



# 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

In 2012, NASCSP was requested by its members to provide guidance, identify common state CSBG policy and procedure practices, and identify what should be included in a Policy and Procedure Manual used by state offices to administer CSBG. At that time, NASCSP, after conducting a survey with CSBG state offices, developed an Issue Brief that contained recommended contents for a CSBG Policy and Procedures Manual. More recently, the membership requested an update to that document. To that end, a small group of state office representatives from AR, MN, NE, NV, VA, WA, and WI met in 2017 to review the original document developed by NASCSP and make revisions.

## Need for Policies and Procedures

A distinction must be made between policies and procedures. Policies are the rules or guidelines governing state CSBG operations while procedures determine the specific means to implement the policies. Policies provide the state with a method 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 Community Action Agencies (CAAs) must submit an application for funding to the state. Without procedures on how the application is to be submitted, each CAA could submit an application that may or may not have the components the state feels necessary 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 policies and procedures is not a one-time event. Creating a document that just sits 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 can be readily applied.

## Approaches

Policies and procedures communication does not always come in a single format, such as a manual. State CSBG offices have used a variety of methods to communicate policies and procedures. Some states have opted to publish a CSBG Policies and Procedures Manual to concisely convey expectations to eligible 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 eligible entities.

Memorandums or other tools are often prepared by state staff, however some states may select to use Office of Community Services (OCS) issued Information Memorandum (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. The following information provides guidance to CSBG state offices regarding what items can be included in a CSBG policy and procedures manual.

## Recommended Policy and Procedure Manual Contents

### General:

- ✓ *Mission and Purpose of State Office:* State Offices should establish and communicate the mission and purpose of utilizing CSBG funds in the state.
- ✓ *Definition of Eligible Entity:* The state defines and includes definitions of the following:
  - Community Action Agency (CAA)
  - CSBG Eligible Entity (CEE)



- Limited Purpose Organization (LPO)
- Migrant/Seasonal Farmworker Organization
- Tribal Organizations/Tribes
- Other
- ✓ *Formula and CEE Allocations:* Describe and communicate the distribution formula and the current practice for allocating funds to eligible entities. The state may also want to include the percent of funds used for administration and discretionary.
- ✓ *Designation and Re-designation of Eligible Entities:* Establish and communicate procedures for designating eligible entities in accordance with the [CSBG Act](#).
- ✓ *Funding Termination and Reductions:* Establish and communicate procedures for termination or reduction of CSBG funding to eligible entities in accordance with the [CSBG Act](#).
- ✓ *Contract/Grant Modification Procedures:* Describe 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 the state wishes to impose, the extent of line item flexibility allowed, any deadlines for submission and other procedural guidelines. [States may also reference another document that contains more specific information related to these procedures such as the state contract]
- ✓ *Results Oriented Management and Accountability (ROMA):* Describe the Performance Management Framework ([State Accountability Measures](#), [Federal Accountability Measures](#), [Organizational Standards](#), and the [CSBG Annual Report](#)) of which ROMA is a component. Include information about eligible entities integrating all the phases of the ROMA cycle into their agency management and administrative processes from conducting a community needs assessment, doing agency wide strategic planning, implementing services and strategies, and reporting and analyzing data. Provide information about [ROMA Next Generation](#), including the [National Theory of Change](#), local theories of change, as well as an increased focus on analysis and use of data.

## Monitoring:

- ✓ *Monitoring Philosophy and Principles:* Establish and communicate the state's monitoring principles and guidelines.
- ✓ *Monitoring Practices:* Develop and communicate the state's monitoring practices and processes, including:
  - Monitoring components and schedule (full on-site reviews)
  - Desk Review process
  - Monitoring Reports
  - Risk Assessment document and process that is used
  - Annual Organizational Standards Assessment procedures
- ✓ *Corrective Action:* Establish and communicate the processes, steps, forms, and timelines the state



office uses for the following:

- Technical Assistance Plan (TAP)
- Quality Improvement Plan (QIP)

Refer to [IM 116](#) for further guidance.

- ✓ *Training and Technical Assistance (T/TA):* Establish and communicate any training and technical assistance the state office provides, including T/TA provided in collaboration with the State Association and other partners, if applicable.

### Eligible Entity:

- ✓ *Private CAA Board Composition:* Establish and communicate information about what the state expects from a nonprofit CAA board and its roles and responsibilities including:
  - board composition requirements
  - democratic selection process
  - board functions and responsibilities, including the policy role of the board, principles of due diligence, obedience and loyalty
  - requirements for meetings
  - by-laws and conflicts of interest policies
  - orientation of new members and regular training of all members
  - policies for filling board vacancies including recommendations for how long a board seat should remain open
  - procedures for petitioning for representation

The [Organizational Standards](#) specify requirements for nonprofit board members that include many of the above activities such as conflict of interest policies, board training, and board orientation. Also refer to the [CSBG Act](#) and [IM #82](#).

- ✓ *Public CAA Board Composition:* The manual should contain information about public CAA board composition requirements and board functions and responsibilities. Along with the above noted elements for nonprofit CAA Boards, this section should include the role of the public CAA board in the development, planning, implementation, and evaluation of local CSBG programs as specified in the federal CSBG legislation. As with private CAA board composition, the [Organizational Standards](#) specify requirements for public board members that include items such as conflict of interest policies, board training and board orientation. Also refer to the [CSBG Act](#) and [IM #82](#).
- ✓ *Community Action Plan:* This is sometimes also referred to as an application. Describe the process, time frame, and items that should be included in the community action plan/application.
- ✓ *Customer Privacy:* This addresses 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. [States may wish to reference another document, or section, that contains more specific information related to this policy and procedure such as the state contract.]

- ✓ *Personnel Policy*: Establish expectations that the board of directors (non-profits only) develop and approve written personnel policies for the CAA that has been reviewed by an attorney and approved by the board within the last five years, per the Organizational Standards. The personnel policies should 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. The [Organizational Standards](#) specify Human Resource requirements to meet many of the items above.
- ✓ *Client Income Eligibility*: 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 poverty income levels are revised and released.
- ✓ *Client Income Eligibility Verification*: The state office should provide expectations on what documentation the state will review to ascertain how the CAA determines client eligibility. For instance, states may want to share their expectations on how CAAs conduct “due diligence” in the cases of self-declaration of income. States may want to refer to the document published by [CAPLAW](#) on [client eligibility](#).
- ✓ *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. [Organizational Standard 5.6](#), specifies a board member conflict of interest policy is required every two years.
- ✓ *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](#). States may also want to refer to the CAPLAW Publication, [Do's and Don'ts of Voter Registration](#) and the [Hatch Act](#), which restricts political activity of employees, even if CSBG funds are not used.
- ✓ *Workforce Innovation and Opportunity Act (WIOA)*: Develop and communicate expectations regarding eligible entity linkages and partnerships to assure training and employment activities to individuals with low-incomes. Refer to Section 676 of the [CSBG Act](#).
- ✓ *Child Support Services and Referrals*: Include information that agencies must inform single parent families they serve about available child support services and make referrals. Refer to Section 678G(b) of the [CSBG Act](#).



- ✓ *Referrals to Drug Treatment Services:* Include information that if an agency conducts drug testing on any of its program participants, the agency must inform and refer any participant who tested positive to appropriate treatment services. Refer to Section 678G(a) of the [CSBG Act](#).
- ✓ *Reporting:* Include information about the CSBG Annual Report. As part of the new Performance Management framework, a new CSBG Annual Report was developed to better tell the story of the impact CSBG network has in communities across the country. On January 12, 2017, the Office of Management and Budget (OMB) granted approval for the CSBG Annual Report. The CSBG Annual Report contains four modules:

**Module 1**, State Administration, is completed and submitted by CSBG State Offices;

**Module 2**, CSBG Eligible Entity Expenditures, Capacity and Resources;

**Module 3**, Community Level; and

**Module 4**, Individual and Family Level, are completed by eligible entities and submitted to the State Office annually [insert date].

The National Performance Indicators (NPI) are organized under three National Goals:

**Goal 1:** Individuals and families with low incomes are stable and achieve economic security.

**Goal 2:** Communities where people with low incomes live are healthy and offer economic opportunity.

**Goal 3:** People with low incomes are engaged and active in building opportunities in communities.

[The state may want to include any additional reporting requirements for eligible entities and any reports that the state develops.]

- ✓ *CSBG Organizational Standards:* States establish and communicate information addressing the Organizational Standards, including expectations of annual assessments, and documentation requirements and process for submitting documentation. Refer to [IM 138 State Establishment of Organizational Standards](#). In alignment with OCS's recognition that in some instances and for some eligible entities, Organizational Standards expected compliance may not be appropriate. In these specific instances, states may issue exceptions/waivers to certain eligible entities for specific organizational standards. These agencies could include Limited Purpose Organizations, state-funded tribal organizations, and Migrant and Seasonal Farmworker Organizations.
- ✓ *Comprehensive Community Needs Assessment:* Describe and communicate any state requirements or guidance for needs assessments.
- ✓ *Tribes/Tribal Entities:* If CSBG funds are provided to tribes/tribal entities through the state office, provide any specific state requirements or guidance.



## Fiscal

- ✓ *Administrative and Indirect Costs:* Define administrative costs. Consult the CSBG federal legislation and OCS [IM #37](#) “Definition and Allowability of Direct and Administrative Costs.” States may also want to reference [HHS Grants Policy Statement](#).
- ✓ *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 ([refer to IM #37](#)), line item flexibility, and recovery of costs after a contract is closed (if your state wants to allow this). Emphasize the timely submission of invoices and the need to allow adequate time to process the invoices by the state office. Additionally, states may want to include specific guidelines regarding budget revision requests. [States may wish to reference another document, or section, that contains more specific information related to these policies and procedures such as the state contract]
- ✓ *Equipment Disposition and Equipment Purchases:* Establish and communicate the state’s policies with regard to process for equipment purchases and disposition when using CSBG funds.
- ✓ *Audit Requirement:* [Per 2CFR, part 200, sub-part F](#) - Communicate that all eligible entities have an annual Single Audit, conducted by an independent accounting firm, and submit a copy of the audit to the CSBG State Office. [States may wish to reference another document, or section, that contains more specific information related to this policy such as the state contract.]
- ✓ *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.

## Presentation of the Manual:

While the contents of a manual are vital, the clarity of their presentation also is important. Making the manual useful requires a balance between sufficient detail and accessibility of information. A multi-volume, comprehensive document may contain guidance for every possible issue, but may make finding answers to specific questions difficult for users. The state CSBG office should determine the level of detail provided on any given subject and the additional documents that could be included in the manual such as the CSBG Act and OCS IMs.

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