CSBG MONITORING STANDARDS

NASCSP | NATIONAL ASSOCIATION FOR STATE COMMUNITY SERVICES PROGRAMS

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Introduction

The CSBG Act of 1998 requires that CSBG eligible entities be monitored onsite at least once every three years by the State CSBG office. Monitoring is one of many block grant management responsibilities held by the State CSBG office. Monitoring can assist the over 1,000 CSBG eligible entities, predominately Community Action Agencies (CAAs), continually improve outcomes as they strive to adopt high impact strategies to end poverty. It is an important part of a strong partnership that should be forged between State CSBG offices and the CAAs to build capacity at the local level and to provide training and technical assistance to CAAs in working to eliminate poverty. State Associations are also an important part of the training and technical assistance needs that may arise from monitoring. Community Action leaders at the national, state, and local levels work together to ensure the Network is strong. Monitoring of CAAs is a state responsibility, but strengthening the capacity of CAAs to develop a high performing network is a shared responsibility among all members of the CAA Network.

In an effort to increase accountability and achieve results, OCS launched several initiatives in 2012 that ultimately developed the current Performance Management Framework. The framework includes a set of organizational standards for CAAs, a new emphasis on analysis of data and achievement of results under ROMA, and the development of state and federal accountability measures. All elements of the framework are important for monitors to know and understand, in particular the Organizational Standards which were released in January 2015. The Standards reflect many of the requirements of the CSBG Act, applicable Federal laws and regulations, good management practices, and the values of Community Action.

Information Memorandum 138 provides direction to States, the District of Columbia, U.S. Territories, and CAAs to establish and report on the Organizational Standards for CSBG eligible entities. Annually, the State CSBG office is responsible for assessing the status of standards among all CAAs and for reporting the results of the assessment in the CSBG Annual Report to OCS.

In addition to the Organizational Standards and monitoring, there are other tools available to strengthen CAAs' capacity and outcomes. Local agency internal assessments, such as the Community Action Partnership's Standards of Excellence, Head Start self-assessment, training and technical assistance, peer-to- peer exchanges, learning communities, needs assessments, Community Action plans, and Results Oriented Management and Accountability (ROMA) are all tools that are essential to maintain and strengthen agency capacity.

The National Association for State Community Services Programs (NASCSP) has crafted the following *CSBG Monitoring Standards* as a framework for the development of strong and effective monitoring systems for the nation's CAAs. Ongoing dialogue among Network partners is essential to implementing the *CSBG Monitoring Standards.*

Monitoring Principles

Mutual Respect
In working with grantee boards, staff, and consultants, State CSBG offices value and recognize the unique knowledge, ability, and independence of each person. State CSBG offices are committed to treating all persons fairly and maintaining credibility by matching actions with words.

Open Communication
Effective communication is key in facilitating good working relationships with partners, and State CSBG offices are committed to keeping lines of communication open. The purpose of communication is to assist in developing solutions to problems, to share program improvement ideas, and provide information on new developments in the anti-poverty field. State CSBG offices communicate frequently through a variety of

tools and media. State CSBG offices should be open to contact and are committed to listening to suggestions/concerns. This aids the State CSBG office in gaining an understanding of local operations and assisting CAAs in pursuing priorities.

Joint Problem Solving

State CSBG offices operate under the basic belief that a team approach to problem solving is in the best interest of all parties involved. State CSBG offices sincerely believe that collectively the State CSBG office and the CAA can arrive at the best solution to any situation. Through a team approach to problem solving, State CSBG offices think outside traditional methods and come up with the best strategies for program development, conflict resolution, or compliance issues. State CSBG offices want to promote an environment in which the State CSBG office and all Community Action partners will be open to change and can work together in exploring options and developing mutually agreeable solutions. The goal is to have agencies function independently— with State CSBG office support—to meet the needs of local communities within the parameters set by legislation.

Monitoring Practices

The State CSBG office needs to assess the health of the entire CAA, not just program-by-program compliance. Such assessments include general oversight, desk reviews, and on-site reviews of the following: Community Action Plan and/or contract, needs assessments, service delivery systems, administration and management systems, strategic plans, board and governance systems, review of ROMA implementation and financial systems. While the assessment of Organizational Standards is typically independent of the monitoring process, a State CSBG office may select to include the review of the Organizational Standards as part of the monitoring process. In any case, a comprehensive monitoring should include consideration of the Organizational Standards.

Practice 1 - State monitors look at more than compliance with program rules and regulations.

In assessing the health of an agency, state monitors cannot look solely at compliance with particular program criteria or the Organizational Standards. Individual CAAs may have expertise in select programs or services and may excel in any 'snapshot' view of the CAA. However, the same agency may be having difficulty in operating other programs, or may be delivering sub-standard services throughout the rest of the organization. State monitors need to take a systems view of each CAA and note the quality of service delivery and program operations throughout the agency.

The overall health of a CAA encompasses more than just technical compliance with specific program mandates. In order for a CAA to be truly 'healthy,' it must continually strive to find better ways to use programmatic resources to help people move out of poverty. How the CAA implements the Organizational Standards is also an indicator of overall health. CAAs who have board members and staff aware of the Organizational Standards and who are actively tracking their progress are better equipped to carry out programs in their community. CAAs who go beyond minimally complying with the Organizational Standards and embrace the intention of the standard result in stronger boards, finance departments, and programs.

Programs operated by a CAA must contribute to the agency's overall mission, and each program must achieve measurable outcomes that help to change the lives of people with low-incomes. The extent to which a CAA sets performance goals within the ROMA framework, systematically collects and analyzes data on performance measures, and adjusts its short and long range plans based on that analysis, constitutes significant evidence of a CAA's commitment to making a difference for the families it serves and the communities in which it works.

Practice 2 - State monitors assess the effectiveness of the board of directors.

An effective board is critical to the overall health of a CAA. When only a few board members regularly attend board meetings, the CAA is not being led by a fully engaged group of community members. The tri-partite structure of private non-profit and public CAA boards of directors ensures that voices from all segments of the community have the opportunity to participate in shaping the direction of the CAA. Without full participation, the CAA lacks valuable points of view in its decision-making process.

An effective board clearly understands the mission of the agency and offers the kind of community-based leadership that is critical to the health of a CAA. A good board understands their role across the Organizational Standards and embraces them and incorporates the standards into their processes. An effective board is one that evaluates CAA programs and operations and ensures agency resources are being used most effectively to produce the outcomes necessary to fight poverty within the community. An engaged board is comfortable in honestly evaluating the executive director to ensure that the CAA has effective leadership. An effective board regularly reviews its own by-laws to ensure that the CAA operates within the legal guidelines. Having a complete and comprehensive understanding of the financial status of the organization is another hallmark of an engaged and active board.

Practice 3 - State monitors assess administrative and leadership capacity of agency management as it relates to meeting the Board of Director's goals.

An effective CAA is flexible and responsive to the needs of individuals and the community it serves, as well as committed to its employees. Communication is evident and widespread in an effective CAA – staff know what is occurring in the organization, what new initiatives are in place, and what new directions are being explored. They know the mission of the CAA and their role in making the mission a reality. Work is distributed throughout the organization, with management support for the staff who do the day-to-day work of meeting the needs of low-income people. Monitors need to be able to assess the degree to which the management of a CAA is leading the organization towards more effective and responsive service delivery.

Practice 4 - Monitoring CAAs is part of a process to strengthen CAAs and the entire Community Action Network.

In order for monitors to assess the health of CAAs, the State CSBG office should adopt a systems approach to monitoring. IM 138 allows State Offices the option to incorporate the Organizational Standards into state monitoring processes. Practices outlined above provide a framework for implementing a systems approach and a framework for looking at a CAA holistically.

The monitoring process should serve several purposes. The first is to provide the CAA with feedback about its programs, going beyond compliance to include an assessment of the CAA's ability to impact lives. A good monitoring should help the CAA gauge its effectiveness in fulfilling its mission.

Secondly, the monitoring process should assist CAA leaders in making changes that will improve their organizations. An effective monitoring process can provide CAAs with both an 'early warning system', and a best practice 'catalog'. By highlighting organizational systems that are under-performing or showing signs of stress, an agency-wide monitoring can help CAA managers take proactive steps to strengthen their organizations, before problems or crises arise. By noting agency strengths, a systems approach to monitoring can help CAA leaders build upon those strengths – allowing the CAA to do more of what they do best.

A third purpose is to provide the State CSBG office with data that can be used to assess the statewide CAA network. State CSBG offices can note any recurring themes or trends in data across multiple agencies, and can respond on a statewide basis, rather than only on an agency-by-agency basis. For example, if the number of people moving towards economic security is declining state-wide, it would serve as a "red flag" to the state. Why are fewer people achieving success? Are there pockets in the state where this is more prevalent? Another example might be that several CAAs have new Chief Financial Officers (CFO) leading the State CSBG office

to provide a series of trainings to enhance the effectiveness of these individuals and strengthen financial systems throughout the CAA network.

Assisting CAAs move beyond compliance provides State CSBG offices with the opportunity to build capacity in individual agencies and the entire statewide CAA network. This same concept applies on the national level as well. As State CSBG offices identify changing needs and trends, policy modifications and resource allocations can be identified to address the evolving needs on a national scope.

Practice 5 – The State CSBG office has a system in place to document and inform the agency of findings and/or deficiencies.

Effective monitoring includes a follow-up process. Upon completion of an on-site monitoring visit, the monitor should conduct an exit interview with agency staff. The exit interview can include board leadership, but should never be conducted without CAA staff presence. During the exit interview, strengths as well as areas in need of improvement, findings, and/or deficiencies should be discussed. Agencies should receive a timely written report after an on-site visit which will officially inform an agency of its status. State monitors should be cognizant of the State Accountability Measure 4Sa that requires monitoring reports to be disseminated to CAAs within 60 calendar days.

Practice 6 – The State CSBG office has a system in place to provide training and technical assistance when necessary.

Effective monitoring includes providing training and technical assistance. The State CSBG office should have a means of providing training or technical assistance to CAAs in need of support and/or resources. This assistance may be provided by the State CSBG office directly, through a CAA association, a peer CAA, a local or national TA provider, and/or any other mechanism which is deemed appropriate.

Practice 7 – The State CSBG Office has considered the Performance Management Framework.

The State CSBG office should become familiar with all aspects of the Performance Management Framework and incorporate it in the monitoring process. Consider the State Accountability Measures and note the ones related to monitoring that are requirements for State CSBG offices. Monitors should read and learn the Organizational Standards. This set of 58 standards is the criteria for how CAAs structure their boards, planning, human resource management, financial operations and other administrative and management functions. Understanding the standards is critical to knowing if a CAA is truly operating beyond compliance.

Monitors should at a minimum attend ROMA trainings or consider becoming a Nationally Certified ROMA Trainer or a Nationally Certified ROMA Implementer. ROMA is a complete management and accountability process that is focused on the results achieved from a CAA's activities. Consistent ROMA implementation means a CAA is thoughtful about program planning and intentional about meeting the needs of individuals and families and their community. When monitors incorporate the Performance Management Framework into their monitoring, they can begin to understand the CAA as a whole.

Topic Areas to Review in CSBG Monitoring

State CSBG offices should monitor CAAs in the areas listed below at a minimum. State offices should develop state specific tools and methods to address these and other relevant areas. Monitoring tools and processes should be updated regularly to ensure relevance and effectiveness.

1. Governance:

CSBG Act Reference- Public Law 105-285. Section 676B and Section 676(b)(10)

Organizational Standards Reference – Standard 5.1 – 5.9. Other standards where board involvement is identified: 1.3, 3.5, 4.1, 4.4-4.6, 6.1, 6.5, 7.1, 7.4, 7.5, 7.7, 8.2-8.12, and 9.3.

- ☐ Board of Directors - composition, training, effectiveness, knowledge of roles & responsibilities, attendance, by-laws

2. Assessment and Planning:

CSBG Act Reference - Public Law 105-285. Section 676B(a)(1), Section 676B(b)(2), and Section 676(b)(11).

Organizational Standards Reference – Standards 3.1-3.5, 6.1 – 6.5. Other associated standards: 1.1-1.3, 4.3, and 5.1.

- ☐ Agency Mission, Vision, Values
- ☐ Community Assessment
  Strategic Planning, Evaluation, and Board Governance, Organizational Leadership, and Consumer Input and Involvement

3. Evaluation:

CSG Act Reference - Public Law 105-285. Section 678E and Section 676(b)(12).

Organizational Standards Reference – Standards 9.1 – 9.4. Other associated standards: 4.3, 4.4, 6.5, 7.9, and 8.7.

- ☐ ROMA Implementation (Board and staff) on an agency-wide basis as a framework for sound management
- ☐ Agency outcomes and performance measures
- ☐ Reporting to funders and to the Board of Directors
- ☐ Government Performance and Results Act (GPRA) implementation

4. Partnerships:

CSBG Act Reference - Public Law 105-285. Section 676(b)(9).

Organizational Standards Reference – Standard 2.2.

- ☐ Coordination/collaboration/linkages with relevant partners
- ☐ Subgrantees/delegates

5. **Administrative systems and procedures:**

CBSG Act Reference - *Public Law 105-285. Section 678D. Fiscal Controls, Audits and Withholdings and Section 678F. Limitations on Uses of Funds and Section 678D.*

Organizational Standards Reference – Standards 7.1-7.9, 8.1-8.13, 9.1-9.4. While standards in categories 7, 8, and 9 are most directly related to administrative systems and procedures, all Organizational Standards should be considered in monitoring in this category.

- ☐ HR & personnel policies
- ☐ Records retention
- ☐ Technology implementation and planning
- ☐ Equipment and purchasing
- ☐ Conflict Resolution and grievance procedures
- ☐ CSBG Assurances and Prohibitions
- ☐ Review pending and past litigation

6. **Fiscal procedures:**

CSBG Act Reference - *Public Law 105-285. Section 678D and Section 678F.*

Organizational Standards Reference – Standards 8.1-8.13.

- ☐ Audit and results of previous/other monitoring/fiscal issues

Success Factors

Monitoring is perhaps the most difficult, sophisticated, and professional task that a State CSBG office conducts. Only well trained staff should be doing this important work, which validates compliance with rules and regulations and links CAAs to the resources they need to meet their mission. Monitors should be able to discern information beyond compliance vs. non-compliance. The art of discernment is essential when practicing effective monitoring. Yes, a board may be having board meetings; yes, there are minutes; yes, the required board paperwork is in the files, but in looking beyond compliance, monitors need to be able to see if the board is more than a rubber stamp; that they have an idea of the financial health of the agency, as well as other critical levels of Board involvement.

Monitors should have the depth of knowledge and skills to garner the respect of Community Action professionals. They need to be engaged in an ongoing process of professional development so that they can provide CAAs with up-to-date and useful recommendations about how an agency's systems can be improved. If monitors are to be part of an effort to strengthen the CSBG network, they should be able to add value to the monitoring process.

Some suggested best practices for CSBG monitors to follow include:

1. Meet with the board as a whole, if possible;
2. Attend staff meetings and/or management meetings;
3. Take a tour of the CAA's offices, including services offered at other locations in the service area;
4. Monitor CAAs annually, if possible;

5. Conduct an annual risk analysis to prioritize monitoring visits (as required by the Uniform Guidance);
6. Review audit, 990's, balance sheet, and other financial papers and corporate documents as desk monitoring, prior to the visit;
7. Review the CAA's prior CSBG monitoring report and other available monitoring reports (Head Start, WX, LIHEAP);
8. Coordinate with other CSBG State offices, Federal offices, and National Partners to review agency systems, if possible;
9. Attend fiscal training on a regular basis;
10. Update monitoring tools and materials as needed;
11. Write a comprehensive monitoring report that includes findings that were discussed at the exit interview;
12. Have systems in place to provide CAAs with timely monitoring reports and additional feedback;
13. Provide technical assistance;
14. Understand the complexity of managing dozens of programs, each with its own guidelines and budgets; and
15. Understand the many management systems required to operate an agency, as well as the ways those systems must be applied to multiple programs and activities.

Summary

The guidance outlined above represents only the beginning of an effort by State CSBG administrators and NASCSP to strengthen the monitoring of the nation's CAAs.

Further refinement of the *CSBG Monitoring Standards* may be necessary to respond to the changing needs of the Network. As monitors gain hands-on experience in systems monitoring, they will be able to add lessons learned in the field to this document.

Most important, however, is the need to develop a shared understanding of the *CSBG Monitoring Standards* and a shared sense of responsibility for their implementation throughout the CSBG Network. Community Action leaders at the national, state, and local levels need to work together to ensure that an enhanced monitoring system becomes a valuable tool to increase the capacity of Community Action to help people and change lives. Monitoring of CAAs is a State responsibility, but strengthening the capacity of CAAs is a shared responsibility among all members of the CSBG network for it to be truly effective.

Appendix A:

CSBG Review Components

States may want to consider the questions found below when monitoring agencies. In each category, reflect upon the Organizational Standards in relation to the questions.

Beyond Compliance

- Does the CAA routinely consider if they should maintain, strengthen or abandon services and strategies?

- Is the CAA striving to integrate service delivery throughout the organization by breaking down the 'silos' of program-specific delivery systems, and making the agency client-centric rather than program-centric?

- Is the CAA partnering with other agencies in the community to strengthen services and provide a community wide approach to address the needs of those seeking services?

- Is the CAA duplicating services already available in the community?

- Does the board review annual updates to the needs assessment?

- Does the Board use the Needs Assessment, outcome reports, and program evaluations to prioritize service needs, develop the strategic plan, and annually review and adjust the strategic plan?

- Does the Board ensure staff develops an annual implementation plan that reflects the goals and strategies adopted in the strategic plan? For the whole agency?

- Is the CAA's management staff, including the CEO or Executive Director, evaluated (performance) at least in part, on the degree to which the agency achieves its goals and annual objectives?

- What changes or adjustments designed have occurred within the last year to make existing programs more effective or responsive? Are the changes based on data?

- How does the CAA systematically research innovative practices, programs, and approaches being administered at other local CAAs in the country?

Board of Directors

The following questions can help gauge the effectiveness of each CAA board. Consider these questions along with category 5 and Organizational Standards 1.3, 3.5, 4.1, 4.4-4.6, 6.1, 6.5, 7.1, 7.4, 7.5, 7.7, 8.2-8.12, and 9.3.:

- Is the board active and engaged in fulfilling the mission of the agency? Can the board members explain the CAA mission clearly and with conviction?

- Is the board driving the strategic plans for the agency?

- Has the board participated in creation of a Local Agency Theory of Change?

- Does the board follow its by-laws for such issues as board membership, removing board members for lack of attendance, etc.?

- Are the board's by-laws consistent with its articles of incorporation?

- Is there a quorum at most board meetings?

- Do the board minutes accurately reflect the actions taken at board meetings - including the exact wording of motions?

- Is the board a true policy-making body? Does the board wander into operational or procedural matters (micro-managing the agency) or does the board serve primarily as a rubber stamp for the Executive Director?

- Is there an effective standing committee structure in place and are the standing committees actively performing their assigned duties?

- Does the board annually plan its own work and evaluate its own performance?

- Are Board members well-trained regarding their fiduciary responsibilities?

- Has the board and/or assigned board committee conducted an annual performance evaluation of the Executive Director or CEO?

- Has the Board of Directors received all audit and/or monitoring correspondence from other funding sources as well as the letters the CAA sent responding to funding sources?

Administrative and Leadership Skills of Agency Management

Questions that monitors can ask to assess the administrative and leadership skill in the agency. Consider these questions along with the all Organizational Standards:

- How does communication flow within the CAA? Who are the primary communicators and how do they let people know what is happening?

- What is the morale of the staff in the CAA? What is the staff turnover rate over the past several years? Does the CAA know why there is staff turnover?

- What does the organizational structure look like? How does each department/division/program within the agency contribute to the goal of helping people move out of poverty?

- Can staff articulate the mission of the agency? Are they engaged in the utilization of their Theory of Change? Who was involved in creating the strategic plan? Are staff aware of the plan and how their jobs contribute to fulfilling the plan?

- Is the Executive Director and/or management staff actively involved in community partnerships and collaborations (by engaging in collaborative efforts with community partners - not just attending meetings)? Or does the CAA act like a 'lone ranger,' isolated from community partners and potential allies?

- Is a consistent performance appraisal of staff regularly conducted? When was the last time that staff were evaluated?

- Do program directors participate in the creation of and monitor their own budgets?

- What kind of reports are generated by program directors to assist them in managing their programs?

- Does each employee have a development/training plan? Is training encouraged and supported for all staff by the agency? Does the budget support this?

- Is ROMA training made available to staff?

- How do program managers and/or staff address problems or concerns that have been identified in

self-assessment or monitoring reports?

- How is ROMA outcome data used to evaluate the effectiveness of agency programs and the agency's capacity to achieve results?

Financial Status

Answers to the following questions can help monitors gain a clearer and more comprehensive picture of the agency's financial status. Consider these questions along with Category 8 of the Organizational Standards:

- Does the agency conduct regular, timely reconciliation of its bank statements to its financial records?

- Does the agency ensure that the reconciliation report or forms are reviewed and initialed by someone not involved in the reconciliation itself, possibly the Executive Director or other senior management staff person assigned that responsibility?

- What is the ratio of current assets to current liabilities?

- What is the agency's cash position? Is a line of credit being used? Whose cash is the agency using for day-to-day operations? Does the agency maintain an unrestricted cash reserve equal to 3 months of salary/fringe costs? (Best practice)

- Are vendor payment checks being held for payment?

- Can the agency's fiscal staff prepare a balance sheet that includes all of the agency's accounts and programs? Can they explain what each number on the balance sheet means?

- Are financial reports to the Board, funding sources, program managers, etc., submitted promptly and accurately - and in a manner that presents financial information clearly and concisely so that fiscal data can be understood by persons without a financial background? Do these reports include not only budget to expenditure comparisons but also data on revenue received and cash balances maintained?

- Does the CAA have an agency-wide budget?

- Determine if the audit firm is truly "independent." Have they performed any other professional services for the CAA during the last 2 years?

State monitors should conduct an agency-wide financial assessment according to the Uniform Guidance and additional independent assessments of fiscal operations and procedures employed by the agency.

Many CAAs meet the requirements of an audit as outlined in 2 CFR 200 Sub part F. The audit furnishes information that can help state monitors assess the overall financial condition of the CAA. Each audit report should be reviewed in the context of an agency's prior two years' audits. Review of audits over time can provide a picture of the CAA's ongoing fiscal condition and enable state monitors to note any trends in an agency's financial status (i.e. Are the agency's assets growing or decreasing? Is the agency losing sources of funding?). State monitors should also receive and review written copies of all management letters sent by an audit firm to a CAA to note any fiscal or management issues that need to be addressed. In reviewing the management letters, monitors need to follow up with the agency to determine if the issues identified in the management letter are being addressed.

It is important for State CSBG monitors to recognize that a "clean" audit does not necessarily guarantee that a CAA is fiscally sound. Audits should be viewed as only one part of a review of the fiscal operations and procedures employed by the agency.

State monitors should review monitoring reports from other funding sources.

State monitors should keep abreast of program-specific monitoring efforts that are conducted by other funding sources. The ability of a CAA to meet the compliance demands and performance standards of all its funding sources is a key indicator of the operational health of the organization. Head Start reviews, Weatherization monitoring reports, etc., contain critical information about the quality of service delivery, and offer insights into the management and other systems within the agency. State CSBG monitors should routinely receive and review copies of all monitoring reports from every CAA funding source.

In particular, CSBG monitors should examine whether or not the agency has developed and implemented formal plans to correct issues raised in audit and monitoring reports. The reports and corrective action plans should be reviewed to determine whether there is a pervasive year to year problem or pattern throughout the agency and whether the problem(s) get resolved. For example, if several reports identify fiscal issues, the monitor should take a critical look at the finance department to determine the cause of the problems.

CSBG monitors should also know whether an agency is in danger of losing one or more major programs, and if so, what action the agency is taking in response to such a potential loss.