CA HCD ESG-CV Training Series: Grant Management Principles
The Department of Housing and Community Development (HCD) was designated by the State of California as the agency responsible for administering ESG & ESG-CV funds.

To administer the ESG & ESG-CV program in compliance with federal regulations, HCD has developed policies and procedures on a range of topics required by the ESG-CV grant agreement, program regulations, and Federal Register Notices.

Grantees and their subrecipients are required to adopt and implement applicable policies in order to receive an ESG & ESG-CV award.
Roles & Responsibilities

HUD / HUD OIG
- Monitoring, Audit, & Oversight of HCD

HCD
- Monitoring & Oversight of Grantees
- Internal Monitoring, Audit, & Oversight

Grantees
- Monitoring & Oversight of Subrecipients
- Internal Monitoring, Audit, & Oversight

Subrecipients
- Local Program Implementation

Reporting
HCD and Grantees must establish and follow written standards to ensure that ESG & ESG-CV funds are used in accordance with the financial and programmatic requirements of the award.

### Key ESG-CV Written Standards

<table>
<thead>
<tr>
<th>Determining and prioritizing which eligible individual's and families will receive assistance</th>
<th>Determining eligible temporary shelter spaces and protocols for use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determining the amount/percentage of rent and utilities each participant must pay</td>
<td>Modifying Coordinated Entry Systems to prioritize assistance for individuals at high risk of COVID-19 illness</td>
</tr>
<tr>
<td>Determining how long a particular participant will be assisted</td>
<td>Coordinating with public health and emergency response partners</td>
</tr>
<tr>
<td>Identifying whether the amount of assistance will be adjusted over time, and if so, how</td>
<td>Documenting COVID-19 tieback and compliance with Duplication of Benefits requirements</td>
</tr>
</tbody>
</table>

**Resource:** [Sample ESG-CV Written Standards](#)
Expenditure Deadline

- All ESG-CV funds awarded to HCD must be expended for eligible activity costs by September 30, 2022.
- Each Standard Agreement requires grantees to meet the following expenditure milestones:

<table>
<thead>
<tr>
<th>Percentage of ESG-CV Award Expended</th>
<th>Expenditure Deadline Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>20%</td>
<td>July 31, 2021</td>
</tr>
<tr>
<td>40%</td>
<td>September 30, 2021</td>
</tr>
<tr>
<td>60%</td>
<td>November 30, 2021</td>
</tr>
<tr>
<td>80%</td>
<td>January 31, 2022</td>
</tr>
</tbody>
</table>
Financial Management is the process of using funds effectively, efficiently, and transparently.

HCD and grantees are responsible for maintaining adequate control and accountability over all funds, property, and other assets to ensure ESG-CV funds are used solely for the authorized purposes.

<table>
<thead>
<tr>
<th>Requirements</th>
<th>Key Components</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Requirements</td>
<td>• Budgeting</td>
</tr>
<tr>
<td></td>
<td>• Accounting systems &amp; records</td>
</tr>
<tr>
<td></td>
<td>• Internal controls</td>
</tr>
<tr>
<td>Cost Principles</td>
<td>• Allowable and unallowable costs</td>
</tr>
<tr>
<td></td>
<td>• Indirect costs</td>
</tr>
<tr>
<td>Audit Requirements</td>
<td>• Single audit requirements</td>
</tr>
</tbody>
</table>
HCD, Grantees, and Subrecipients must follow the proper procurement process when obtaining goods and/or services that will be paid for with ESG-CV funds.

One of the following methods of procurement must be followed, documented, and approved prior to incurring the cost:

- **Informal Methods**
  - Micro-purchase
  - Small purchase

- **Formal Methods**
  - Sealed bids
  - Competitive proposals

Records:
1. Solicitation documents
2. Offers received
3. Evaluations & determinations
4. Advertisements for M/WBE & Section 3 (if applicable)
If entering into an agreement with Subrecipients, contractors, consultants, and/or other parties that will be reimbursed with ESG-CV funds, the agreement **must** contain the following:

<table>
<thead>
<tr>
<th>Key Agreement Provisions</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ESG-CV program requirements</td>
<td>Rights to inventions made under a contract</td>
</tr>
<tr>
<td>Equal Employment Opportunity</td>
<td>Environmental standards</td>
</tr>
<tr>
<td>State Labor Code requirements</td>
<td>Debarment and suspension</td>
</tr>
<tr>
<td>Byrd Anti-Lobbying Amendment</td>
<td>Procurement requirements</td>
</tr>
<tr>
<td>Telecommunication services and/or equipment restrictions</td>
<td>Recordkeeping and reporting requirements</td>
</tr>
<tr>
<td>Section 3 requirements (if applicable)</td>
<td>Duplication of Benefits requirements</td>
</tr>
</tbody>
</table>
A Duplication of Benefits (DOB) occurs when assistance from multiple sources is used for the same purpose.

An analysis must be completed to ensure a DOB does not occur at the activity and beneficiary level.

**Records:**
1. ESG-CV DOB Calculation Worksheet
2. Award verification
3. Use verification

<table>
<thead>
<tr>
<th>DOB Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. <strong>Assess Need:</strong> determine the amount of need (total cost)</td>
</tr>
<tr>
<td>2. <strong>Verify Awards &amp; Use:</strong> determine the amount of assistance from all sources used to pay for the cost</td>
</tr>
<tr>
<td>3. <strong>Calculate Unmet Need:</strong> determine the amount of assistance already provided compared to the need to determine the maximum ESG-CV award</td>
</tr>
<tr>
<td>4. <strong>Document Analysis:</strong> maintain adequate documentation justifying determination of maximum award</td>
</tr>
</tbody>
</table>
Construction projects with a $200,000+ budget **must** comply with the Section 3 Safe Harbor Benchmark requirements to identify, train, and hire low- and very low-income persons

Grantees and contractors must demonstrate that the following conditions have been met

- Section 3 Labor Hours
  \[
  \frac{\text{Section 3 Labor Hours}}{\text{Total Labor Hours}} = 25\%
  \]

- Targeted Section 3 Labor Hours
  \[
  \frac{\text{Targeted Section 3 Labor Hours}}{\text{Total Labor Hours}} = 5\%
  \]

**Records:**
1. Section 3 Worker Verification
2. Targeted Section 3 Worker Verification
3. Timesheet and payroll records for all workers, including Section 3 workers, and Targeted Section 3 workers
4. Employment opportunity outreach
5. HUD-60002 Report
An environmental review **must** be completed before any ESG & ESG-CV funds are committed to a project to ensure people’s health and their surrounding environment are not negatively impacted.

### Environmental Review

<table>
<thead>
<tr>
<th>Exempt</th>
<th>CENST</th>
<th>CEST</th>
<th>EA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Street Outreach</strong></td>
<td>Street outreach activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Emergency Shelter</strong></td>
<td>Leasing of existing structures as temporary shelters; Temporary shelter operations and services</td>
<td>Permanent shelter operations and services</td>
<td>Conversion of existing structure as permanent shelter; Minor repairs and rehabilitation of emergency shelter</td>
</tr>
<tr>
<td><strong>Homelessness Prevention &amp; Rapid Re-Housing</strong></td>
<td>Tenant-based assistance; Housing relocation and stabilization services</td>
<td>Residential unit-based assistance; Leasing office space</td>
<td></td>
</tr>
<tr>
<td><strong>HMIS &amp; Admin</strong></td>
<td>HMIS &amp; Admin personnel</td>
<td>HMIS &amp; Admin equipment &amp; supplies</td>
<td>Leasing office space for HMIS &amp; Admin</td>
</tr>
</tbody>
</table>
Grantees and Subrecipients must collect Universal Data Elements (UDE) and a select number of Program-Specific Data Elements from each beneficiary assisted.

Beneficiary data **must** be entered into HMIS, or a comparable database, for all ESG-CV projects.

ESG-CV awardees **must** take reasonable measures to safeguard Personally Identifiable Information (PII) and other information designated as sensitive.

**Resource: HMIS Manual**

**Data:**
1. Name
2. SSN
3. Date of birth
4. Race
5. Ethnicity
6. Gender
7. Head of household
8. Veteran status
9. Disabling condition
10. Project start and end date
11. Client living situation
Grantees and Subrecipients must maintain records that are complete, accurate, and demonstrate that costs are allowable, allocable, necessary, and reasonable to the funding source.

To enhance efficiency, Grantees may require their Subrecipients to use the Request for Funds (RFF) form.

Records:
1. RFF Form
2. Personnel costs (timesheets, payroll, and proof of payment)
3. Non-personnel costs (procurement, invoice, and receipt)

Incur eligible cost  Assemble supporting documentation  Complete Request for Funds (RFF)  Submit RFF in eCivis
The data collection requirements assist HCD in completing the homeless reporting sections of the Consolidated Annual Performance and Evaluation Report (CAPER) and ensure Grantees are meeting their performance goals as outlined in their Standard Agreement.

<table>
<thead>
<tr>
<th></th>
<th>Monthly</th>
<th>Quarterly</th>
<th>Annually</th>
</tr>
</thead>
<tbody>
<tr>
<td>HCD</td>
<td>Completes drawdown of approved Requests for Funds in IDIS</td>
<td>Submits data from HMIS and expenditure details to HUD through Sage</td>
<td>Submits CAPER to HUD</td>
</tr>
<tr>
<td>Grantees</td>
<td>Submits Request for Funds to HCD</td>
<td>Ongoing reporting of beneficiary data in HMIS</td>
<td>Submits HUD-60002 Report (Section 3) to HCD (if applicable)</td>
</tr>
<tr>
<td>Subrecipients</td>
<td>Submits Request for Funds to Grantees</td>
<td>Ongoing reporting of beneficiary data in HMIS</td>
<td>Submits HUD-60002 Report (Section 3) to Grantees (if applicable)</td>
</tr>
</tbody>
</table>
Monitoring is meant to ensure programs are compliant with relevant funding restrictions, effective in delivering services, and achieving performance goals in a manner consistent with applicable laws and regulations.

Records:
1. Risk Assessment
2. Monitoring Plan
3. Intent to Monitor Letter
4. Monitoring Checklist
5. Documentation demonstrating compliance
6. Monitoring Report
7. Documentation of corrective actions (if applicable)
8. Documentation of remedial actions and sanctions (if applicable)
Entities being monitored must provide supporting documentation that demonstrates compliance with the financial and programmatic requirements of the award.

**Potential Monitoring Results**

<table>
<thead>
<tr>
<th>Clearance:</th>
<th>No violation of the program regulations or Standard Agreement requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concern:</td>
<td>A condition, that if not corrected, may result in a violation of the program regulations or Standard Agreement requirements</td>
</tr>
<tr>
<td>Finding:</td>
<td>A violation of the program regulations and/or Standard Agreement requirements</td>
</tr>
</tbody>
</table>

*Failure to address findings in accordance with the recommended corrective action may result in the temporary denial of reimbursement, repayment of previous reimbursements, or termination of the agreement.*

**Records:**
1. Written standards (programmatic and financial)
2. Program accomplishments (client intake, client eligibility verification, and proof of service delivery)
3. Documentation supporting all costs charged to the award are allowable, allocable, necessary, and reasonable (timesheets, payroll, proof of payment, general ledger, procurement, invoice, and receipts)
Closeout occurs after all necessary reports have been submitted, expenditures reconciled, and monitoring findings are resolved.

HUD will provide guidance and procedural instructions for ESG-CV awardees on the closeout process.

HCD and Grantees will have 90 days after the ESG-CV period of performance for grant ends (9/30/2022) to submit RFFs for costs incurred before 9/30/2022 and complete drawdowns in IDIS.
The closeout of a Federal award does not affect any of the following:

- The right of the Federal awarding agency or pass-through entity to disallow costs and recover funds based on a later audit or other review
- The requirement for the non-Federal entity to return any funds due as a result of later refunds, corrections, or other transactions including final indirect cost rate adjustments
- The ability of the Federal awarding agency to make financial adjustments to a previously closed award such as resolving indirect cost payments and making final payments
- Audit requirements
- (Property management and disposition requirements in §200.310 through 200.316 of this subpart)
- Records retention as required in §200.334 through 200.337 of this subpart
Thank you for listening