

City of Covington

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

Duplication of Benefits Policy

SECTION 1: PURPOSE

The City of Covington (the “City”) policy is to ensure that no duplication of benefits is provided by local, state, federal, or private sources in connection with Community Development Block Grant Disaster Recovery (CDBG-DR) and Mitigation (CDBG-MIT) assistance administered by the Louisiana Office of Community Development – Disaster Recovery (LOCD-DR).

In accordance with the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act), CDBG-DR and CDBG-MIT funds may not be used to pay for costs that have already been funded by another source for the same purpose when no remaining unmet need exists.

This policy establishes procedures to ensure that all CDBG-DR and CDBG-MIT awards and expenditures are necessary, reasonable, and compliant with federal Duplication of Benefits (DOB) requirements. It also establishes requirements for ongoing monitoring, reporting, and recapture of funds when necessary.

Section 4 applies to infrastructure and public facility projects carried out by the City. Sections 6 and 7 apply to programs that provide assistance to individual applicants or beneficiaries.

SECTION 2: INTRODUCTION

A Duplication of Benefits (DOB) occurs when:

- A beneficiary receives assistance; and
- Assistance is received from multiple sources; and
- The total assistance exceeds the total unmet need for the same recovery purpose.

Definitions

For purposes of this policy, the following definitions apply:

Assistance: Any financial or in-kind support received by an applicant for disaster recovery purposes. This includes, but is not limited to, insurance proceeds, FEMA assistance, SBA loans, grants, charitable contributions, and any other federal, state, local, nonprofit, or private funding.

Duplication of Benefits (DOB): The receipt of assistance from multiple sources for the same purpose that results in the total assistance exceeding the total documented unmet need.

Unmet Need: The total estimated cost required to complete eligible recovery activities, minus all verified assistance received or reasonably expected to be received for the same purpose.

Subrogation Agreement: A legally binding agreement signed by program beneficiaries acknowledging that if additional assistance is received after award that relates to the same disaster recovery purpose, such assistance must be reported to the City. The agreement authorizes the City to adjust future payments or recapture funds if a duplication of benefits is identified.

SECTION 3: RESPONSIBILITY AND DETERMINATION

The City of Covington shall use the following structured process to prevent and identify duplication of benefits:

1. Identify and document the total verified unmet need prior to award determination.
2. Identify all sources of assistance received or anticipated, including third-party verification where available.
3. Deduct all duplicative assistance from the total unmet need.
4. Determine the maximum eligible award amount.
5. Apply any program-specific caps or limitations.
6. Determine the final eligible award amount.

Changes in Circumstances

Because disaster recovery conditions may change over time, DOB determinations may be revised if justified. Reevaluation may occur prior to full expenditure of funds when new or updated information is received. Changes in circumstances may include, but are not limited to:

- Vandalism or additional damage;
- Contractor fraud or construction-related issues;
- Increased material or labor costs;
- Changes in local zoning laws or building codes; or
- Subsequent disaster-related impacts.

Any reassessment must be supported by documented evidence and completed prior to final closeout of the affected scope of work.

SECTION 4: INFRASTRUCTURE AND PUBLIC FACILITY PROJECTS

For infrastructure and public facility projects carried out by the City, the City is the recipient of assistance, and the DOB review applies to the project as a whole. The City will:

1. Identify all funding sources. Before award and before each request for payment, identify every source of funding received, committed, or reasonably anticipated for the same activity, including FEMA Public Assistance or Hazard Mitigation funds, state capital outlay, other federal or state grants, insurance proceeds, and City funds.
2. Document sources and uses. Maintain in the project file a sources-and-uses summary showing the total project cost, each funding source, and the specific costs each source pays for, demonstrating that CDBG-DR or CDBG-MIT funds pay only for costs not covered by another source.
3. Prevent double charging. Code each funding source separately in the City's accounting system and assign each invoice or cost to a single funding source, so that no cost is charged to more than one federal award or paid by more than one source.

4. Re-check at each request for payment. Confirm with each request for payment submitted to LOCD-DR that the costs requested have not been, and will not be, paid by another source, and update the sources-and-uses summary when funding changes.
5. Review at closeout. Before project closeout, reconcile final project costs against all funding sources and confirm that no duplication occurred.
6. Correct any duplication. If a duplication is identified, the City will notify LOCD-DR, reduce future requests for payment, or repay the duplicated amount to LOCD-DR in accordance with the Cooperative Endeavor Agreement.

SECTION 5: SOURCES OF ASSISTANCE INCLUDED IN DOB CALCULATIONS

The City shall evaluate all known and reasonably foreseeable sources of assistance when determining DOB. These sources include, but are not limited to:

- Federal Emergency Management Agency (FEMA) assistance (grants and direct aid);
- U.S. Small Business Administration (SBA) disaster loans;
- Insurance proceeds (homeowners, flood, wind, hazard, etc.);
- State disaster recovery funds;
- Local government assistance programs;
- Nonprofit or charitable organization assistance;
- Private donations or crowdfunding; and
- Any other public or private financial assistance received for the same purpose.

SECTION 6: SUBROGATION AND BENEFICIARY REQUIREMENTS

This section applies to programs that provide assistance to individual applicants or beneficiaries.

All program beneficiaries must execute a Subrogation Agreement as a condition of receiving assistance.

The Subrogation Agreement requires beneficiaries to:

1. Disclose all current and future assistance received for the same recovery purpose;
2. Notify the City of any additional assistance received after program award; and
3. Acknowledge that such assistance may result in a Duplication of Benefits determination.

Recapture of Funds

If additional assistance is received after award that results in a DOB:

- The City may reduce future disbursements; or
- The City may require repayment of previously disbursed funds.

All recaptured funds shall be returned to the U.S. Treasury through the Louisiana Office of Community Development (OCD), as applicable.

SECTION 7: NEEDS ASSESSMENT PROCESS

This section applies to programs that provide assistance to individual applicants or beneficiaries.

The City shall conduct a comprehensive needs assessment prior to determining assistance awards.

The needs assessment process includes:

1. Damage Assessment: Evaluation of disaster-related damage through inspections, documentation, and third-party verification where applicable.
2. Cost Estimation: Development of an independent cost estimate based on industry standards, contractor estimates, or published cost guides.
3. Verification of Assistance: Collection and validation of all known assistance sources.
4. Unmet Need Calculation: Determination of total eligible costs minus verified assistance.
5. Eligibility Review: Confirmation that costs are eligible under CDBG-DR guidelines.

The methodology used will be consistent, transparent, and documented in the applicant file to ensure auditability and compliance.

SECTION 8: RECORD KEEPING REQUIREMENTS

The City shall maintain comprehensive records for all DOB determinations, including but not limited to:

- Needs assessment documentation;
- Verification of all assistance sources;
- DOB calculations and worksheets;
- Project sources-and-uses summaries (infrastructure and public facility projects);
- Subrogation agreements;
- Award determinations and revisions;
- Correspondence with applicants;
- Adjustment records and recapture documentation (if applicable).

All records shall be maintained in accordance with HUD record retention requirements and the City's records management policies and shall be available for audit, monitoring, and review by federal and state agencies.

SECTION 9: MONITORING AND COMPLIANCE PROCECURES

The City shall implement ongoing monitoring procedures to ensure compliance with DOB requirements, including:

- Internal file reviews prior to award disbursement;
- Periodic audits of applicant files;
- Verification of continued eligibility during project implementation;
- Review of changes in applicant financial circumstances; and
- Post-award compliance checks prior to closeout.

Monitoring activities shall be documented and retained in project files.

SECTION 10: DATA SHARING AND COORDINATION

The City shall coordinate, as necessary and permitted by law, with external agencies to ensure accurate DOB determinations. This may include:

- Federal Emergency Management Agency (FEMA);
- U.S. Small Business Administration (SBA);
- Insurance providers (where authorization is provided);
- State of Louisiana agencies, including the Office of Community Development; and
- Other applicable funding or assistance providers.

Data sharing will be conducted in accordance with applicable privacy laws, consent requirements, and program agreements.

SECTION 11: REPORTING REQUIREMENTS

The City shall maintain reporting procedures to ensure compliance with HUD and state requirements.

Reporting may include:

- Documentation of DOB determinations in program reporting systems;
- Reporting of recaptured funds;
- Summary reports of compliance monitoring activities;
- Identification of DOB-related adjustments; and
- Submission of required reports to HUD and/or the Louisiana Office of Community Development.

All reporting shall be accurate, timely, and supported by underlying documentation maintained in project files.