thanks, Wareesha. And welcome, everybody, to today's webinar.

Prior to submitting your action plan, HUD has a number of requirements, and we begin today by talking a little bit about those. With each adaptation there's a set of checklists and requirements

that must be met in advance of the grant agreement. Some, like the financial certifications, have to be submitted prior to submitting your action plan.

Now, these requirements have evolved over time, so it's important for those of you who may be older grantees receiving a new allocation to review the current requirements specific to your new allocation. Recent HUD notices may also require some updates to both your financial management and your programmatic policies and procedures. Older grantees are required to update their policies based on these notices to comply.

Now, there are five different checklists and certifications that we're going to talk about here. The first two – the financial management and grant compliance certifications – and the implementation plan, which is also referred to as evaluation of risk and management capacity, are required.

Action plan checklist, substantial action plan amendment checklist, and action plan certification checklist are documents that are provided by HUD to assist grantees in preparing their action plan.

For the purposes of clarity here, the management plan and the implementation plan terminology tends to be used interchangeably. But as you see, the first two are required and the second three are provided as guidance. You can include these as part of your submission of your action plan.

And all of these requirements and documents can be found on the HUD Exchange by searching CDBG-DR laws and regulations. Under each disaster event you're going to find the list of applicable Federal Register notices, as well as the public law that covers that allocation. Directly below that information you will see the reference certifications that are required for submissions, and also the checklists. So that's where you go to find these.

We'll begin with the financial certification. In most grant cycles, financial management submission for HUD has to be done prior to submission of your action plan, and usually 60 days in advance of the due date for your action plan, because HUD wants to review this.

For this reason, it's important for grantees to prioritize policies and procedures covered in financial certification and grant compliance documents to make sure these are completed early and that they're thorough and compliant. Policies and procedures for all of the items listed on this slide must be included with your submission. The certification document itself is going to guide you through the required elements.

If you're a prior disaster grantee, you may also have some of these in place and may just need to make sure that they've been updated to comply with 2 CFR Part 200, HUD requirements, and any new HUD guidance that might have been issued on these given topics, such as the 2019 duplication of benefits guidance.

You're going to need to plan to provide copies of the policies and procedures for these items as part of your submission. As you begin to build your policies and procedures for your program that you intend to put into your action plan, many of these procedures must be included in those

policies and procedures. Regardless of the type of program you plan to run, policies and procedures related to procurement; duplication of benefits; and prevention of fraud, waste, and abuse through integration of internal control should be included.

Moving on to your management or implementation plan. The management plan has specific elements that must be addressed, both in your plan submission and in the action plan itself. This is the first tab of that document that I referenced previously. It's called the "Events Management Capacity, Initial Action Plan, AP Certifications Checklist." And it's basically a document with three Excel spreadsheets in it that walk you through these requirements.

Again, this – the implementation plan, along with the financial management and grant capacity checklist, can be found on the HUD Exchange in the laws and regulations page. The of the management plan is to help guide grantees in thinking through what'll be needed to staff up to successfully implement your program.

The most common mistake made is underestimating the number of people required to do all of the new work that's going to be related to your grant, and the capacity of your program and financial system to manage a significant amount of data.

In addition, the management plan requires you to address the following areas. Application status; for those of you – and I would assume it's going to be most of you – who are doing some form of homeowner rehab program, you're going to need to be able to specify how you're going to notify applicants of the status of their applications.

For capacity, you're going to look at a timeline of milestones that will describe how you will address any capacity gaps that you've identified in your analysis.

HUD also wants to know how the grantees intend to staff various functions. You will include an organizational chart that identifies your existing staff and their roles, as well as position descriptions for positions that you may not yet have filled.

Internal and interagency coordination refers to how you will effectively communicate internally and with your partners and subrecipients.

Technical assistance will describe how you intend to procure assistance that you may need to fulfill any knowledge gaps that you have.

And finally, HUD is going to want you to identify the lead agency that's going to be directly accountable to HUD for the grant.

The slide – (inaudible) – that HUD's analysis of your management plan may lead to some additional grant conditions. This should definitely not be seen as a negative or a bad thing, because sometimes grant conditions can really help a grantee with hiring new staff.

If HUD conditions your grant and requires you to increase capacity – (inaudible) – a set number of months, this may help some of you overcome some internal resistance you may be receiving

to hiring new staff, particularly if your organization or your state has hiring freezes or other impediments to hiring.

The next step in the process is going to be the development of your action plan itself. This slide shows you basically the activities that you're going to be undertaking in the development of your action plan. I might add that it's not unusual for grantees to secure some assistance from experienced contractors to assist with the – (inaudible).

First is the initial damage assessment, which is going to be based on data from FEMA, Small Business Association, National Flood Insurance Program, and private insurance. It's important to supplement this information with critical local data obtained through your consultation with local units of government, public housing agencies, organizations serving vulnerable populations, local emergency management agencies, local-regional planning agencies, and councils of government.

Based on the needs assessment and sources of other recovery resources that you've identified as being available, you're going to be making allocations of your CDBG-DR funds into programs. Each program description contains a level of detail regarding administration – in other words, who's going to run the program – who will be the beneficiaries of that program, where the program is located, and other requirements pertaining to that program.

Active outreach is critical to program success. You will want to ensure broad public awareness of your program offerings, the application procedures, and program deadlines. Though your outreach should address the entire community, please take special care to ensure that targeted outreach occurs to groups with specific needs, homeowners, landlords, small businesses, as well as low-income households, persons with disabilities, the elderly, and persons with limited English proficiency.

Public awareness of and input on your action plan is secured through an array of activities, which can include public hearings, newspaper articles, radio and television spots, social media, and the grantee's website. The methods that you choose to use should be based on the ways in which your constituencies gain and process information.

Accommodations must be provided to ensure meaningful input for persons with disabilities and persons for whom English is not their primary language. This should be based on the most recent language access plan that you've completed.

Your public comments and staff response to those comments must be included in your final submission to HUD.

In addition to HUD's requirements, there are other cross-cutting federal requirements which must be addressed in both the action plan and the policies and procedures you develop for each of your programs. It's strongly suggested that if you do not already have specific policies and procedures to address each of these requirements that they be developed as soon as the action plan has been submitted.

It's going to be very important to ensure that all of your subrecipients and partner agency staff are fully trained on these cross-cutting requirements to ensure compliance. The requirements should be fully integrated into the individual program policies and procedures, where they are applicable.

HUD is going to hold each of you ultimately responsible for any finding or potential (sundry capture ?) that results from noncompliance by you, your subrecipients, or your contractors.

Waivers. A waiver is an exception or an alternative requirement that's used to address a specific circumstance that the grantee or HUD believes might impede recovery efforts. If you're thinking about requesting a waiver, it's really helpful to try to submit that either in advance of or in concert with the submission of your action plan, if possible.

However, it's possible for grantees to submit a waiver at any time. They need to be backed up with data to support the request. There have been many waivers granted for disaster recovery programs, all of which are geared to speed recovery and streamline requirements.

Others that are also – some are included in the Federal Register notice and are applicable to all grantees, and others may also be published in the notice for a specific grantee. It's worthwhile to review past Federal Register waiver notices to see if a waiver to address an issue is going to appear and was granted under a prior location.

This is your action plan checklist. It involves many of the requirements that you have to include when you submit your completed action plan. It's also relevant to submission of a substantial amendment to an action plan and it's provided to assist grantees in the preparation of your plan. You can include these checklists as attachments to your action plan that you submit to HUD.

They are the checklists, by the way, that are going to be used by HUD to ensure that your action plan contains all of the required provisions. So again, it's kind of helpful to include them. These are included in the tabs of the document that I referenced previously, the one that's called "Events Management Capacity, Initial Action Plan, and AP Certifications Checklist."

While the management capacity or implementation checklist is often submitted at the same time as the financial certifications. The initial action plan or substantial amendment checklist, and the AP certifications, can be, if you choose, included in your action plan submission.

The action plan checklist, as I mentioned, is a useful guide on how to structure your action plan document. The checklist provides guidance for what must be included in your initial action plan. HUD expects each of their grantees to clearly align the needs assessment with programmatic choices and your distribution of funds. They also expect to see housing, infrastructure, and economic development addressed in the plan.

You must detail how you will comply with your citizen participation plan and language access plan. In some instances, these are going to need to be updated as part of your action planning process because there are specific requirements for either DR allocations or MIT allocations.

Please also remember to include how your plan will address impediments to fair housing identified in your most recent analysis.

In addition, budget and metric projections are to be included in the action plan or substantial amendment.

Addressing housing needs must be the first priority for your DR action plan. And HUD now requires that, should you fund infrastructure or economic recovery programs, you must be able to demonstrate two things. First, that there are either no unmet housing needs existing; or second, that any remaining housing need can be met with other resources available.

Specific to housing, your plan needs to address how the program will be administered, the criteria for applicant selection and participation, and how you intend to address the variables listed under "housing" here on this slide, including: housing for vulnerable populations; how you intended to minimize displacements; how you will determine the housing rehab is a more cost-reasonable alternative than a buy-out or protected infrastructure; how you will be coordinating with other public and private sector stakeholders; how you'll comply with elevation requirements; and, if this is relevant to you, how you're going to coordinate your assistance with that of FEMA's permanent or semi-permanent housing program to avoid a duplication of benefits.

For each of your programs your plan needs to include criteria for eligibility; how the use of funds is going to address long-term recovery and restoration of housing, infrastructure, and economic revitalization and mitigation in your most – in HUD's identified most impacted and distressed areas.

And HUD expects grantees to take steps to set in place substantial state and local government policies that will enhance the impact of HUD-funded investments and limit damage from future disasters. And you need to address directly how you intend to promote sound, sustainable, long-term planning.

If you received funding for disasters occurring in 2018 or later in the January notice, your action plan will be due within 120 days after the applicable date of that notice. This action plan must address resilience and mitigation in your program implementation description, as described on this slide.

HUD's encouraging a more holistic approach to recovery and one that supports, through both planning and design features, a reduction of risks inherent in future disaster events. Acknowledging and funding these activities is both encouraged and supportive.

For the 2017 grantees that received a supplemental allocation for infrastructure in that January 2020 notice, your substantial is due within 90 days of the date of the notice. And there are five additional elements that you must address in your substantial amendment for the allocation of these funds. These are listed here on this slide.

And should any of you be proposing infrastructure projects that reach the threshold of a covered project, additional requirements specific to covered projects will also apply.

As a reminder, a covered project is an infrastructure project having a total project cost of \$1 million (sic) or more, where at least \$50 million of that is from CDBG funds. And that can be a combination of CDBG – of regular CDBG, of CDBG-DR, CDBG-NDR, or CDBG-MIT.

If you're proposing a substantial amendment, this is a substantial amendment checklist that HUD would like you to follow. All of you in the course of – (inaudible) – programs will be in a position to probably request at least, if not many, substantial amendments, because your needs will change as your programs evolve and recovery begins to occur.

But in your initial plan you need to identify what will trigger the need for a substantial amendment or a nonsubstantial amendment. Substantial amendments are typically required when there's a change in the allocation amount that exceeds a threshold that you have defined in your initial action plan, or if you're adding or deleting a program, or if there's a change in beneficiaries or beneficiary requirements.

If you're submitting a substantial amendment to your original action plan, then the checklist provided can serve as a guide for your submission. Like the initial action plan, there are requirements for the needs assessment update, a clear description of activities and projects to be undertaken, where those activities are going to be located, the length between the needs and the distribution of funds, the use of urgent need as a national objective, and your citizen participation plan and citizen input.

And in addition, you're going to need to include in your submission a chart that clearly delineates how the changes in allocations affect each old and new program and the method of distribution of funds.

We'll now talk a little bit about operational first steps and many of the critical decisions that you all are going to have to make as you begin to think through implementation of your programs.

You may well be running programs that you've not run before. That's the first thing to think about. And you're definitely going to be managing much larger funding amounts. One person once made the analogy that you're going to be putting a fire hose worth of funding through a garden hose delivery system initially. And that's likely what it's going to feel like. But it's really important to think about how that exceedingly larger amount of money is going to impact the way you need to format your operation.

As you think about all the functions that you're going to need to have to manage with your grant, this list may help to provide some useful guidance. A grants management system is important to provide you with the ability to track progress across programs. An electronic system that has the capacity to store data and provide the means for moving a file from one stage to the next is very helpful.



From an operational standpoint, think about your needs for additional equipment, needs for additional space for the staff or contractors you'll add, needs for housing program intake centers. Every program should have a comprehensive set of policies and procedures prior to launch. And you will also need, as we mentioned previously, policies and procedures for the cross-cutting requirements as well.

Remember that some of your subrecipients may not have encountered these requirements before, so training is a vital function that also has to be factored into your planning efforts. We'll talk more about procurement on a later slide, but it's critical that anyone procuring products and services to be paid from the grant understand all the procurement requirements, particularly those related to the needs for independent cost analysis prior to procurement, and the assurance of free and open competition.

You may also need to update your citizen participation plans to reflect CDBG-DR or MIT requirements.

Here are some additional considerations when preparing to launch your program. As we mentioned on the prior slide, you need to assess your business processes, your IT system, staff capabilities, institutional infrastructure, and plan to make changes to increase capacity.

One of the mistakes we see most frequently made by my new grantees is thinking they can run their program with their existing staff. Housing repair and reconstruction programs require extensive amounts of applicant data, as well as construction invoice processing data. You will need financial management and applicant information systems that are able to track and process these large amounts of data.

You will need to procure these services, so be ready. Pay particular attention to procurement requirements, both yours and those of your subrecipients and partner agencies. The Federal Register notice provides guidance for procurement which must meet or exceed the standards at 2 CFR Part 200.317 through 326.

Finally, one of the initial steps you want to take is to execute data sharing agreements with FEMA, SBA, and if possible your state's or territory's private insurance carriers. You'll need these agreements for all the beneficiary programs to assess potential duplication of benefits.

A sample letter that requests these agreements can be found on the HUD exchange under CDBG-DR/toolkits/program-launch. And you're going to find a set of resources at the end of this presentation that will again provide you with the data that you need to find these.

As we said, be prepared to increase the size of your staff. You don't necessarily need to hire a lot of full-time employees. You can fill strategic positions with new hires and then consider using staff on rotation through the use of a staffing firm to increase staffing. The advantage of using that model is it's easy to flex larger or smaller based on program need and demand. And it may well be more cost-effective for you.

The same can be said for using contractors to perform specific functions, such as homeowner intake, uniform relocation, or Davis-Bacon compliance. There are firms out there that specialize in these areas. And as an alternative to hiring and training your own or partner staff, grantees can make these specialized resources available across programs as needed.

Be sure to undertake capacity assessments when determining to whom you will allocate your program resources.

Try to keep your programs simple. Avoid the tendency to make them more complicated or regulated than is necessary to achieve compliance. Complex rules can slow the process and increase error rates.

Don't start from scratch. Take advantage of lessons learned from prior grantees and consider program design options outlined in CDBG-DR program design toolkit, which can be found on the HUD Exchange.

For each program beneficiary file – and this may include local units of government as well – there must be evidence of a documented tie-back to the disaster and there must be a documented duplication of benefits review. This is true for all programs.

Duplication of benefits is the most complex when you're dealing with beneficiary programs where there are the potential for multiple sources of benefits, FEMA, SBA, (MFIT ?), charities, private insurance. And the benefits that your applicants may receive may come in at various times during the course of your work with them, as they complete their rehabilitation process.

This slide gives us an example of programs that are frequently run by disaster recovery grantees. You'll need policies and procedures for each program. These should be considered dynamic documents that are going to change over time once you gain experience with the program and improve or streamline your processes and procedures.

It's important that your written policies and procedures always align with practice. So monitor how each program is actually being implemented and be prepared to modify the written policy to coincide.

For ideas about policies and procedures for specific programs, in addition to HUD's program design toolkit, check the webpages of other disaster recovery grantees. Most of them post their program policies and procedures on their website. So you may well find something on someone else's website that you can modify to fit the needs for your particular housing rehab program or small business loan program, for example.

In your action plan you will be required to indicate, for your method of distribution, how you will address specific funding allocations required. There will be a required often times for 80 percent of spending that must be spent in HUD's identified most impacted and distressed areas. And 70 percent of the allocation must have a low-mod benefit.

You can meet that LMI threshold in a number of different ways. For example, benefits to LMI person-per-household is often done through home repair and new construction programs or rental programs, but can also be a public service. Low-mod jobs usually is the national objective for business loan and grant programs. And a low-mod area benefit is appropriate for infrastructure.

Two newer objectives are LM – low-mod buyout and low-mod housing incentives, which are specific to buyout programs. And finally, there's low-mod limited clientele, which is most often seen with public services.

We're ready now for our second poll question. (Pause.) How are you directly – currently running your program? Are you running it yourself? Are you partnering with another subrecipient? Are you giving funding to units in local government to implement programs? Or are you using a combination of those models? Going to give folks a minute or two to answer. (Pause.)

Female: The poll will close in 30 seconds. (Pause.)

Sue Southon: OK. We have an interesting array of results. Thirteen of you responded of the 186 that you're directly running your program; seven are partnering with other agencies; 13 are providing funding to local units of government; and 41, not surprisingly, are using a combination model. And then we have a group of you who didn't answer.

Those three things are referred to as implementation models. And as we mentioned, there are three: direct grantee implementation; partners with other agencies; and distribution, which is where the grantee gives to local units of government.

Historically, disaster recovery allocations have come with a waiver that allows states and territories to run programs directly, just as entitlements can. As I said, the slide shows these implementation models. And as our poll indicated, a lot of grantees use a combination of all three.

For example, they may choose to centralize administration of a homeowner repair program, maybe enter into a subrecipient agreement with a local economic development organization or a CDFI to run a business loan or grant program, and then distribute funding to local units of government for a specific infrastructure program.

In any event, you're going to be entering into written agreements with any subrecipients to whom you're going to be designating funding and the ability to run a program on your behalf. Consideration of local and partner capacity must be a factor in determining the program models that you choose.

We really strongly recommend that grantees conduct a – (inaudible) – capacity assessment of any potential subrecipient. This includes partner state agencies, local units of government, and nonprofits.

Use this to inform any special conditions that you may want to include in your subrecipient agreement. It's also going to inform your risk assessment and your compliance and monitoring plan for that subrecipient.

For state grantees, you may decide you want to run some of the programs directly rather than distributing the funding to the impacted areas, particularly if local capacity is a concern. Think about how you're going to address these issues. You may need to procure grants management software.

You will definitely need to increase staffing. There are many ways to do this we've already discussed; contracting with a company that provides program management support and augmenting existing staff through staffing agencies are two examples. Each one of these has its pros and cons and many grantees elect to do a combination of both.

Don't try to run the program, as we've said, with only your existing staff. It's going to result in a delayed rollout and implementation. Be sure to evaluate all your existing systems and determine which will need upgrading or augmentation to meet the increased demand for service.

An objective analysis of your organization's infrastructure and sizing it in a way to accommodate the new funding will be critical to early implementation success. Look for assistance from those with DR experience so you don't reinvent the wheel.

As was mentioned in one of the earlier slides, data sharing agreements with FEMA, SBA, NFIP, will assist with ongoing needs assessment and they're critical to accurate duplication of benefits analysis.

In addition, give consideration to how you intend to handle environmental and state historic preservation reviews. Many grantees procure environmental firms to assist with the volume of assessments required for a homeowner program and the complexity of reviews that may be required for some larger infrastructure and mitigation projects. A programmatic agreement or memorandum of understanding with a state Office of Historic Preservation is helpful in streamlining the process.

There may also be times when you were able to adopt an environmental review that was conducted by another federal agency.

Allocating costs. From the beginning, track and document expenditures. We cannot overemphasize the importance of this. Track both time and other program-related costs. As you can see from this illustration, monitoring, training, financial management, and reporting are the only costs that must be charged to admin.

Many grantees make the error of charging all of their initial costs to administration when many of these could legitimately be either planning or activity delivery for a specific program. So activity or project costs are hard costs, things like construction, acquisition, demolition, that are activity or project-specific. Activity delivery costs are costs that incurred for the implementation, management, or oversight of a specific program or activity or project.

Planning costs are costs for economic recovery plans, (hazard mitigation ?) plans, and maybe even a neighborhood revitalization plan where a specific project or location has not yet been identified. And again, grant administration costs are monitoring, training, financial management, and reporting.

For example, if you're devoting time to the development of policies and procedures for a housing rehab program, those are activity delivery costs for that program. Development or revision of a citizen participation plan or a hazard mitigation plan is a planning cost.

For general administrative costs, we are not including subrecipients here because in most cases subrecipients are not doing true grant administration. HUD has provided a lot of technical assistance around this issue because grantees continue to give admin funds to subrecipients who are actually doing activity delivery.

By tracking expenditures from the beginning it'll be far easier for DRGR entry than to try to go back and reallocate funding once DRGR entries have been made.

And I said we were going to talk a little bit more about procurement. This is really important. Now, the first steps a grantee may undertake once they receive notice of their allocation is to procure a firm to assist the development of an action plan. It's important to be fully aware of procurement requirements before this first procurement.

The first bullet represents critical procurement requirements that new grantees often miss, full and open competition and price or cost analysis in advance of procurement. We recommend that all grantees attend HUD's procurement training. Procurement is becoming a big topic with the Office of the Inspector General and the Divisions of Disaster Recovery and Special Issues. Many grantees are not properly procuring services and/or they're trying to piggyback services onto existing contracts. These are not allowed.

As you can see from the slide, state grantees have three options for managing procurement. That being said, once their procurement policy is submitted and approved by HUD any change in that policy requires a new HUD review. Subrecipients and entitlement grantees must follow 2 CFR Part 200.318 through 326.

The secretary will certify in advance of signing a grant agreement that you have in place proficient financial management controls and procurement processes, and adequate procedures for proper grant management.

At some point programs will determine if they may need outside help for something. As was noted previously, this can be in the form of additional hired staff procured through a staffing agency or a firm that specializes in assisting grantees to launch and manage disaster recovery or mitigation programs.

In reference to 2 CFR 200.459, this provides an additional guidance the grantees may want to consider when determining whether or not to procure that additional assistance with their DR or MIT programs. Most of the considerations are covered in the questions that you see on this slide.

Your procurement RFP should specify the type of contract that will be used. If you opt to secure program implementation support, be aware that the type of contract use can assist grantees with both cost containment and quality assurance.

For example, consider unit pricing for contracts that provide discrete tasks for a specific program. This gives grantees control over costs based on volume and allows for greater quality control. For example, unit pricing for an environmental review or for a completed intake application with a required documentation that's needed for your staff to determine eligibility, or for a damage assessment in preparation of a scope of repair work. Those would be services that could be individually costed.

Program administration support, on the other hand, should always be a time and materials contract.

This slide provides some suggestions for specific items to be included in contractual documents based on the type of contract vehicle. All contracts have to have a liquidated damages provision. Other grantee requirements can be found at 2 CFR Part 200 subpart D, "Post Federal Award Requirements."

I strongly recommend that you download 2 CFR Part 200, which is the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. This proves to be an excellent reference for ensuring compliance with procurement, contract management, cost principles, and audit requirements.

Appropriate documentation is required from contractors, as well as from grantees and subrecipients, to allow for reimbursement. This slide shows the documentation required for each type of contract.

For subrecipients, the subrecipient agreement should clearly spell out the scope of work, the reporting requirements, and the documentation required for reimbursement. For contractors, the type of contract vehicle selected, whether it be fixed price or time and materials, will dictate the form of documentation that should be – that that should take. And again, you see this here on the slide.

The last step is your initial DRGR setup. Once your grant agreement is signed and you've entered the plan into DRGR, you can make your first draw. You're through that process.

I'm going to now turn it over to Kelly Price and Jen Carpenter to address some of the questions that have been asked by our listeners.

Kelly Price: Great. Thank you, Sue. Good afternoon, everyone. We haven't had too many questions, Sue. Probably a lot of information. And – (inaudible) – said the fire hose analogy is a good one.

So I want to clarify one thing earlier when we were speaking about the action plan. We did have one question about the action plan and perhaps we might do this too quickly, Sue. Which is if you have any sort of general tips for new grantees on action plan.

And then the other – and we'll come back to that just a second, Sue, if that's OK. The other is to make sure that our attendees are aware that HUD has issued guidance in relation to the COVID-19 situation that we are finding ourselves in, in terms of extensions for submission of action plans as well as the financial management and grant compliance certification that you spoke about earlier.

So if folks would go to the HUD Exchange and there you'll see a section on the CDBG-DR page at the bottom of sort of news and events; there's a list of items there. One of the items there that you can pull up is HUD's CDBG-DR COVID-19 FAQ document. And in that document it clarifies which grantees were granted these extensions.

And so just to summarize it really quickly, CDBG-MIT grantees – so those receiving the mitigation funds – in particular received an extension on – 90-day extension on their deadline for action plans and certifications. And then grantees who received allocations – the 2018-2019 class of grantees, as well as those 2017 grantees who are working on action plan amendments related to unmet infrastructure needs, those are also extended.

And so again, you can find all the details there. There's some specifics regarding the different dates for that class of grantees in terms of the date for the action plan versus the date for the unmet infrastructure need amendments, as well as the certifications. So we wanted to let folks know there is some relief there, if you're not already aware of that, in terms of those deadlines.

Jen, if you're on, is there anything else you'd want to clarify around COVID-19 guidance or relief at this point in time?

Jen Carpenter: No, I just – I encourage everyone if there's any confusion around dates or extensions, just get in touch with your CDBG representative, your grant manager, and we'll be able to help you and make sure that everyone's on the same page on the dates and when things are due.

And if HUD releases additional guidance on this, we'll make sure that it's announced on the HUD Exchange and it'll go out to the listserv.

Kelly Price: And I guess related to that we might note also, Jen, that of course there's a guidance as well that was in the CARES Act and in the resulting information you guys put out regarding public hearings and those – public outreach and whatnot associated with that process. And so you'd want to definitely review that information as well for guidance around how to handle that component of your action planning process.

And then again, Sue, any other – I think one of the questions we do get a lot – you mentioned this earlier – but is around sort of what order makes the most sense in terms of tackling those certifications and the various packages of information in relation to action planning. And any guidance – additional guidance you can provide around that?

Sue Southon: The one thing I would suggest is that – well, first of all, definitely (sever ?) the financial certifications, because those must be done and submitted 60 days in advance of your action plan. And you will – HUD will expect to see the policy as well as your response to the document that you have to submit at the same time.

The second thing I would suggest is that the implementation plan can be done then or it can be done – submitted in concert with your action plan. There are a number of things that are in that implementation management plan that you're going to want to make sure you include, things like your website and how your homeowner program is going to handle notification to homeowners on their status.

And of critical importance – and I can't underscore this enough – are the ways in which your programs integrate your internal controls to prevent fraud, waste, and abuse. These are things that are extremely important.

Unfortunately, what we find is that in times of disaster people get taken advantage of. And so we want to make certain that the programs have the kinds of protections in them to make sure that people who are deserving and in needs of the funds are the ones that are getting them, and also that they are not being – (inaudible) – or misguided information by outside sources.

Kelly Price: OK. Great. We have gotten through our chat box and are no – we seen, Sue, firsthand recently with grantees we're working with – just to pass along to the HUD folks – some interest in much more detailed guidance around procurement. I know that was a topic we were going to be presenting at the clinic, so there is a need for additional information on how to properly carry out procurement. It is a tough area to handle.

Again, Jen or Sue, any other high-level tips or recommendations that you would make there?

Sue Southon: Jen, do you want to start?

Jen Carpenter: We're talking about procurement specifically, or –

Sue Southon: Yes.

Kelly Price: Yeah, just the things you're seeing in terms of trying to avoid those big items that you're saying kind of consistently is problem areas.

Jen Carpenter: Yeah. I mean, it very much depends on whether you're a state grantee or a local government grantee and the rules that you're following. So I would just be very, very clear in your policies and procedures on which path you're taking on procurement.



And as Sue mentioned, you always want to make sure that you're following your own policies and procedures, especially when it comes to procurement, because a lot of times grantees tend to adopt procurement from maybe another agency or thinks that they're (using ?) the regular program, and then maybe they're not following them exactly for the DR program. So you really just want to make sure you're following your own policies and procedures.

And for state governments in particular, the emphasis on – I apologize for the background noise – the emphasis on doing cost or price analysis is really important too, and making sure that's a part of your policies and procedures.

Kelly Price: That's a great point. And one other area we see and then we'll wrap up, is the subrecipient element or partner agencies as well, is sometimes there's a disconnect between the grantee and those agencies in terms of their understanding of what requirements apply, how to actually effectively carry that out, and the documentation not being kind of up to par amongst those different layers of implementation and those different models that Sue spoke about earlier.

So we know this was a lot of information today. Again, that fire hose analogy is probably a good one. Hopefully it did provide, especially new grantees or new staff, with an overview of those different key decisions and steps in the process of launching your program action plan and all of the program design and administrative and sort of foundational components that need to be put in place very early on to be successful.

We've provided you here, this last slide, with a number of additional resources. Of course the HUD Exchange is always sort of your go-to for all information on CDBG-DR. So we provide you with some of the specific – (inaudible) – that might be helpful, but there's certainly many more than this.

If you have any additional questions or requests for specific topics or technical assistance, I recommend you reach to your disaster recovery staff person that's assigned to you as the grantee and let them know about that as well.

And I think, Jen, for now we'll just conclude this sort of early summer series of the CDBG-DR webinars. There'll be one or two additional mitigation-specific webinars. And then look for additional information coming out on the HUD Exchange via the listserv regarding some additional learning opportunities that will happen later this summer.

And with that we will conclude the webinar. Thank you all for participating.

(END)