How to Prepare for an OCS Assessment

Panelists

Beverly Buchanan, AR, CSBG Program Manager
Michelle Fields, TN, CSBG Program Director
Kris Schoenow, MI, Executive Director

Vision
Arkansas citizens are healthy, safe, and enjoy a high quality of life.

Mission
Together we improve the quality of life of all Arkansans by protecting the vulnerable, fostering independence, and promoting better health.

Core Values
- Compassion
- Courage
- Respect
- Integrity
- Trust
Arkansas

- 16 Community Action Agencies
- State Manager and three Grants Analysts
- Housed at the Department of Human Services/Division of County Operations/Office of Community Services
- For FY 2016 our CSBG allocation was $9.6 mil.
  - 5% admin
  - 5% discretionary

Community Social Services
Community Social Services Block Grant (CSBG)
Michigan

The Michigan Department of Health and Human Services (MDHHS) strives to promote better health outcomes, reduce health risks, and support stable and safe families while encouraging self-sufficiency.
Preparation

- **Initial Indicator**: NASCSP advised that OCS had requested CSBG IS Report

- **Initial Steps**:
  - Establish perspective (i.e., learning opportunity)
  - Request internal audit
  - Reference IM 102, CSBG Monitoring Checklist

- **Initial Guidance**:
  - NASCSP Webinar—Discussion regarding the OCS Process
  - OCS Call
  - Planning & Coordination (i.e., date, staff, process, and coordination with other departments)
  - Personnel / Peer Review Process
  - Review Documentation

- **Key Steps to preparation (time):**
  - **4 months**
    - Documentation
      - IM 102, CSBG Monitoring Checklist
      - A Self-Assessment Tool for State Offices
      - State Accountability Measures
      - Bid and Procurement Coordination (including budget, fiscal, procurement, and audit services)
      - Internal Audit

- **What staff were involved?**
  - Audit Services
    - Budget
    - Fiscal
    - Contracts/Procurement
    - Legal
    - Program & Administrative Staff

- **Materials gathered**:
  - Source Documents (i.e., general ledger)
  - Checklists/Work Documents (i.e., CSBG Monitoring Checklist/A Self-Assessment Tool for State Offices)

- **Tools used**:
  - NASCSP Self-Assessment Tool
  - IM 102, CSBG Monitoring Checklist
  - State Accountability Measures

- **What preparation occurred for the CAA visits?**

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<tr>
<th>RELATING COMPLIANCE GPS MANAGEMENT</th>
<th>Links</th>
<th>Related Tools</th>
<th>Comments</th>
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<tbody>
<tr>
<td>All state level staff should be familiar with and have access to</td>
<td>IM 102</td>
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<tr>
<td>Any state level Civil Rights and other legislation or regulations</td>
<td>NASCSP</td>
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<td>CSBG Monitoring Checklist</td>
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<tr>
<td>The audit is designed to ensure that CSBG FTEs were housed in facilities to provide high-quality services to low-income families and communities</td>
<td>IM 102</td>
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<tr>
<td>Interdepartmental Planning &amp; Coordination (including budget, fiscal, procurement, and audit services)</td>
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<td>Internal audit</td>
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Preparation Timeline

- OCS Requested CSBG Report Data 4 months prior to assessment 1/19/17
- Requested internal audit 4 months prior to assessment 1/19/17
- Information provided via call 3 months prior to assessment 2/17
- NASCSP Webinar—OCS Assessment 3 months prior to assessment 2/24/17
- Planning Meeting with OCS 3 months prior to assessment 3/10/17
- Coordinated with State Association to provide documentation 1 month prior to assessment 4/06/17
- Reserved rooms 1 month prior to assessment 4/06/17
- OCS call/Additional Source Documentation 17 days prior to assessment 4/28/17
- Discussed preparation w/NASCSP 14 days prior to assessment 5/1/17
- OCS requested DHS to identify agencies demonstrating best practices/at risk 13 days prior to assessment 5/2/17
- DHS call with OCS 12 days prior to assessment 5/3/17
- OCS Provided Sample Selections 12 days prior to assessment 5/3/17
- OCS Discussed Final Preparations 5 days prior to assessment 5/10/17
- DHS Coordinated Agency Visits 5 days prior to assessment 5/10/17
- Final Preparations with OCS 4 days prior to assessment 5/11/17
Process and Time line

- DCS Requested CSBG Report Data: 7 months prior assessment (1/30/17)
- IM 153 State Assessment: 5 months prior assessment (3/1/17)
- Informal Planning Meeting Call: 3 months prior assessment (3/30/17)
- Engagement Letter Email: 2 months prior assessment (4/1/17)
- Planning Meeting with DCS: 3 months prior assessment (5/1/17)
- Source Documents Sent to DCS: 3 month prior assessment (5/2/17)
- DCS Select Onsite Visits: 2 month prior assessment (5/10/17)
- BCASD Coordinates Onsite Visits: 1 month prior assessment (5/24/17)
- DCS Sent Draft Agenda: 3 week prior assessment (6/2/17)
- CSBG Onsite Assessment: 0 Day – Assessment (6/7/17 to 6/11/17)
- CSBG Exit and Wrap-up: 0 Day – Last day of Assessment (6/11/17)
- Draft Report Requested: 90 Days after assessment (11/1/17)
- Response from BCASD Sent: 119 Days after assessment (11/20/17)

State Preparations for the CSBG State Assessment

Planning Checklist

- State CSBG Participants: Compile a contact list of all State Staff/State Offices/Upper Management
  - State CSBG Office Staff
  - Budget/Accounting/Financial Reporting
  - Office of Quality Assurance
  - Contracting Unit
- Upon informal notice of the CSBG State Assessment:
  - Hold all iteration weeks for the Assessment based on OCS's request
  - Hold meeting rooms for the assessment (1 room for the auditors and several for mini meetings throughout the week)
  - Send a hold the date email/outlook appointment to the State CSBG Participants
  - Meet with your CSBG staff to discuss support documentation and location of files. Use the IM 152 as a guide. Create a project assignment list that includes Categories, Descriptions, Staff Names, File Links, Start Dates, Due Dates, and Completed Status
  - Develop a plan to transfer files to DCS
    - Email to DCS: the State ID/IIT department setup a File Transfer Protocol Site (FTP)
    - DCS was issued a user name and password to the FTP site that enabled them to download files
    - We uploaded 345 documents to FTP after receiving the Engagement Letter
  - Send a hold the date email/outlook appointment to the State CSBG Participants through the week
  - Hold all tentative weeks for the Assessment based on OCS's request
  - Source Documents Sent to OCS 2 month prior to assessment (6/12/17)
  - Our State's IT department setup a File Transfer Protocol Site (FTP)
  - Send a hold the date email/outlook appointment to the State CSBG Participants through the week
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State Preparations for the CSBG State Assessment Planning Checklist

**Planning with OCS Meeting (Call)**
- Invite all State CSBG Participants on your contact list to the Planning Call with OCS.
- Make sure all State CSBG Participants receive a copy of the Engagement Letter.
- When you get confirmation on the CSBG Assessment Date from OCS – Send out a Confirmation Email/Outlook Appointment to all State CSBG Participants.
- OCS will go through the Engagement Letter and ask the State to start sending information. The engagement letter defines the fiscal years being reviewed in the assessment. OCS asked the State to focus on the following financial information first:
  - General Ledger (GL) data to include detailed transactions (revenue and expense) recorded for the CSBG award during fiscal year ending (FY) 2015 and 2016 (10/1/2014–9/30/2016), along with the Trial Balances, and detailed Financial Statements.
  - Corrective Action Plans for the most recent OMB A-133 Single Audit for FY 2015, if applicable.
  - Draw Down procedures for the PMS reimbursements.
- During this meeting, OCS will ask the State to send recommendations for possible CAA site visits. Specifically, they will ask for the top and bottom performers.

State Preparations for the CSBG State Assessment Engagement Letter

**Planning for the Onsite State Visit:** Upon confirmation of the assessment dates and receipt of the basic draft agenda, complete the following:
- Send OCS the selected agencies information/documents to review.
- Develop a detailed agenda by operational areas for OCS, make sure a conference room is reserved, and the content area staff for a topic is invited to the appropriate meeting.
- Make sure information such as maps, parking, floor numbers, meeting room, phone number, and contact information for the Onsite Assessment Coordinator is shared with OCS prior to the visit.
- One week prior to the onsite visit, conduct a check-in meeting.
- Ensure all relevant staff will be present for the meeting.
- Setup a call with the agency to help prepare them for the visit, as needed.
- Make sure information such as maps, parking, floor numbers, meeting room, phone number, and contact information for the Onsite Assessment Coordinator is shared with OCS prior to the visit.
- Give OCS time to check in the office visit, conduct a check-in meeting.

State Preparations for the CSBG State Assessment Planning Checklist

**Planning for the Onsite Visits at the agencies:** One month prior to the assessment the State received an email:
- Notify each agency that has been selected and instruct them to hold the assessment dates. At this point, the agency is to send you the name and contact information for the Onsite Assessment Coordinator at the agency.
- Send OCS the selected agencies information/documents to review.
- Monitoring Reports.
- Corrected Data.
- Financial Reports
- Monitoring Reports
- Corrected Data.
- Organizational Chart identifying positions, along with names of key staff.
- State Policy and Procedures manual governing CSBG.
- State Preparations for the CSBG Assessment.
- Financial and Administrative Documents.
- Organizational Structure Documents.
- CSBG’s Monitoring and other related records.
- Relevant Correspondences, if applicable.
- CSBG Information Survey data for FY 2016.
- State Monitoring Schedule, along with QIPs or correction revisions, and relevant financial correspondences, if applicable.
- Prior approvals and/or scope changes, approved budget.
- Allocation Plan, if applicable.
- Approved Negotiated Indirect Cost Rate Agreement or the Cost Accounting, Fiscal, Financial and Administrative, practices and procedures for the following controls:
  - Regulations/codes, along with written business procedures for the following controls:
  - General Ledger (GL) data to include detailed transactions (revenue and expense) recorded for the CSBG award during fiscal year ending (FYE) 2015 and 2016 (10/1/2014–9/30/2016), along with the Trial Balances, and detailed Financial Statements.
  - Corrective Action Plans for the most recent OMB A-133 Single Audit for FY 2015, if applicable.
  - Draw Down procedures for the PMS reimbursements.
- During this meeting, OCS will ask the State to send recommendations for possible CAA site visits. Specifically, they will ask for the top and bottom performers.
ON-SITE VISIT

On-site Visit

- What materials did you have available?
- What other materials were requested?
- How long was the visit?
- Who participated in the on-site visit?
  - What state staff?
    - Their roles/responsibilities/departments
- Did you prepare a presentation for the initial meeting?
- Describe visits with CAAs:
  - Process
  - State involvement
  - Feedback from CAAs
OCS Onsite Assessment

- May 15, 2017-May 19, 2017
  - Entrance Interview 5/15/17
    - OCS Provided PowerPoint
    - Present: Audit Services, Fiscal, Program, Executive Leadership
    - Reviewed process and key points
  - Onsite Assessment
    - OCS Interviews with Audit Services, Fiscal, and Program
    - OCS requests of additional documentation as needed
      - Contracts
      - Agency Contracts
      - Contract Process
      - Central Procurement Procedures/Link
      - Legislative Hearing Information

- Onsite Assessment
  - OCS Interviews with Audit Services, Fiscal, and Program
  - OCS requests of additional documentation as needed
    - Contracts
    - Agency Contracts
    - Contract Process
    - Central Procurement Procedures/Link
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State Preparations for the CSBG State Assessment

- What materials were available?
  - Financial Interview:
    - Explain the drawdown procedure.
    - Explain cost allocation.
    - Explain financial oversight.
    - Explain payment processing.
    - Explain financial monitoring. (be prepared to provide a report on each agency's board seats)
  - Programmatic:
    - Explain policies and procedures.
    - Explain oversight.
    - Explain development of the State Plan.
    - Explain program as it relates to the state (be prepared to provide a report on each agency's board seats)
    - Explain discretionary funding.
    - Explain state's technical assistance

- How long was the visit?
  - Four Days with 3 onsite visits
  - 5 OCS Auditors

- Who participated in the on-site visit? What state staff?
  - BCAEO (Directly connected to CSBG)
    - Executive Director: Finance/Program/Monitoring
    - Deputy Director: Finance/Program
    - CSBG Specialist:
      - Program
      - Grant Management Program
      - Grant Management
    - Budget Director: FY 2017
    - Budget Analyst: Finance
    - Accounting Manager: Financial/Drawdown
    - Federal Rep.: Analyst
    - Office of Quality Assurance
    - QM Manager
    - Departmental Oversight
      - Departmental Oversight
      - Finance/Program
EXIT INTERVIEW, OCS REPORT/RECOMMENDATIONS AND STATE FOLLOW-UP

Exit Interviews
OCS Recommendations

• Exit Interview
  – Process
  – Who was involved?

• Draft/Final Report
  – Recommendations
  – Findings

State Assessment Observations

**Items for Considerations**

- Arkansas may want to consider implementing an attestation tool to address areas of non-compliance or deficiencies in the Tripartite board composition.
- Should reach out to Head Start liaison for updates on their Eligible Entities, potential training to staff to understand basic requirements of eligibility.
- Arkansas may want to redefine how findings or deficiencies are presented for clarity.
- The time frame from a monitoring report and the time the State takes to address the deficiency.
- May want to reconsider voucher receivable process (could lessen the burden, more cost effective, )
Highlights

Positives:

• Audit Department reviews eligible entities single audit for different programs
• Monitoring relationship with Eligible Entities is very close
• Quarterly Meetings with Entities and Association
• Has 14 ROMA trainers within the State
• Drug Treatment facilities run by agencies within urban populations

Exit Interview/OCS Recommendations

Exit Interview (OCS provided PowerPoint) 5/19/17
• Present: Audit Services, Fiscal, Program, Executive Leadership
• Reviewed best practices, site visits, key observations, findings and process
  • Best Practices
    • Robust Accounting System (Edison)
    • Monitoring Tools (Community Action Partnership Tools, et al)
  • Site Visits
    • Comprehensive Case Management Tracker and state required all agencies use tool
    • STAR (Self-Sufficiency Training and Results) Program
    • Inside Out Dads Program, transportation, and audit trails

– Observations
  • Costs incurred after end of contract period; OPM requested amended SF-425 with explanation of adjustments
– Findings
  • Timeliness of the award of contract (9 month delay) seen as a reduction in time funds are available

Recommendations:
• Increase the length of time funds available to eligible entities; consider issuing the award upon availability and consider issuing through the end of the grant period.

– OCS Reporting Process
  • Formal draft report within 60 days
  • State has 30 days to respond
  • State response (should include Corrective Action Plan for all noted deficiencies if applicable), if needed, a teleconference maybe held to further discuss and resolve any disagreements

Exit Interview/OCS Recommendations
Exit Interview/OCS Recommendations

- Draft Report Received, 11/17/17
- Coordinated Internal Response
- DHS Questioned Response Date, 11/30/17
  - Dated 11/9/17; Rec’d 11/17/17
- Response from DHS Sent, 12/12/17

Key Learning:
Use “A Self-Assessment Tool for State Offices” to provide new worker orientation, organize your files, and assure compliance of the CSBG Performance Management System.

Michigan State Preparations for the CSBG State Assessment Exit Conference

- OCS developed a PowerPoint for the Exit Conference
  - Best Practices
    - Statewide Database (Repository system)
    - OCS Questioned Response (Risk Assessment Tool)
  - Site Visit Summary
    - Aligned with units, agencies, and SCAO, transition to the CSBG Program. The shared services agreement between strong agency and a weaker agency that is rebuilding
  - State Assessment Observations
    - Non-compliance with State and Federal Regulations regarding Tripartite Board
      - BCAEO policies and procedures require vacancies to be filled within 90 days.
      - Nine entities with tripartite board vacancies that exceeded 90 days.
    - Opportunities for Improvement
      - Develop process to ensure tripartite board information is accurate.
  - General Ledger Testing
    - One instance of unallowable charges to CSBG.

Michigan State Preparations for the CSBG State Assessment Draft Report Summary

FINDING ONE: TRIPARTITE BOARD—Partially Compliant

OCS found that a number of the local eligible entities within the State of Michigan were not in compliance with state and federal requirements governing Tripartite Boards. As required under Section 678B of the CSBG Act, entities’ boards must be comprised of at least one third representatives of low-income individuals and families, one third elected officials (or their appointees), and the remainder business, industry, labor, religious, law enforcement, education, or other major groups and interests in the community served.

OCS noted that the state has a policy for the eligible entity compliance with the Tripartite Board requirement. However, among the 29 local eligible entities within the State of Michigan, nine (9) out of 29 board vacancy positions had not been filled within the prescribed 90 days. During observations, OCS noted the majority of 9 board vacancies existed in the sector of public elected officials.

Required Action(s)
MDHHS must additional steps to enforce its Tripartite Board policies and follow a course of action to ensure routine compliance with Tripartite Board requirements throughout the Michigan CSBG network.