



## Issue Brief

# State Community Services Block Grant (CSBG) Office Policies and Procedures

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### Introduction

The Community Services Block Grant Act (CSBG) (49 U.S.C. 9901 et seq.) was created, “To provide assistance to States and local communities, working through a network of community action agencies and other neighborhood-based organizations, for the reduction of poverty, the revitalization of low-income communities, and the empowerment of low-income families and individuals in rural and urban areas to become fully self-sufficient...” The CSBG Act mandates certain aspects of how State CSBG offices will operate in carrying out their defined roles as administrators of CSBG but leaves significant authority and flexibility in the hands of the States. This responsibility, which is fulfilled by each State individually, can more easily be met when the State establishes clear policies and procedures for implementation of the Act.

### Background

The National Association for State Community Services Programs (NASCS), as the membership organization for State CSBG and the Weatherization Assistance Program (WAP) administrators, is responding to a need identified by their membership. States are seeking guidance on what should be included in Policy and Procedure Manuals used to administer the CSBG. Currently, some states have comprehensive manuals while others rely on federal and State laws and contracts to implement the program. This brief was requested to identify common State CSBG policy and procedure practices and recommend best approaches and practices for States to employ in the context of their unique situations and capacities.

### Methodology

In response to this membership request for guidance, NASCS notified States that it would conduct an analysis of current State resources and practices in order to identify those that will be useful for States in developing policy and procedure manuals. States were asked to submit the documents that they use to inform their State policies and procedures, including existing manuals, State Plans, State legislation, State Information Memorandums (IMs) or directives to Community Action Agencies (CAAs) (covering board governance, fiscal issues, invoicing and payments, bidding, administrative costs, travel, purchasing, customer privacy, conflict of



interest, ROMA, insurance, internal controls, progress reports, monitoring, subcontracting, audits, and CSBG allocations); and processes and policies for contract development.

Eight states responded to this request. To increase the sample of documents, a follow-up e-mail was sent out one month later. Five additional states responded at that time. One additional CSBG Policy and Procedure document was found via an internet search and included in the analysis.

The documentation submitted by the states was analyzed for content (what policies and procedures were included) and source (Policy and Procedure Manual, State Law, entity contracts, the CSBG Application, the State Plan, and CSBG Special Terms and Conditions).

### **Need for Policies and Procedures**

A distinction must be made between policies and procedures. Policies are the rules or guidelines governing State CSBG operation while procedures provide the specific means to implement the policies. Policies provide the State with a means to ensure compliance, set standards that demand high quality, minimize risk, and define operations. Policies alone can be subject to interpretation and implementation that may not ensure consistency and maintain quality. For example, it is a policy (law) that all CAAs must submit an application for funding to the State. Without procedures on how the application is to be submitted, each agency could submit an application that may or may not have the components the State feels necessary to have in order to fund the agency.

CSBG policies and procedures serve four main purposes: 1) to comply with the authorizing legislation of the Omnibus Reconciliation Act of 1982 (Public Law 97-35), Title VI, Subtitle B (CSBG Program), and Title XVII, Chapter 2 (Block Grant Funds), and its subsequent amendments (October 1998, The Coats Human Services Reauthorization Act of 1998, Title II—Community Services Block Grant Program), and the block grant rules issued by the Department of Health and Human Services; 2) to assist States and local entities to comply with the authorizing legislation of the Omnibus; 3) to assist States and local entities in complying with authorizing State legislation; and 4) to provide assistance to States in implementing the CSBG Act in a consistent manner to ensure quality and minimize risk through non-compliance. Thus, Policies and Procedures are a way to communicate directives in an organized manner.

The development of policy and procedures is not a one-time event. Creating a document that then lives on a shelf next to a stagnant strategic plan, is not adequate. Rather, policies and procedures are a living document that changes as new information and issues are identified and practices are adjusted. In addition, policies and procedures need to be easily readable and accessible so that they are readily applied. As a former State CSBG Director described it, “This



is a reference document that you may need to look at every day and that needs to change as new issues are identified.”

## Approaches

Policies and procedures communication does not come in just one format, such as a manual. State CSBG offices have used a variety of methods to communicate policies and procedures. Some States have opted to have a CSBG Policies and Procedures Manual to concisely relay expectations to entities while others have used a combination of the following documents to communicate their expectations:

- ✚ CSBG Application and State Plan
- ✚ CSBG State Law
- ✚ CSBG Act
- ✚ CSBG Entity Contracts
- ✚ CSBG Special Terms and Conditions

Additionally some states use a form of memorandums, directives or guidelines, for the purpose of communicating policies, procedures and similar information to the CAAs. Memorandums or other tools are often prepared by State staff, however some States may select to use Office of Community Services (OCS) issued IM. Compliance with these policies can be a standard provision in each CSBG grant contract. The number and type of memorandums varies from State to State depending on each State’s policies, procedures and methodology for management of the CSBG.

## Recommended Policy and Procedure Manual Contents

NASCSP created a Monitoring Workgroup that developed a State Self-Assessment Tool for States to use to assess their approaches to managing the block grant against best practices in several topic areas, including *Communicating Policy and Procedure to the Community Action Agencies and other CSBG Grantees*. The areas this tool included as important to include in a State CSBG Policy and Procedure Manual were:

- √ *CAA Board Composition*: Nonprofit CAA board composition requirements and board functions and responsibilities. Address the policy role of the board and principles of due diligence, obedience and loyalty and include requirements for meetings, written by-laws, conflicts of interest policies, orientation of new members and regular training of all members. (\*See OCS IM 82);
- √ *Public CAA Board Composition*: Public CAA board composition requirements and board functions and responsibilities. This should include the role of the board in the development, planning, implementation, and evaluation of local CSBG programs as specified in the federal CSBG legislation. (\*See OCS IM 82);



- √ *Contract Modification Procedures:* Procedures to secure approval of contract amendments, modifications or changes in budget line items. These procedures should cover any limitations on the number of changes during a contract period you wish to impose, the extent of line item flexibility you wish to allow, any deadlines for submission and other procedural guidelines;
- √ *Invoicing and Requests for Payment Instructions:* Provide process and policies CAAs and other grantees are to use to invoice for grant funds. Include requests for advance payments, deadlines for final invoices, allowable costs, line item flexibility, and recovery of costs after a contract is closed (if you want to allow this). Emphasize the timely submission of invoices and the need to allow adequate time to process the invoice;
- √ *Funding Termination and Reductions:* Establish and communicate procedures for termination or reduction of CSBG funding to eligible entities in accordance with the CSBG Act;
- √ *Designation and Re-designation of Eligible Entities:* Establish and communicate procedures for designating eligible entities in accordance with the CSBG Act;
- √ *Administrative Costs:* Establish and communicate procedures for designating eligible entities in accordance with the CSBG Act;
- √ *Indirect Costs:* Define administrative costs and set limits on them. Consult the CSBG federal legislation and the OCS IM entitled “Definition and Allowability of Direct and Administrative Costs.” Some states link administrative cost ceilings to the amount of other funds leveraged with CSBG dollars. (\*See OCS IM 37);
- √ *Customer Privacy:* Requirements to protect the privacy of CSBG customer information. This should be a written policy and it should state how access to customer information by unauthorized persons will be prevented. There are a variety of ways to do this depending on whether the information is stored in hard copy or electronically. An attorney should be consulted concerning the provisions of the Privacy Act that should be incorporated into this policy;
- √ *Travel and Expense Reimbursement:* If guidelines are set by the state for travel expense and cost reimbursement then written policies should be identified. Consult OMB circulars A-87 and A-122. A suggested policy is to allow the CAA or other grantee to use its current policy if it is a public agency, the current state



policy or a policy approved by the state. In any event this directive should require the CAAs to have written travel and expense reimbursement policies;

- √ *Purchase or Permanent Improvement of Real Property:* Discuss timing and under what circumstances the CAA or other grantee may request a waiver for the use of CSBG funds to purchase or undertake permanent improvements to real property. Discuss processing time required as you will need to get federal OCS approval to grant the request. It's suggested that you allow about 45 days for the federal response and add that to your own internal processing time;
- √ *Personnel Policy:* Establish expectations that the board of directors (non-profits only) develops and approve written personnel policies for the CAA. Review these policies not less than every 5 years and update them if needed. The requirement should specify that these policies should establish rates of compensation for each staff position and include other standard provisions such as equal employment, discipline, and grievance, job classifications, promotions, training and similar provisions. In the case of public agency CAAs, the CAA should be required to specify the personnel policies under which it operates and make those available to the state CSBG office upon request;
- √ *Client Eligibility Verification:* Establish the client income eligibility level to be used statewide and what income eligibility documentation the state will accept to verify household income. The eligibility level must be based upon the federal poverty income guidelines. Many states use 125% of the federal poverty line. Customer income eligibility should be updated yearly as the Office of Management and Budget (OMB) poverty income levels are revised and released;
- √ *Conflict of Interest:* Establish an expectation that CAAs have a conflict of interest policy. This policy should cover staff, board members and volunteers. The policy should focus upon the prevention of self-dealing where an individual takes advantage of their position within the organization to enrich themselves or gain other advantage.
- √ *Political Activity:* Establish an expectation that CAAs have a political activity policy that addresses partisan political activity and transporting voters to the polls. Consult Section 678F – (b) of the CSBG Act;
- √ *Results Oriented Management and Accountability (ROMA):* Describe the ROMA requirements and identify the forms and reporting requirements the State has. State ROMA requirements should be based on the use of the National Indicators



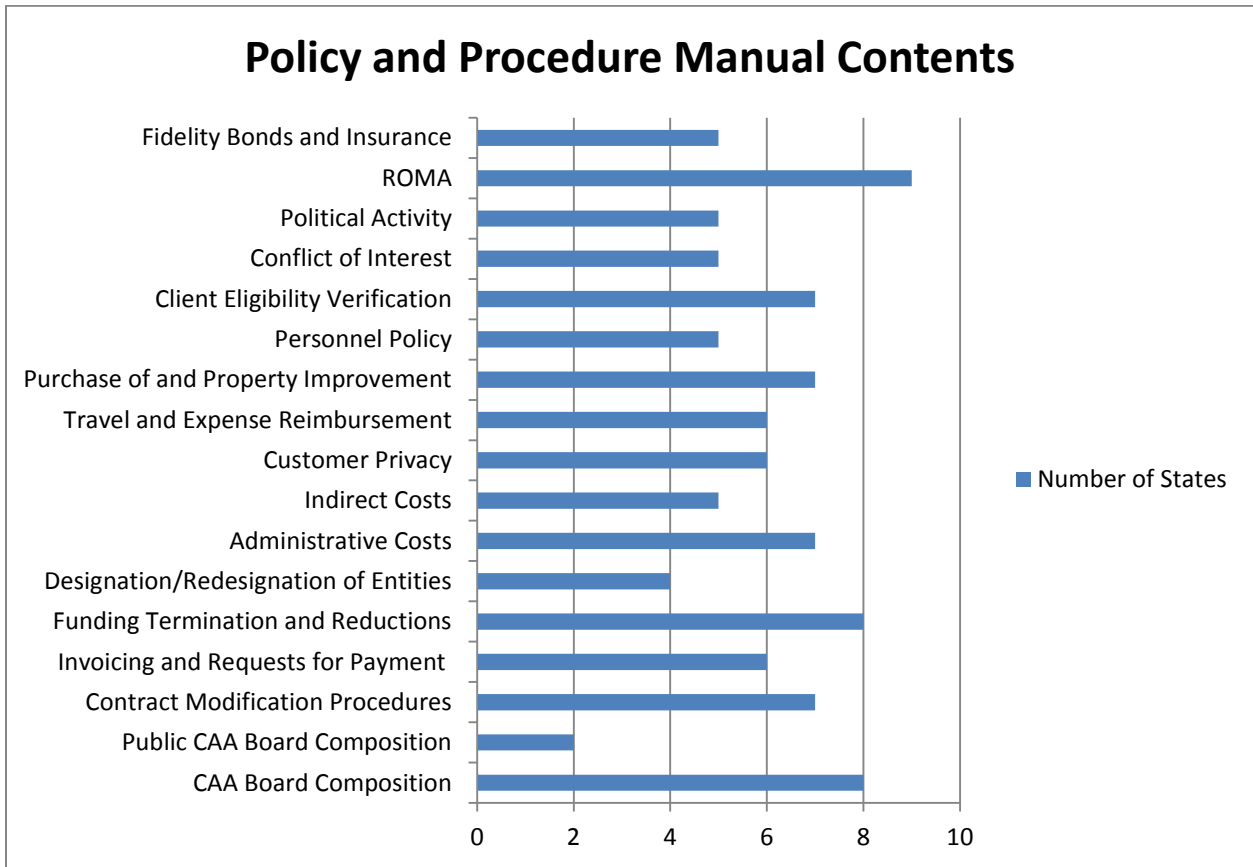
of Community Action Performance and the reporting format States are required to use on the CSBG IS; *and Fidelity Bonds and Insurance*: Establish requirements for fidelity bonds and liability insurance. This should include fidelity bonding for all persons involved with handling funds and executing financial transactions. Liability insurance should include directors' and officers' insurance, volunteer and special event insurance, employment practices liability, and general liability at a minimum. Some agencies may want to carry other types of insurance that are specific to programs and activities. If there are CAAs in your State who self-insure, they should carry a policy to cover claims that exceed the funds set aside for such purposes. A general "rule of thumb" for health insurance is that self-insurance pools (one or a group of agencies) usually must encompass about 1,000 employees before substantial savings from self-insurance can be realized.

While the contents of a manual are vital, the clarity of their presentation also is important. Making the manual useful requires a balance sufficient detail and accessibility of information. A multi-volume, comprehensive document may contain guidance for every possible issue, but make finding answers to specific questions difficult for users. The policy and procedure manuals reviewed ranged from 57 pages to over 300 pages. The difference in the documents was the level of detail provided on any given subject and the additional documents that were included in the manual such as the CSBG Act and OCS IMs.

### **Current Policy and Procedure Practices**

States have approached disseminating policies and procedures in many different ways. Of 14 States' documents reviewed, seven included a CSBG Policy and Procedure Manual, one included a Policy Manual, and the remaining six used combinations of the federal legislation, state law, State CSBG Plans, grant agreements, and OCS Information to provide CSBG program implementation guidance.

The contents and level of specificity of the State Policy and Procedure Manuals varied. Using the Self-Assessment Tool for State CSBG Offices as a content guide, following are the results of the contents inclusion summary.



Topics frequently identified in policy and procedure manuals, but not included in the *State Self-Assessment Tool*, are the State monitoring process of eligible entities, the provision of training and technical assistance, the eligible entity funding, planning, application process, and the client appeals process.



## Discussion

It is evident that there is not a “one size fits all” method to communicating policies and procedures to State CSBG office staff and eligible entities. Whether it is a manual, directive, or a combination of documents, there are some things that can be taken away:

1. The means to communicate policies and procedures should be easily accessible and seen as a valuable tool by those who use it. Volumes of documents that require searching for guidance may inhibit use.
2. Given the work of the *State Self-Assessment Tool* workgroup and the additional common denominators found in the documents reviewed, it is expected that a uniform table of contents template could be developed.
3. In addition to printed information, policies and procedures should be made available in an online format to facilitate accessibility and ease in modification and notification of changes, when necessary.

Since only 14 states responded to NASCS’s request for policy and procedure information and each contained a unique perspective and contents, it is recommended that ongoing discussion occur to determine:

⇒ Whether additional topics should be included in a policy and procedure document.

⇒ What other methods of communicating policies and procedures States are using.

⇒ Which factors led a State to choose a particular approach to communicating their policies and procedures?

We recommend that States take care to consider any other elements that may be relevant for their policies and procedures manual beyond the examples given in this brief. This brief should be used as a guide and is not intended to be comprehensive.