

NATIONAL ASSOCIATION FOR STATE COMMUNITY SERVICES PROGRAMS



Making the Grade

20
23

ANNUAL TRAINING
CONFERENCE
SEPTEMBER 25 - 29



WELCOME



Agenda



- **Monitoring**
 - Purpose
 - Approach
 - Standards and Process
 - Monitoring Report



Navigating the CSBG Monitoring Process



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Monday, September 25, 2023

CSBG Review Process

Overview of State Responsibilities



- 1. Enter into CSBG subaward agreement with CAAs**
- 2. Monitor and conduct follow-up as required**
- 3. Inform of deficiency and require correction**
4. Provide T/TA and/or QIP
5. Provide notice and hearing on record if deficiency not corrected
6. Determine if cause exists to reduce or terminate funding
7. Initiate reduction in or termination of funding if cause exists
8. Opportunity for federal review by HHS

Laws and Guidance



- **Federal Community Services Block Grant (CSBG) Act**
 - Section 672, *et. seq.* (42 U.S.C. § 9901 *et. seq.*)
- **HHS Block Grant Regulations**
 - 45 C.F.R. Part 96
- **Information Memoranda (IMs) – non-binding guidance**
 - IM 116, IM 138
- **State CSBG Laws**
 - Statutes, regulations, award terms and conditions, informal guidance
 - KEY:** States primarily responsible for grant administration

Monitoring

Purpose



Why does a state need to monitor?

- Stewards of federal CSBG funding
 - Are funds being spent to further the grant purposes?
 - Do CAAs have the continued capacity to carryout the goals of the CSBG Act?
- Required by the federal CSBG Act

Monitoring

Purpose



- ~~GO TO TA!!~~
- Provide CAA **feedback** on **effectiveness** of programs
- Assist leaders with making **changes**
 - Early warning system
 - Build upon strengths
- Provide State with data to **assess statewide network**
 - Note trends to provide more effective T/TA

Monitoring

Approach - General

- ~~Self-interest~~
- ~~Secrecy~~
- ~~Confrontation~~
- Mutual respect
- Open communication
- Joint problem solving



Monitoring

Approach – Arkansas



Bridging Across Barriers: The Wonder State



CSBG, Monitoring



Board of Directors, Executive Director, Program Director, State Administrator



2022



At first glance, a state CSBG office and state association might seem like an odd couple. State CSBG offices administer CSBG funding and oversee and monitor CAAs in the state.

Monitoring

Approach



- **Does your state agency share this approach to monitoring?**
- **Do you communicate regularly with your state's CAAs?**
 - What form does that take? Individual? Group?
- **Does the process differ in your state? How?**
- **Do you communicate regularly with the CAAs?**
- **Why or why not?**

Monitoring

Approach



A state CSBG office that communicates regularly with CAAs in its state will:

- Build trust and respect
- Better understand CAA operations and challenges
- Learn about potential problems before a formal monitoring
- Proactively provide assistance and training to CAAs
- Be seen as a partner by CAAs

Monitoring

Standards – Federal CSBG Act Requirements



A state CSBG office conducts the following reviews of a CAA:

- Full on-site review at least once **every 3 years**;
- On-site review of newly-designated entities after first year;
- Other reviews as appropriate; and/or
- A prompt follow-up review

Sec. 678B(a)(1-4)

Monitoring

Standards – Federal CSBG Act Requirements



- The federal CSBG Act **requires** states to monitor CAAs on:
 - Performance goals;
 - Administrative standards;
 - Financial management requirements; and
 - Other state requirements
 - Includes CSBG Organizational Standards

Sec. 678B(a); Appropriations Act of 2016, P.L. 114-113, Div. H, Title II

Monitoring

Standards – Performance Goals



- Purposes and goals of federal CSBG Act
- State assurances in state plan
- Performance measurement system (ROMA)
- Drug and child support services and referrals
- Performance reporting requirements for subgrantees
 - Compare actual accomplishments with goals and objectives

Monitoring

Standards – Administrative Standards



- Board composition – Tripartite!!!
- Board composition and governance guide (IM 82)
- Limitations on use of CSBG funds
 - e.g. no political activities!
- CSBG terms and conditions

Monitoring

Standards – Financial Management Requirements



- Fiscal controls and audits
- Corrective action, termination or reduction of funding guidance (IM 116)
- Cost principles (2 CFR Part 200)
- Single audit

Monitoring

Standards – State Requirements



- State CSBG Act and regulations
- State CSBG Plan
- State CSBG contract with CAA
- CSBG Organizational Standards
 - Alternative set of standards must be at least as rigorous and comprehensive as those in IM 138

Monitoring

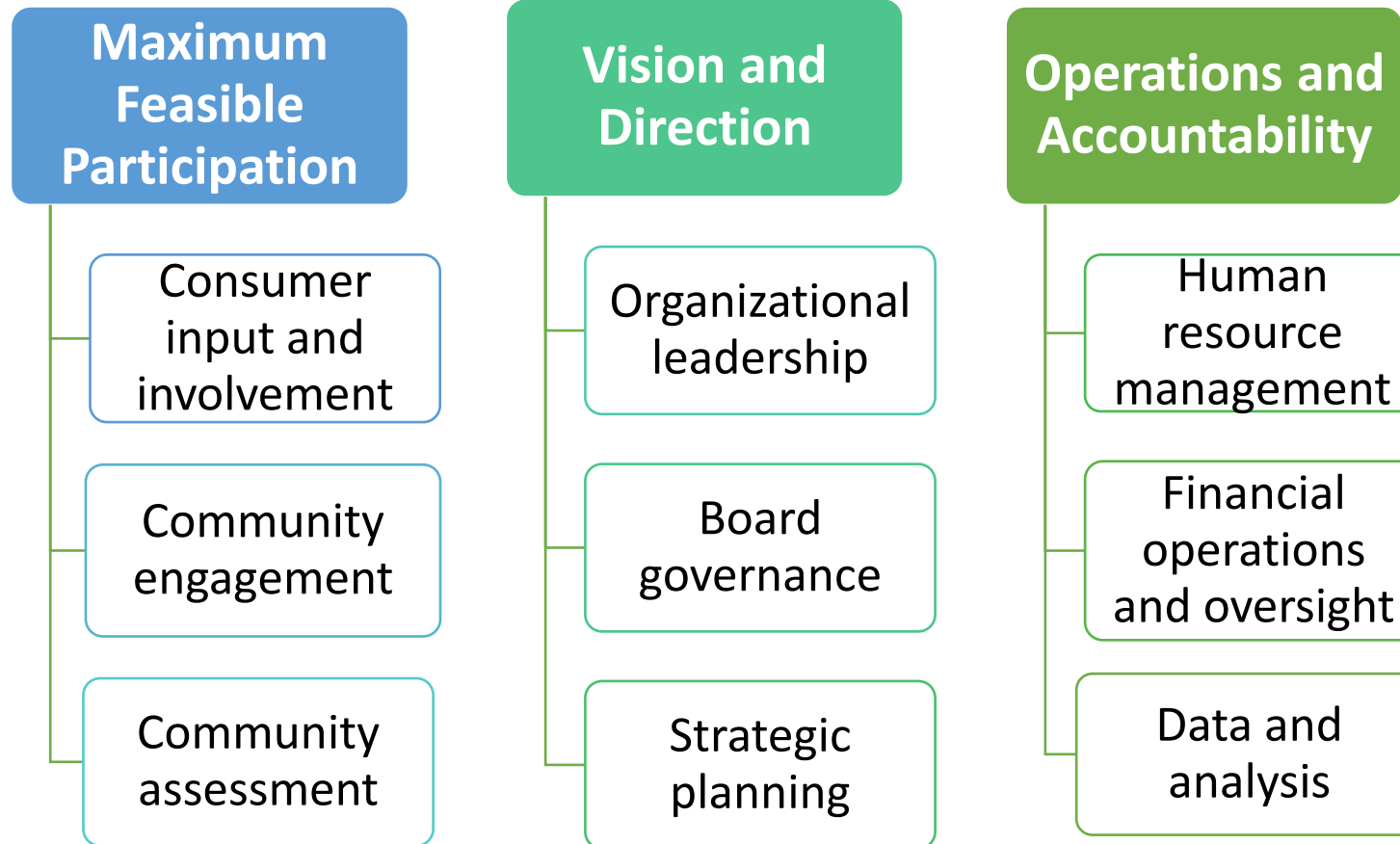
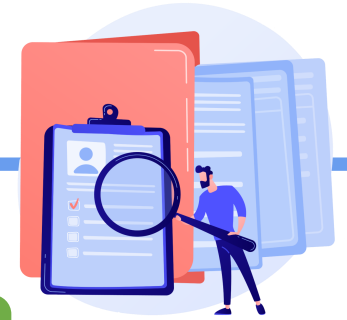
Standards – CSBG Organizational Standards



- Final version issued by federal Office of Community Services (OCS) in **IM# 138** in January 2015
- Purposes:
 - Strengthen the **organizational capacity** of local CAAs to serve low-income communities
 - Increase **accountability** of the CSBG network
 - **58 standards** (nonprofit CAAs) / **50 standards** (public CAAs) developed by CSBG Organizational Standards Center of Excellence (COE)

Monitoring

Standards – CSBG Organizational Standards



Organized in three thematic groups comprising nine categories

Monitoring

Process – Contract



CSBG Contract

- **First** point of reference
- CAAs monitored on compliance with contract terms
- May be revised and negotiated prior to a CAA signing
 - **Communicating** and negotiating beforehand can prevent problems down the road

Monitoring

Process – Preparation



1. Share monitoring tool as it serves as a guide for CAAs
2. Make available the following information about:
 - Monitoring process (including what constitutes a deficiency)
 - Corrective action approach
 - Timelines
 - Training and technical assistance available
 - Quality improvement plan process (or corrective action plans)
 - Reductions and terminations of funding process
 - Notice and hearing procedures

Monitoring

Process – Preparation



3. Communicate implications of not meeting a legal requirement
4. Allow time for CAAs to locate information and prepare responses
5. Make information easily accessible

Monitoring

Process – Monitoring Tool



Monitoring Tool

- No national uniform monitoring tool exists; **BUT**
 - CSBG Organizational Standards intended to promote uniformity across network
 - States must monitor for compliance with Organizational Standards or state's own similar standards

Monitoring

Process – Monitoring Tool



Monitoring Tool

- Tie each question that may result in a deficiency to a legal requirement:
 - Federal CSBG Act
 - Other applicable federal laws or regulations
 - State's CSBG Act and/or regulations
 - CAA's CSBG contract with the state

Monitoring Report



- When determining whether a finding exists, consider:
 - Checking with CAA on the facts that are serving as the basis for the finding
 - Be aware of the alternative interpretation(s) of the Act that may exist
 - Stay focused on the intent
 - Be prepared to respond to CAA's request for clarification, details, citations

Corrective Action

Overall Process



- **If state determines deficiency exists as a result of monitoring, it shall:**
 - 1) Inform the CAA of deficiency to be corrected
 - 2) Require CAA to correct deficiency
 - 3) Offer training and technical assistance (T/TA) or state reasons for not doing so
 - 4) Allow, at its discretion, an opportunity for the CAA to submit a quality improvement plan (QIP)
 - 5) Initiate proceeding to reduce/terminate funding unless the CAA corrects the deficiency

Corrective Action

Deficiency

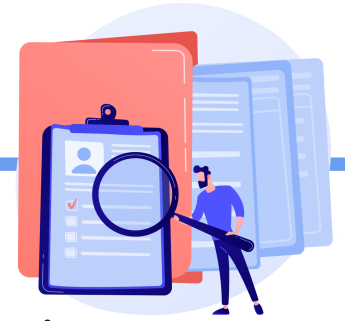


- The federal CSBG Act indicates that a deficiency exists when:
 - A CAA fails to comply with the terms of its CSBG agreement with the state, the state plan, or to meet a state requirement
- Giving a deficiency does not result in an automatic funding reduction or termination, i.e., states must follow the corrective action process
- **Note:** states may use different terms to indicate deficiency levels

Sec. 678C(a)

Monitoring

Process – Monitoring Report



- State must inform of deficiency and give opportunity to correct it
- OCS recommends that state CSBG office:
 - Document basis for a performance deficiency or failure to comply with a state requirement
 - Maintain records of correspondence or other communications relating to actions taken, including enforcement actions

IM 116

Sample Monitoring Report

Finding



1. Limitations on Use of CSBG Funds

CAA used CSBG funds to pay for permanent improvements to its administrative building. CAA used the funds to partially pay for the replacement of the building's roof. The federal CSBG Act at 42 U.S.C. § 9918(a) clearly states that unless HHS provides a waiver, CSBG funds may not be used for the permanent improvement of any building.

Sample CAA Response

Finding



1. Limitations on Use of CSBG Funds

The work we completed on our CSBG administrative offices was not a permanent improvement, rather we repaired sections of the roof that had deteriorated because of age and were leaking during heavy rainstorms. We made these types of repairs using the same type of materials that were used to replace the roof 15 years ago. The partial use of CSBG funds for these repairs is thus an allowable cost.

It is our understanding that work performed on a building that is considered a permanent improvement materially increases the permanent value of the property; appreciably prolongs the life of the property; and puts the property in efficient operating condition rather than merely keeping the property in such condition. Work that falls into one or more of the above categories may not be paid for with CSBG funds without a waiver from HHS. See 45 C.F.R. § 75.439.

Sample CAA Response



The work we performed on our building qualifies as maintenance and repair. It is our understanding that work that qualifies as maintenance and repair, and not capital expenditures, under 45 C.F.R. Part 75, is not considered a permanent improvement, and, therefore, is neither prohibited by the CSBG Act nor requires a waiver from HHS to be an allowable cost. Part 75 provides that:

Costs incurred for utilities, insurance, security, necessary maintenance, janitorial services, repair, or upkeep of buildings and equipment (including Federal property unless otherwise provided for) which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition, are allowable. Costs incurred for improvements which add to the permanent value of the buildings and equipment or appreciably prolong their intended life must be treated as capital expenditures

45 C.F.R. § 75.452

Sample Monitoring Report

Takeaways



- Understand facts and laws related to deficiency
- What is open to interpretation and what is required?
- Consider flexibilities
 - e.g., block grants leave a lot up to states, but what are the areas that CAAs can still make decisions about funding?

Corrective Action



TO BE CONTINUED...

239 Resources
60 Topics
20 Types

Including:

Articles

Legal Updates

Sample Policies

Webinars

Videos

Training Modules

Interactive e-guides

Case Studies

Podcast (*new!*)

Visit CAPLAW's **Resource Library!**



Community Economic Development for CAAs

As part of their mission to lift people with low incomes from poverty to self-sufficiency, Community Action Agencies (CAAs) often seek to spur growth and build wealth in their communities through job creation and business development. These efforts can generally be referred to as "community..."



Mastering the A-B-CSBGs: Tripartite Board Selection and Composition

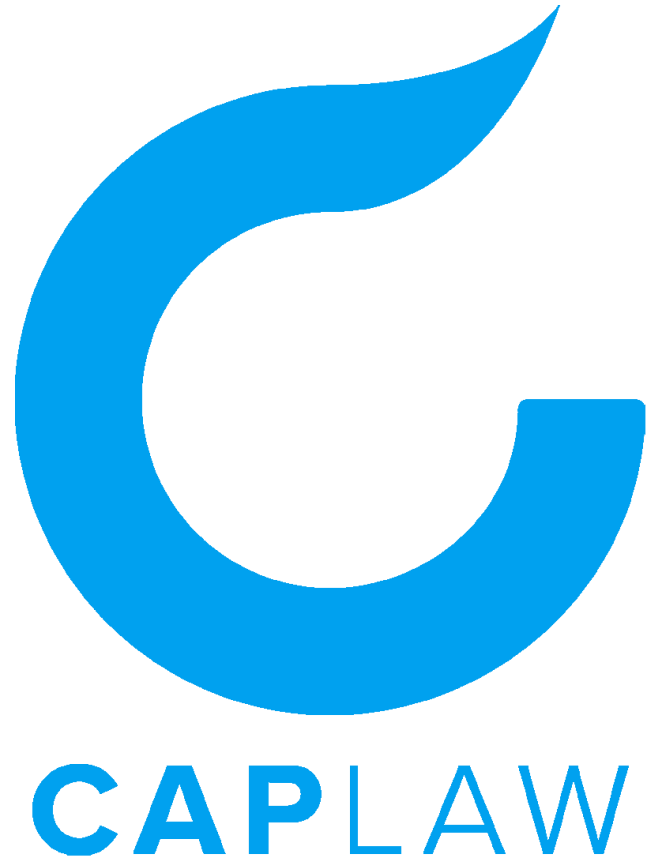
Maintaining a tripartite board is challenging enough without questions about who can serve and how to elect them. In this session, we reviewed the rules and guidance applicable to the public, private, and consumer sectors. This session is part of CAPLAW's Mastering the A-B-CSBGs series, which...



Election Year Refreshers for Nonprofit and Public CAAs

Keeping track of the rules relating to election and campaign activity for both nonprofit and public Community Action Agencies (CAAs) is never easy! As the election season enters its final stretch, read CAPLAW's updated Election Year Refreshers for a quick review of some of the most...

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