



St. Clair County, IL CDBG-CV Duplication of Benefits Policies and Procedures

BACKGROUND

The St. Clair County Intergovernmental Grants Department (IGD) is in receipt of Community Development Block Grant Coronavirus/COVID (CDBG-CV) funds from the Department of Housing and Urban Development (HUD). IGD will use these funds to carry out activities to prevent, prepare, respond to the Coronavirus (COVID 19). These activities include projects and programs that may provide housing, infrastructure, public service and economic development to households, governments and businesses impacted by the pandemic. These activities may be carried out in partnership with other state/local agencies through the implementation of various CDBG-CV incentives.

St. Clair County is tasked to ensure that entities in receipt of Coronavirus dollars are not compensated for the same damages through multiple sources. HUD provides specific guidance for CDBG-CV funding through "Clarification of Duplication of Benefits Requirements". This policy and procedure document reinforce those requirements and establishes applicability and responsibility in the implementation of St. Clair County's CDBG-CV grant.

Definition of Duplication of Benefits:

A Duplication of Benefits (DOB) occurs when a person, household, business, government, or other entity (such as a Subrecipient) receives financial assistance from multiple sources for the same purpose, and the total assistance received for that purpose is more than the total need for assistance. *A simple example of a DOB would be where the City provides assistance to a household for repairs to a roof, but then the applicant also submits an insurance claim for the same costs.*

DOB occurs when federal financial assistance is provided to a person or entity through a program to address losses that the person or entity has received (or would receive, by acting reasonably to obtain available assistance – i.e. the assisted household had homeowners insurance at the time of a disaster, but failed act to submit a claim) financial assistance for the same costs from any other source (Including, but not limited to: Insurance, Small Business Administration (SBA), other federal/state incentives), and the total amount received exceeds the total need for those costs.

A DOB occurs when assistance from multiple sources = **Total Assistance > Need for that Type Assistance**

Total assistance includes assistance that is available if an applicant: (1) took the practical steps toward funding recovery as would pandemic businesses/organizations/households faced with the

same situation (i.e. submit insurance claims, apply to widely publicized programs like PPP Loans); or (2) has received the assistance and has legal control over it.

SCOPE OF IGD CDBG-CV POLICY

This policy is applicable to all State/federal/local Partner Agencies and organizations, Subgrantees and Subrecipients responsible for the implementation of programs and projects funded under St. Clair County's CDBG-CV grant.

POLICY

All CDBG-CV funded programs and projects are required to ensure appropriate procedures are in place to prevent Duplication of Benefit (DOB). Subgrantees/Projects must ensure that DOB prevention is specifically addressed in their policies and procedures, and all agreements and/or contracts must pass that responsibility down to subrecipients. Subrecipients and Subgrantees providing direct benefits to beneficiaries must utilize procedures in accordance with HUD guidance as outlined below. As a HUD grantee, the County is required to develop and maintain adequate procedures to prevent a DOB that address (individually or collectively) each activity, project, or program. Policies and procedures must include, at a minimum: (1) a requirement that any person or entity receiving CDBG-CV assistance must agree to repay assistance that is determined by IGD or its program partners to be duplicative; and (2) a method of assessing whether the use of CDBG-CV funds will duplicate financial assistance that is already received or is likely to be received (i.e. insurance proceeds/PPP loans) by acting reasonably, evaluating need and the resources available to meet that need.

It is the IGD's policy to uphold, enforce and document conformance with the DOB requirements which cover use of its CDBG-CV funds. OMB Cost Principles within 2 CFR § 200 that requires all costs to be "necessary and reasonable" for the performance of the Federal award.

The applicant is required to complete a DOB analysis for CDBG-CV assisted activities to demonstrate that no other financial assistance has been received or is available to pay costs charged to a CDBG-CV grant. To comply with this requirement, the applicant and each person assisted, or entity assisted with these funds will demonstrate that no other funds are available for an activity by maintaining records of compliance with mandatory duplication of benefits requirements. Third party verification of assistance is required, and every attempt to obtain verifications should be undertaken. When verifications are not obtainable and self-declaration can be used as a last resort; but should be the exception.

PROCEDURES

Applicants must sign Duplication of Benefits Affidavit.

The procedures provided below are consistent with St. Clair County's Certifications to HUD. In addition to the procedures below, all grant agreements must contain language indicating that any duplication of benefit received post-award will require repayment. Procedures are as follows:

1. Prior to assistance
 - a. Identify total need

- i. Determine the specific purpose for the CDBG-CV request
 - ii. Total need will be determined by project type. The total need must be documented.
 - iii. All costs included in total need must be reasonable and necessary.
 - b. Identify all sources of funding received and reasonably anticipated
 - i. For families and individuals as well as entities, the application for assistance will require documentation for all sources of funding received or reasonably anticipated, and certification that all assistance is reported.
 - ii. 3rd party verify all sources of assistance when possible (SBA, Private Insurance, PPP etc.) When 3rd party verification is not available, document in the file the reason it was not available.
 - c. Recording the information in the DOB Calculation Worksheet, determine which funding sources to include in or exclude from the unmet need calculation and deduct assistance determined to be duplicative
 - d. Apply program cap, if applicable
 - e. Arrive at maximum CV assistance award amount
 - f. Execute grant/loan agreement with recipient/beneficiary, including provision that all additional funds received will be reported to IGD within 15 calendar days. If the additional funds are determined to be duplicative, the award will be reduced and/or the recipient/beneficiary will be required to repay any disbursed duplicative benefit.
- 2. Upon completion of activity for which funds were awarded:
Require recipient/beneficiary to report and certify whether additional funds were received for disaster-related expenses, the amount, and when funds were received. If additional funds were received that are determined to be duplicative, require repayment.

DOCUMENTATION

Each beneficiary or project file must contain the following:

- a) Duplication of Benefit calculation worksheet form to include:
 - a. Identification of unmet need
 - b. Identification of all sources of assistance provided to applicant
 - c. Identification of those sources that are duplicative (with comments as needed)
 - d. Final award calculation
- b) Any required 3rd party verifications of assistance and/or certifications as follows:
 - a. PPP programs: letter/s regarding PPP loans and/or data obtained
 - b. Insurance: letter from insurance company and/or data if available
 - c. SBA: letter/s from SBA and/or data provided by SBA
 - d. Other program documentation
- c) Certification that no additional benefits have been received. This can be a signed affidavit from the beneficiary or other form as created by the program.
- d) A signed subrogation agreement from the recipient Note: Items (c) and (d) can be on the same form.

Additionally, at the program level each implementing agency must have the following:

- a) A description/definition of Duplication of Benefit and likely sources within their program guidelines or in their application and
- b) Recapture policies and procedures

Basic DOB Verification

The total DOB is calculated by subtracting non-duplicative exclusions from total assistance. Therefore, to calculate the total maximum amount of the CDBG–CV award, the applicant must:

- 1) Identify total need;
- 2) Identify total assistance;
- 3) Subtract exclusions from total assistance to determine the amount of the DOB; and
- 4) Subtract the amount of the DOB from the amount of the total need to determine the maximum amount of the CDBG–CV award.

The following example represents the basic framework for DOB verification in all CDBG-CV programs.

1. Identify Applicant's Total Need	\$ 100,000
2. Identify All Potentially Duplicative Assistance	\$ 35,000
3. Deduct Assistance Determined to be Duplicative	\$ 30,000
4. Unmet Need (Item 1 less Item 3)	\$ 70,000
5. Program Cap (if applicable)	\$ 50,000
6. Calculate Final Award (lesser of Items 4 and 5)	\$ 50,000

All application documents, including the Affidavit and Subrogation Agreement, shall be retained in compliance with HUD's record retention requirements.

ADMINISTRATION AND RESPONSIBILITY

The St. Clair County IGD CDBG-CV Director or his/her designee is responsible for ensuring that duplication policies and procedures are available for all CDBG-CV funded programs.

Subgrantees and Subrecipients directly serving beneficiaries are responsible for ensuring that DOB procedures are followed, and DOB calculations and certifications are available on file for all beneficiaries. All subgrantees and subrecipients must have recapture procedures in place and in writing within all grant agreements for the return of any identified Duplication of Benefit.

The St. Clair County IGD CDBG-CV Director is responsible for the administration, revision, interpretation, and application of this policy. This policy will be reviewed annually and revised as needed to address State and Federal requirements.

Resources

HUD Guidance on Duplication of Benefits

APPENDIX A: Duplication of Benefits Project Affidavit

APPENDIX B: Duplication of Benefits and Additional Certification Sample Form for Beneficiary's

APPENDIX C: Duplication of Benefits Certification Sample for Subrecipient Contracts

APPENDIX A

Duplication of Benefits Project Affidavit ("Affidavit")

I/We, (*person or entity* acting as the applicant) _____

affirm and attest the following:

1. I/We is/are executing this Affidavit in connection with assistance that we are receiving to help us prevent duplication of benefits for the purpose of addressing conditions caused directly or indirectly by the Coronavirus Pandemic in the amount of \$_____ from the County of St. Clair or its designated agent ("**Organization**") through a CDBG-CV program administered by the County of St. Clair with funding from the U.S. Department of Housing and Urban Development.
2. The **Organization** and I/We believe the **Amount of Assistance/Total Need** is_____.
3. In addition, I/We have received or will receive the following amounts and types of assistance from the sources listed below ("Duplicative Assistance"):

(a) Source of Funds #1

Lender/Grant Provider Name		
Purpose		
Amount		
☐ Government Loan	☐ Government Grant	☐ Government Forgivable Loan
☐ Nonprofit Grant	☐ Nonprofit Loan	☐ Nonprofit Forgivable Loan
☐ Private Loan	☐ Other:_____	

(b) Source of Funds #2

Lender/Grant Provider Name		
Purpose		
Amount		
☐ Government Loan	☐ Government Grant	☐ Government Forgivable Loan
☐ Nonprofit Grant	☐ Nonprofit Loan	☐ Nonprofit Forgivable Loan
☐ Private Loan	☐ Other:_____	

(c) Source of Funds #3

Lender/Grant Provider Name		
Purpose		
Amount		
☐ Government Loan	☐ Government Grant	☐ Government Forgivable Loan
☐ Nonprofit Grant	☐ Nonprofit Loan	☐ Nonprofit Forgivable Loan
☐ Private Loan	☐ Other: _____	

(d) Source of Funds #4

Lender/Grant Provider Name		
Purpose		
Amount		
☐ Government Loan	☐ Government Grant	☐ Government Forgivable Loan
☐ Nonprofit Grant	☐ Nonprofit Loan	☐ Nonprofit Forgivable Loan
☐ Private Loan	☐ Other: _____	

(e) Source of Funds #5

Lender/Grant Provider Name		
Purpose		
Amount		
☐ Government Loan	☐ Government Grant	☐ Government Forgivable Loan
☐ Nonprofit Grant	☐ Nonprofit Loan	☐ Nonprofit Forgivable Loan
☐ Private Loan	☐ Other: _____	

4. Total Unmet Need \$_____.

5. I/We have received no other assistance funds for the **Need** listed in Paragraph 1 other than that set forth above in paragraph 3.

St. Clair County prohibits federal agencies from providing assistance to any person for “any part of such loss” as to which he has received financial assistance under any other program or from insurance or any other source (such as SBA, other federal/state assistance, State or owner’s Insurance, etc).

6. I/We understand that the amount of assistance received by I/We from the **Organization** must be reduced by the amount of Duplicative Assistance received or that will be received for the Need, from other sources for the same purpose.

7. Therefore, I/We understand that if I/We receive assistance from a source other than the **Organization** (for the Need for the same purpose, I/We must repay the assistance received from the **Organization**).
8. I/We certify under State and Federal penalties for perjury and fraud that the information provided above is true and accurate and acknowledge that repayment of all assistance received from the **Organization**, payment of fines and/or imprisonment may be required in the event that I/We provide false, incomplete or misleading information in this Affidavit or during the rest of this process.

By executing this Affidavit, Applicant(s) acknowledge and understand that Title 18 United States Code Section 1001: (1) makes it a violation of federal law for a person to knowingly and willfully (a) falsify, conceal, or cover up a material fact; (b) make any materially false, fictitious, or fraudulent statement or representation; OR (c) make or use any false writing or document knowing it contains a materially false, fictitious, or fraudulent statement or representation, to any branch of the United States Government; and (2) requires a fine, imprisonment for not more than five (5) years, or both, which may be ruled a felony, for any violation of such Section. “ 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.

Person or Entity (Applicant) _____

Signature of Applicant _____ Date _____

ORGANIZATION Representative _____

Signature of Representative _____ Date _____

APPENDIX B

CDBG-CV Duplication of Benefits Certification Form

The County of St. Clair shall ensure there are adequate procedures in place to prevent any duplication of benefits.

Duplication of Benefits occurs when a beneficiary receives assistance from multiple sources for a cumulative amount that exceeds the total need for a particular purpose. The amount of the duplication is the amount of assistance provided in excess of need. The Stafford Act requires a fact- specific inquiry into assistance received by each person, household, or entity.

☐ I/We, _____, affirm (insert applicant name) DID NOT receive benefit from any other federal disaster relief/recovery programs (i.e. FEMA, SBA, Insurance). (NO FURTHER ACTION)

☐ I/We, _____, affirm (co-applicant name) DID NOT receive benefit from any other federal disaster relief/recovery programs (i.e. Other federal/state sources, SBA, private Insurance) for the exact SAME expenses being requested from the County of St. Clair or its Subrecipients.

By executing this Certification, Applicant(s) acknowledge and understand that Title 18 United States Code Section 1001: (1) makes it a violation of federal law for a person to knowingly and willfully (a) falsify, conceal, or cover up a material fact; (b) make any materially false, fictitious, or fraudulent statement or representation; OR (c) make or use any false writing or document knowing it contains a materially false, fictitious, or fraudulent statement or representation, to any branch of the United States Government; and (2) requires a fine, imprisonment for not more than five (5) years, or both, which may be ruled a felony, for any violation of such Section.

Applicant Signature

Date

Co-Applicant Signature

Date

APPENDIX C

Instructions for Completing the Duplication of Benefits Certification Form

The CDBG-CV funds which are being used to assist eligible applicants are subject to a Federal law which requires that the Program confirm that applicants have not already received financial assistance from other sources for the same activities for which the Program is providing assistance. The purpose of this form is to verify the amounts paid by insurance, government entities, and other funding sources to assure that assistance disbursed in this Program is not a Duplication of Benefits (DOB) the applicant received from other sources.

1. Column 1 List the Sources of Funding received by type (Federal Emergency Management Agency (FEMA), Paycheck Protection Program (PPP), Economic Injury Disaster Loan (EIDL), Small Business Association (SBA), Insurance, etc.). For insurance, list the name of each company and policy number.
2. Column 2 Indicate the amount of funding specified from each program received on the appropriate line in the second column. You may add as many additional lines as required.
3. Column 3 Indicate what the funds for each awarded program (mentioned in Column 1) and where Funds were expended.
4. Column 4 Indicate by checkmark (X) that you have attached a copy of the corresponding documentation of the funds received (letter from funding source, copy of check, etc.)
5. Column 5 Indicate by checkmark (X) that you have attached documentation of how the received funding was used (receipts)
6. Column 6 List the amount expended from each source.

Total all funding received (column 2). Subtract the total of all receipts for services or products directly related to those funds (Column 5). Any remaining funds will be considered Duplication of Benefits and will be subtracted from the program amount for which the applicant is eligible. The applicant(s) must sign and date the form at the bottom of the page.

I/We, _____, affirm the following dated this the _____ day of _____, 20____:

List amount and source for ALL Federal and/or State financial assistance received for the Coronavirus pandemic

I/We have received the following assistance funds from (List program(s):

1 Source of Funding	2 Amount Awarded (\$)	3 Use of Funds	4 Verification of Award (✓) or (X)	5 Documentation of Expenditure (✓) or (X)	6 Amount Expended
a. FEMA					
b. Small Business Administration (SBA) Loan					
b. Insurance					
c. Private Funds					
d. _____					
Total					
Duplication of Benefits Total From Column 2 \$_____:				NOTES:	
Signature:				Date:	

