

NATIONAL ASSOCIATION FOR STATE COMMUNITY SERVICES PROGRAMS



Monitoring Fundamentals

20
23

ANNUAL TRAINING
CONFERENCE
SEPTEMBER 25 - 29



welcome

Agenda

- Purpose of Monitoring
- Monitoring Standards
- General Monitoring Requirements
- Program Compliance
- Fiscal Compliance
- Process and Procedures

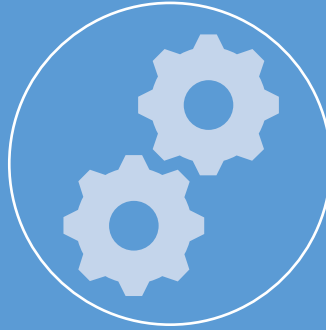




Three Primary Goals of Monitoring



To **verify compliance** with federal as well as state rules and regulations



To gain a general overview, or "**big picture**" of the grantee's work



To **foster partnership** through an approach to the monitoring process that facilitates an open discussion between state office staff and grantee staff



Monitoring for Impact

Is building trusting, transparent, collaborative relationships and providing feedback that will support and help improve the service delivery of eligible entities.



How Monitoring Visits can be Used

Compliance
Only

As a
“Gotcha”

How Monitoring Visits can be Used

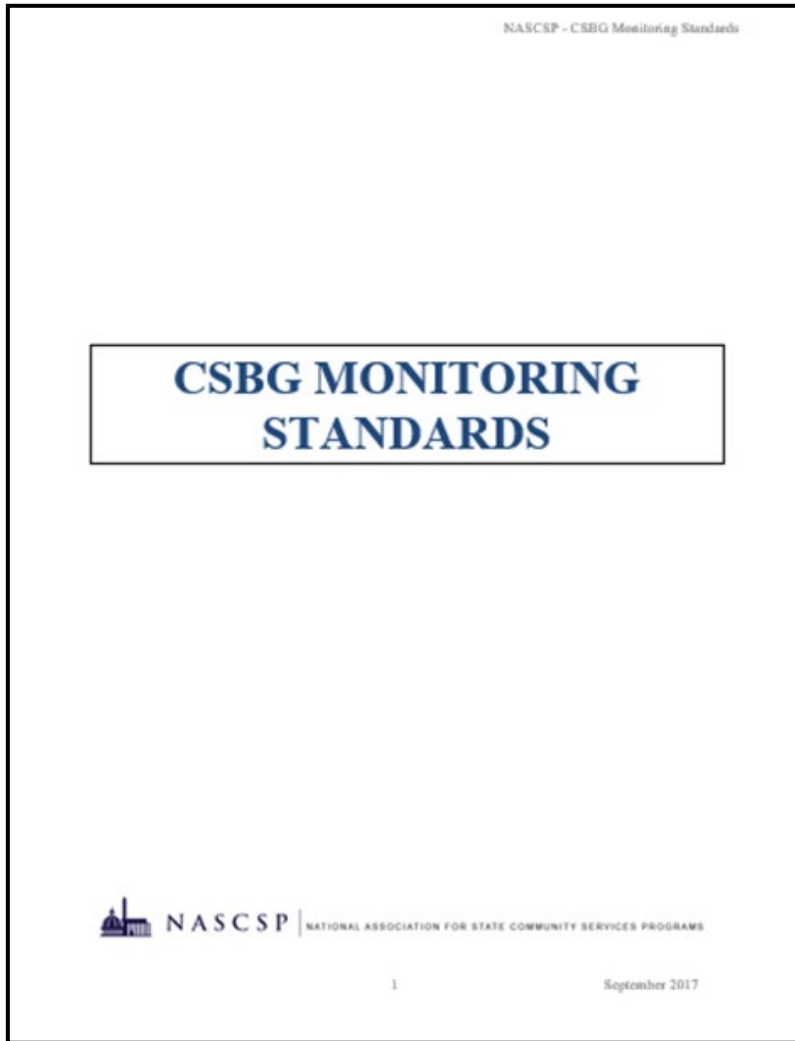
Relationship
Building

Uncovering T/TA
Needs

Sharing Best
Practices

Opportunity for
States to Develop
Linkages

NASCSP Monitoring Standards



NASCSP's Guiding Principles for Monitoring

- Mutual Respect
- Open Communication
- Joint Problem Solving

Whole agency systems approach

<https://nascsp.org/csbg/csbg-resources/performance-management/monitoring/>

NASCSP Monitoring Practices

1. State monitors should look at **more than just compliance** with program rules and regulations.
2. State monitors **assess the effectiveness** of the board of directors.
3. State monitors **assess administrative and leadership capacity** of agency management as it relates to meeting the Board of Director's goals.
4. Monitoring CAAs is part of a process to **strengthen CAAs** and the entire Community Action network.
5. The State CSBG Office must have a system in place to **document and inform the agency of findings and/or deficiencies**.
6. The State CSBG office has a system in place to **provide training and technical assistance** when necessary.
7. The State CSBG Office has considered the **Performance Management Framework**.

Topic Areas to Review

Governance

Assessment
and Planning

Evaluation

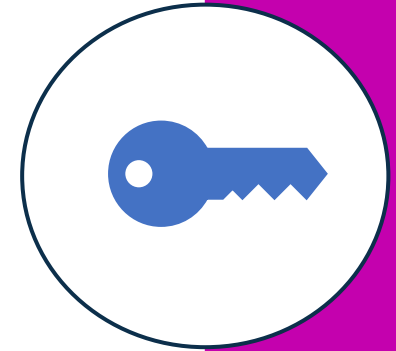
Partnerships

Administrative
Systems and
Procedures

Fiscal
Procedures

Keys to Success

- “Enculturate” NASCSP Monitoring Principles.
- Be responsive, transparent, and communicative.
- Provide access to Training and Technical Assistance resources.
- Use competent, trained, and supported monitoring staff.
- Value the brilliance of your network.
- Strong technical and ethical characteristics are fundamental to monitoring success.
- Remember “why” we monitor and place a priority on the benefits it can offer to the agencies and entities we support.



Communication

- Monitoring Philosophy and Principles
- Monitoring Practices
- Corrective Action
- Training and Technical Assistance (T/TA)



Some Thoughts about Oversight

Standard 3-year monitoring schedule

High-level reviews are performed for early prevention. This might consist of:

- Quarterly Program Report Reviews
- Audit Reviews
- Review of Complaints
- Review of Prior Monitoring Issues

CAAs identified for more frequent on-site review based on a Risk-Assessment:

- Programmatic Risk
- Administrative Risk
- Fiscal Risk

Group Discussion



Considering the monitoring principles, practices, and approaches just discussed:

- How can you incorporate these into your state monitoring?
- What are the strengths of your monitoring?
- What are your challenges?
- What would you like to change?

State Monitoring of CAAs



- State CSBG office will monitor an eligible entity on:
 - Performance goals
 - Administrative standards
 - Financial management requirements
 - Other state requirements
- CSBG terms and conditions

42 U.S.C. § 9914(a)

Monitoring

The State monitors its agencies for compliance with CSBG Act requirements as well as contract requirements and other state requirements.

In addition to the reviews detailed in the CSBG Act, states must also conduct annual reviews of agency's compliance with CSBG Organizational Standards as detailed in CSBG IM 138

- This is in addition to regular reviews. Organizational Standards Monitoring does not “stand in” for the reviews required in the Act.

State Monitoring Requirements

- A state CSBG office is required to conduct the following reviews of a CAA:
 - Full on-site review at least once every 3 years;
 - On-site review of newly-designated entities after the first year;
 - Other reviews as appropriate; and/or
 - A prompt follow-up review if a CAA fails to meet goals, standards, and requirements established by the state



U.S.C. § 9914



Monitoring Requirements

Monitor

Monitor a CAA and conduct follow-up reviews as necessary

Inform

Inform a CAA of a deficiency and require the CAA to correct it

Provide

Provide training and technical assistance to the CAA and accept or reject quality improvement plans developed by the CAA

Act

Take action up to and including de-designation as a last resort



CSBG Act Monitoring Requirements

Performance Goals

- Purposes and Goals, 42 U.S.C. § 9901(2)
- State Assurances, 42 U.S.C. § 9908(b)
- Performance Measurement System, 42 U.S.C. § 9908(b)(12) & 42 U.S.C. § 9917
- Drug and Child Support Services and Referrals, 42 U.S.C. § 9919
- Performance Reporting Requirements for Subgrantees, 45 C.F.R. § 75.342, 2 C.F.R. § 200.328

Administrative Standards

- Board Composition, 42 U.S.C. § 9910
- Board Composition and Governance Guidance, IM 82
- Limitations on Use of CSBG Funds, 42 U.S.C. § 9918
- CSBG Terms and Conditions

Fiscal Management

- Fiscal Controls and Audits, 42 U.S.C. § 9916
- Corrective Action, Termination or Reduction of
- Funding Guidance, IM 116
- Federal Cost Principles, 45 C.F.R. Part 75, 2 C.F.R. Part 200
- Single Audit Requirements, 45 C.F.R. 75.500, et seq., 2 C.F.R. 200.500 et seq.



CSBG Regulatory Framework

- [CSBG Act](#)
- [2 CFR 200](#)- Uniform Guidance
- State Laws
- State Contracts
- Information Memoranda (IMs)
 - Non-Binding Guidance from OCS

State Laws and Regulations



Due to the flexibility of the Block Grant environment, not all states have laws, regulations, or both. State administrators should familiarize themselves with their state's particular set of regulations, if any, regarding CSBG.



Most states have policies and procedures that govern the administration of CSBG and other human services work. State administrators should work to familiarize themselves with their state's policies and procedures regarding CSBG.



State contracts often incorporate by reference any CSBG Act requirements, OMB guidance, state laws and regulations, and policies and procedures. Monitoring procedures, tools, and documents then flow from these contract requirements.

CSBG Information Memoranda

CSBG IMs are non-binding guidance that give us insight into how OCS interprets the CSBG Act and other applicable requirements.

<https://www.acf.hhs.gov/ocs/resource/csbg-information-memoranda>

CSBG IM	DESCRIPTION
CSBG IM 37: Definition and Allowability of Direct and Administrative Costs	Provides guidance on using funds for the administration of other programs; direct vs administrative costs
CSBG IM 49: Program Challenges, Responsibilities and Strategies, FY 2001-2003	Establishes ROMA as a requirement for the network
CSBG IM 82: Tripartite Boards	Outlines requirements of Tripartite board membership, composition, and key functions
CSBG IM 116: Corrective Action, Termination, or Reduction of Funding	Provides guidance on the requirements and procedures for termination or reduction of funding
CSBG IM 138: State Establishment of Organizational Standards for CSBG Eligible Entities	Establishes Organizational Standards for Eligible Entities; this is the only legally-binding IM
CSBG IM 144: State and Federal Accountability Measures and Data Collection Modernization	Establishes State and Federal Accountability Measures



Program Compliance

- Intake process
- Client Eligibility & Verification
- Case files
- Coordination of LIHEAP & WIOA
- CSBG Organizational Standards
- Tripartite Boards
- Comprehensive Community Needs Assessment



CSBG Organizational Standards

COMMUNITY SERVICES BLOCK GRANT

Information Memorandum

U.S. Department of Health and Human Services
Administration for Children and Families
Office of Community Services
Division of State Assistance
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447

Transmittal No. 138

Date: January 26, 2015

TO: State Community Services Block Grant (CSBG) Administrators, U. S. Territory CSBG Administrators, Eligible Entities, and State Community Action Associations

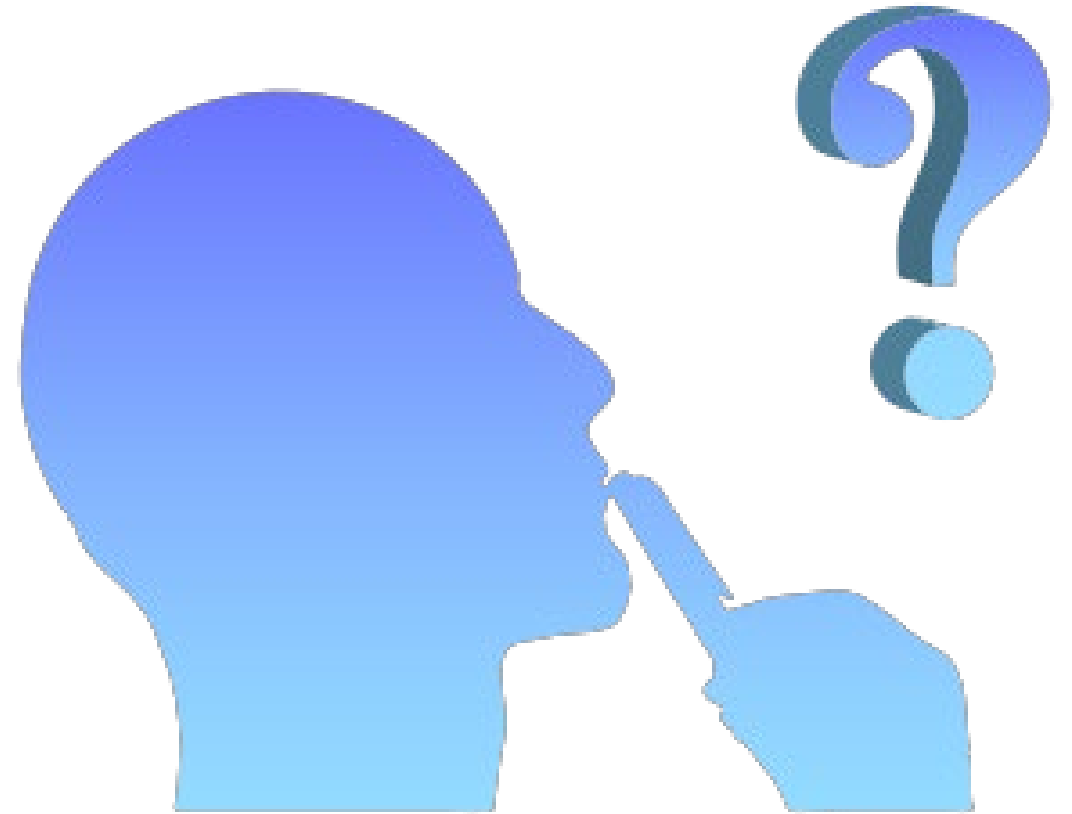
SUBJECT: State Establishment of Organizational Standards for CSBG Eligible Entities under 678B of the CSBG Act, 42 U.S.C. § 9914

- IM 138 established org standards
 - 58 for Private CAAs
 - 50 for Public CAAs

It is the state's role and responsibility to ensure Eligible Entities are implementing the standards to improve organizational capacity.

Considerations for Standards

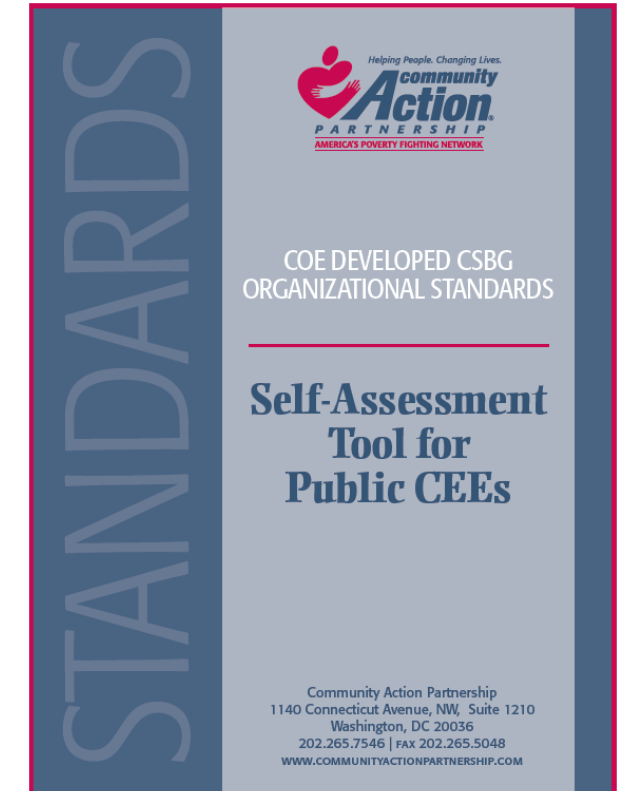
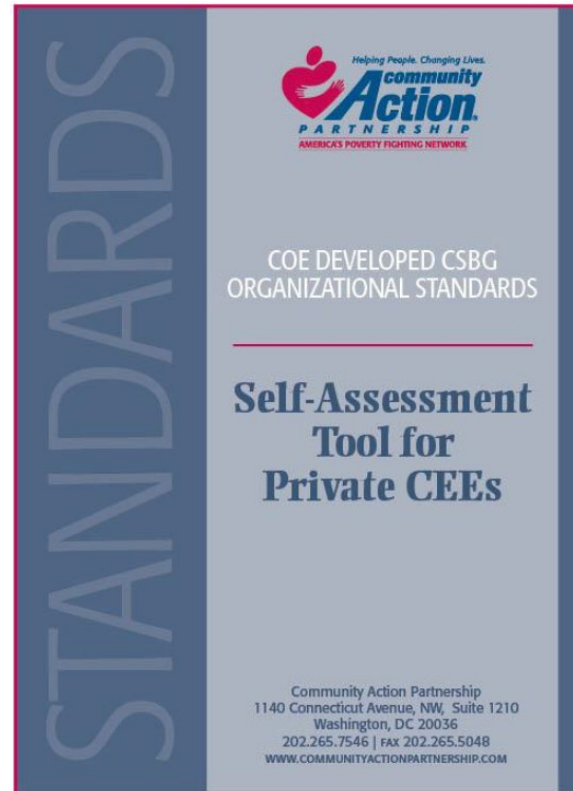
- Intended to be “Met/Not Met”
- Designed to create a consistent measure of quality across states and agencies
- Make clear Community Action’s longstanding commitment to accountability
- States will need to project % of standards to be met in State Plans and report out to OCS on progress of standards in the CSBG Annual Report.



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Org Standard Monitoring Tools

- Assessment Tools:
 - [State Assessment Template](#)
 - [Self-Assessment for Private CEEs](#)
 - [Self-Assessment Tool for Public CEEs](#)
- [COE Developed Standards Language](#)
- [COE Guidance](#)
- [CAPLAW Organizational Standards](#)



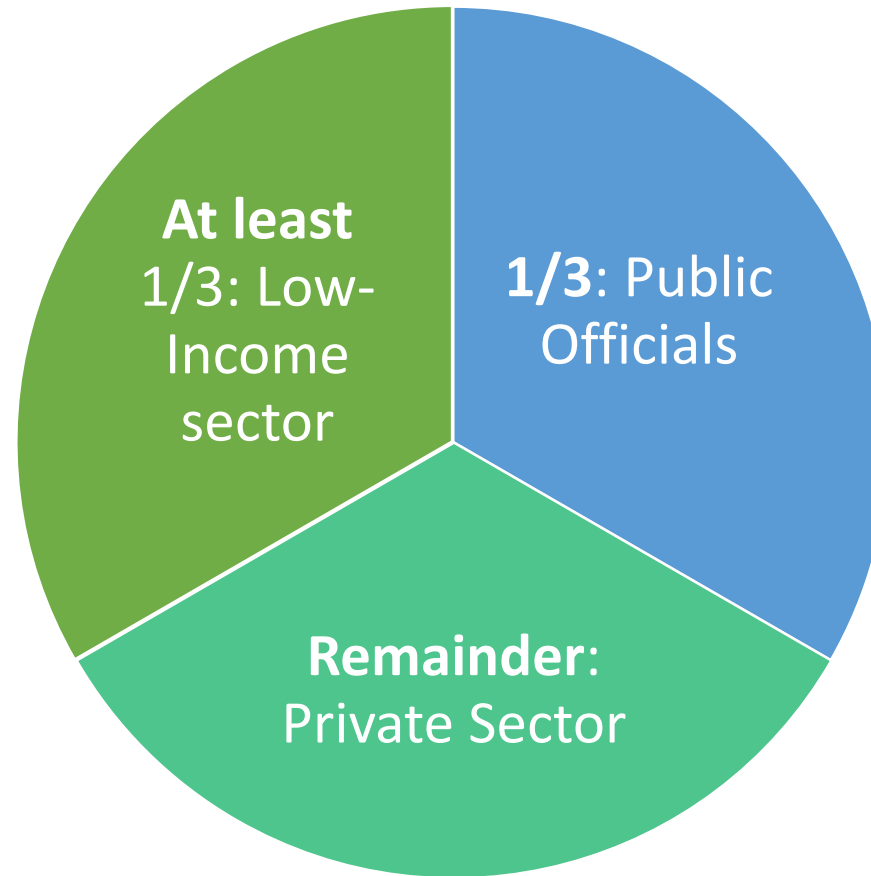
Please note, that not all suggested documents listed for each standard are required.

Tripartite Boards

Federal CSBG Act

- Tripartite board administers CAA's CSBG program
 - Except for public CAAs in cases where state specifies another mechanism that assures decision-making and participation by low-income individuals
- The federal CSBG Act doesn't address board size
 - Some state CSBG laws/regs impose board size requirements
 - Most CAAs have between 15 and 36 board members

Tripartite Board Composition



CSBG [IM 82](#) provides critical information on Tripartite Board Composition

Low Income Representatives



Should represent current low-income residents, but don't need to be low-income themselves



Must be democratically selected to assure that they are representative of low-income people in the service area



Must be able to participate actively in the development, planning, implementation, and evaluation of CSBG programs

Other Tripartite Board Members

Public Sector

- Under federal law, **no longer required** to include or **be chosen by “chief elected officials”**
- **CSBG Act** says “**holding office at the time of selection**” – Check state laws/regs
- OCS IM 82 recommends that public officials serve only while in office
- **If elected officials are not available, may include appointed**

Private Sector

- Should be officials or members of **business/labor industry, religious, welfare, education, law enforcement, or other major groups/interests** in the community served
- Usually, the grantee **may choose representatives** from organizations or individuals **BUT check your state laws/regs**

Vacancies

- Vacancies should be filled as quickly as possible
- Best practice: Bylaws should specify how vacancies in each sector will be filled, the term length of replacement, and how partial term counts toward term limits if any
- Board seat replacements once chosen through the appropriate process



Tripartite Board Requirements: Sources

CSBG Act

State nonprofit
laws

State CSBG
statute or
regulations

State CSBG
policy

Contracts with
local CSBG
eligible entities

Knowledge Check!

An eligible entity has 12 seats on its board. Of them:

- 5 individuals are representatives of individuals with low-incomes;
- 4 individuals are public officials;
- 3 individuals are representatives of the private sector.

Is this board in compliance with the CSBG Act?

- A.) Yes
- B.) No



CNA Requirements

- Agencies are required to conduct a Community Needs Assessment by the CSBG Act
 - CSBG Act Sec. 676(b)(11):
 - “...**the State will secure from each eligible entity** in the State, as a condition to receipt of funding by the entity through a community services block grant made under this subtitle for a program, a **community action plan** (which shall be submitted to the Secretary, at the request of the Secretary, with the State plan) **that includes a community-needs assessment** for the community served, which may be coordinated with community-needs assessments conducted for other programs”
- Funding decisions should be based on the results of the Community Needs Assessment
- Requires broad input from the community, including people of low income themselves
- Review the Organizational Standards and state guidance to ensure Needs Assessment meets requirements



Community Needs Assessment



A systematic process for creating a profile of the needs & resources of a given **community** or **target population**



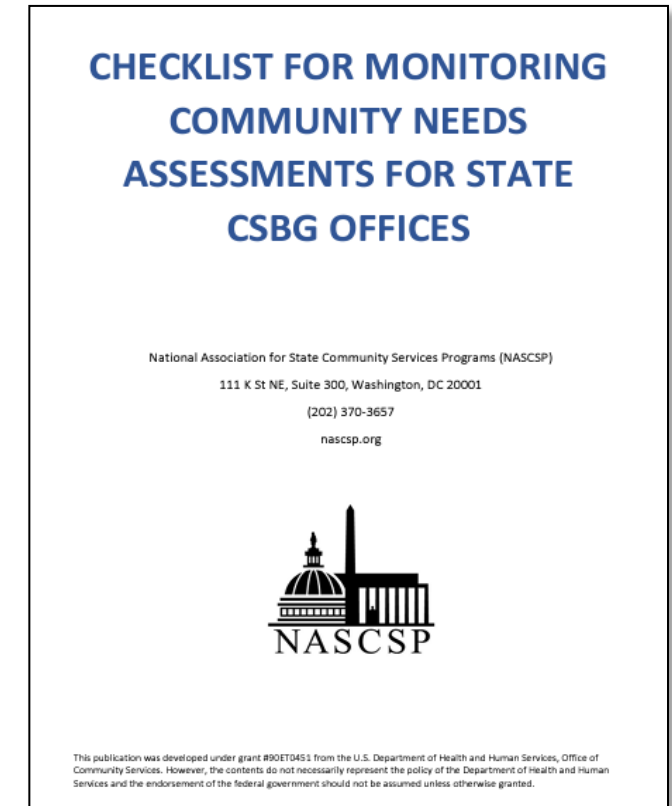
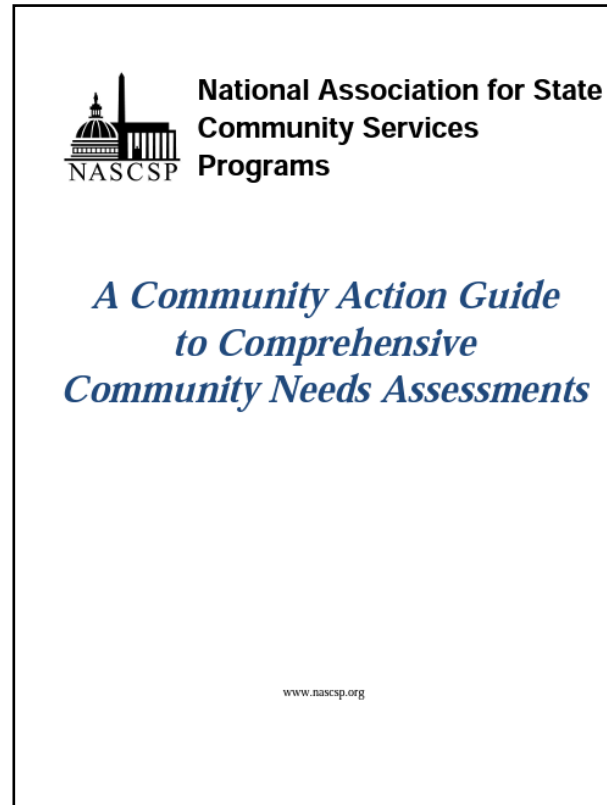
A process that produces a clear **description of the specific causes & conditions of poverty** that are facing individuals and families in a given community



The community needs assessment process **takes into consideration the existing resources** available in the community to meet the needs of its residents with low income, and the gaps in existing resources that are preventing economic mobility

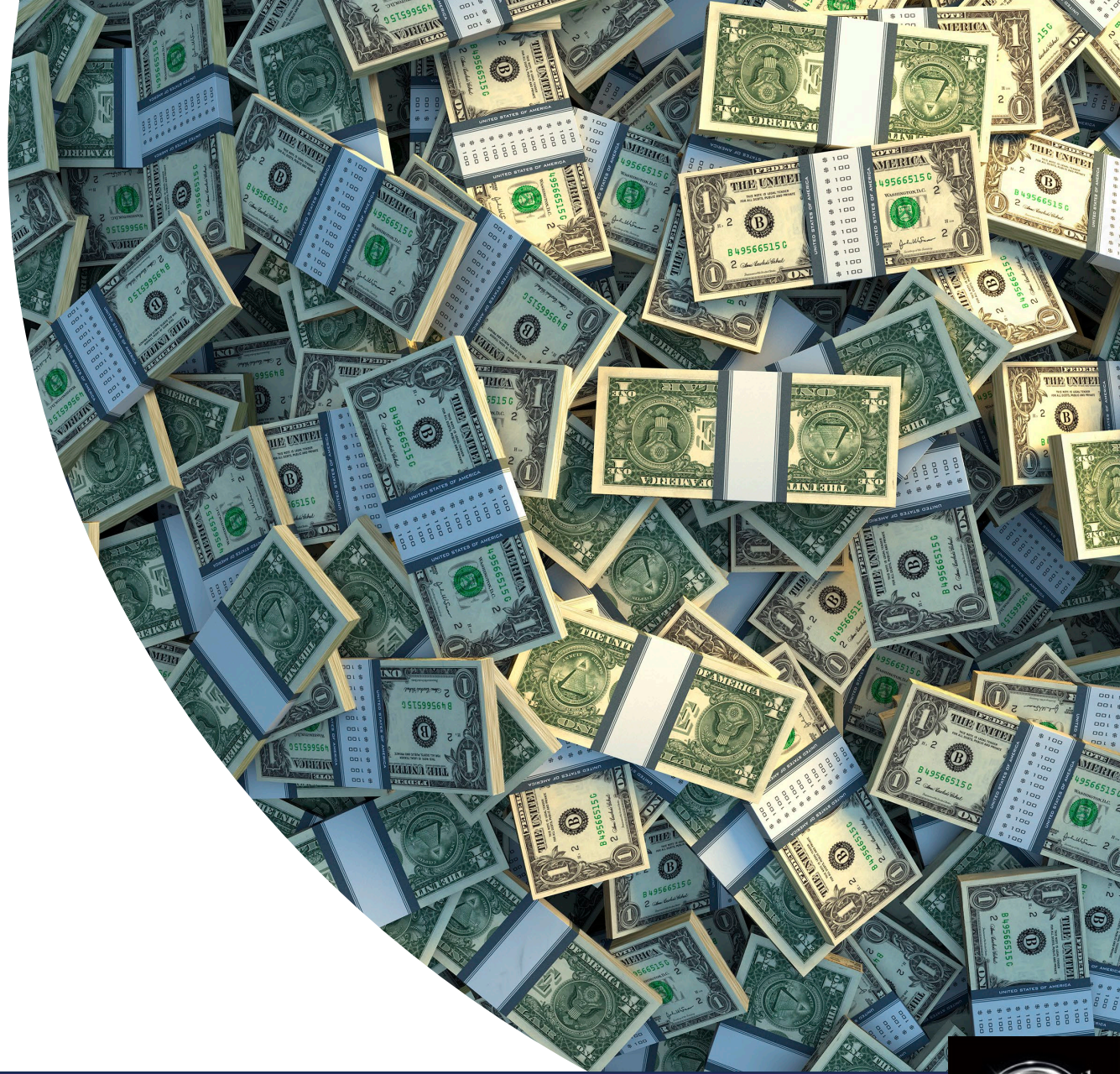
CNA Tools

- Comprehensive Guide to Community Needs Assessments
- Checklist for Community Needs Assessments for State Offices



Fiscal Compliance

- Internal Controls
- Administrative and Indirect Costs
- Procurement Policy
- Equipment Disposition
- Equipment Purchases
- Audit Requirement
- Fidelity Bonds and Insurance



Must Haves

Appropriate systems

- Written financial policies and procedures
- Proper segregation of duties
- Timely reconciliations
- Journal entry control

Qualified and competent people

- Written personnel policies and procedures
- Staff development and appraisals

Sound governance

- Timely review of budget vs. actuals

Audit

Allowability

In a block grant environment, determinations of allowability are made at the state (not federal) level.

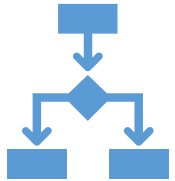
States are responsible for interpreting existing guidance to make determinations of cost allowability.

- CSBG Act
- Uniform Guidance
- CSBG Information Memoranda

As long as a state's determination of allowability is not "clearly erroneous", OCS normally defers to the state's interpretation.

Internal Controls

Internal Controls: a process designed to provide reasonable assurance regarding the following



Effectiveness and efficiency of operations



Reliability of financial reporting



Compliance with applicable laws and regulation

Common System Deficiencies

1. Lack of Segregation of Duties
 - Especially in smaller organizations
2. Lack of or outdated policies and procedures
 - Review every 3 years
3. Late reporting to the board and/or state.
4. Undocumented procedures
5. Lack of controls over specific exposures:
 - Ghost employees/Fictitious vendors/Journal entries
6. Inadequate Board or Management oversight

Common Findings

- Inadequate account reconciliations
- Unsupported adjusting journal entries
- Inadequate supervision of staff
- Staff lacking appropriate accounting skills
- Lack of risk assessment
- Out-of-date financial policies and procedures
- Lack of financial monitoring
- Past due financial processing
- Inadequate approval processes
- Undocumented cost allocation process
- Inadequate support documentation
- Reimbursement requests not reconciled to general ledger

The Monitoring Strategy

Use Risk Assessment to inform monitoring schedule

Develop/update monitoring tool for the year

Send announcement letter, at least 30 days in advance

Entrance Interview

Perform review

Exit Interview

Complete monitoring report

Develop T/TA around common issues/findings

Risk Assessment & Monitoring Schedule

- States are required to conduct risk assessments of grantees
- This risk assessment should inform your monitoring schedule
 - Split agencies between three years
 - Agencies to visit first = high-risk and/or low previous monitoring score
- Schedule monitoring trips and share at beginning of program year:
 - Avoid bad weather
 - Avoid national and state association conferences
 - Plan at least two weeks in between agencies
 - Consider other major deliverables or events

Risk Level	Triggers	Action
Low	<ul style="list-style-type: none">• Observations• Feedback from other divisions	<ul style="list-style-type: none">• Check on next quarterly review
Medium	<ul style="list-style-type: none">• Board issues• Infrastructure issues within case management services	<ul style="list-style-type: none">• Add desk review• Depending upon desk review findings, may add on-site monitoring
High	<ul style="list-style-type: none">• Disallowed costs• Repeat compliance issues• Turnover of executive staff	<ul style="list-style-type: none">• Take priority• Add to on-site monitoring• Kept on more frequent monitoring until issues resolved

NOTE: All agencies are monitored on-site at least every 3 years

Top 10 Risks

1. Loss of Government funding
2. Reduction in Foundation funding
3. Lack of succession plan
4. Workplace injury
5. Fraud
6. Data security
7. IT downtime
8. Unrelated business activities
9. Disgruntled former employee
10. Natural disaster

Levels of Risk

Environmental

- Funding
- Legislative change
- Economy

Organization

- Governance
- Weather
- Brand
- Lawsuit
- Employees

Transaction

- Fraud
- Error

Monitoring Tools Should . . .

- Be developed based on the requirements from the Act, Contracts, State Regs, Policy, etc.
 - Pro Tip! Include the legal reference
- Be shared with agencies in advance of monitoring
- Check out peer tools on the NASCSP Member Portal:
<https://nascsp.org/member-resources/csbg-member-only-resources/peer-to-peer-requests/monitoringtools/>
- Check out the [SMWG page](#) for Monitoring Best Practices and tools



Announcement Letters Should . . .

- Be shared at least 30 days in advance.
- Identify contracts and timeframes to be monitored.
- Include any specific documentation to submit for desk review with a due date.
- Confirm dates for on-site monitoring.
- Provide a monitoring schedule by day.
- Ensure Monitoring Tool(s) and expectations are shared in advance.



Monitoring Reviews Should . . .

- Financials: budgets, general ledgers
- General: policies and procedures
- Procurement: property management
- Board items: Minutes, rosters, vacancies
- Performance and Client Files



Exit Interviews Should . . .

- Go over preliminary findings with the executive director, board chair, and/or other office staff.
- Ask any additional questions or gather more information.
- Allow agency staff to ask questions.
- Share overall impression of the agency's strengths.
- Share any areas of concern identified.



Monitoring Reports Should . . .

- Be sent to the agency within 30-60 days of completion of monitoring.
- Include a comment period timeframe for agencies to respond to the report and submission process.
- Clearly identify findings, observations, opportunities for improvement, and notable practices.
- For findings, develop corrective action plans in partnership with agencies with required actions and timelines for remedy.
- Don't have any surprises from the exit interview.



Corrective Action

Corrective Action Plans / Performance Improvement Plan

- Different titles in states
- Defines deficiency / required actions of entity

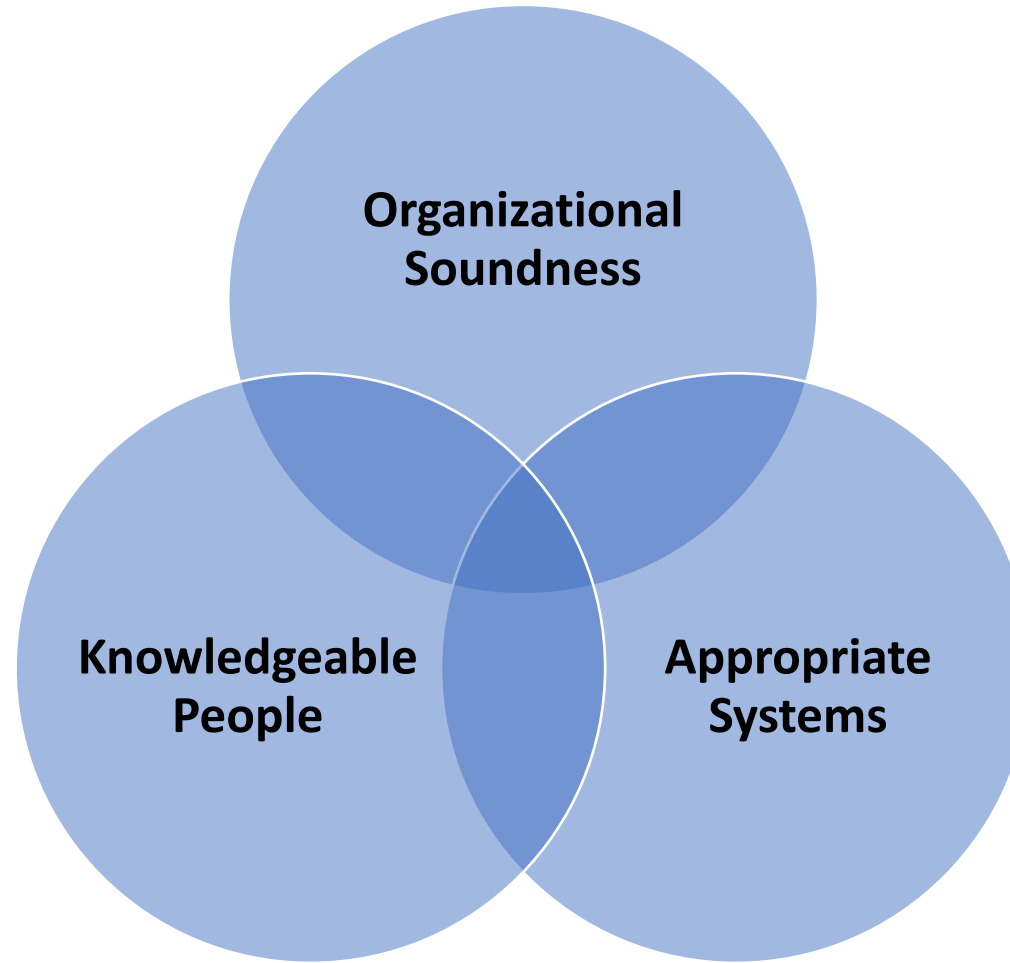
Technical Assistance Plans

- Introduced in CSBG IM 138 specific to Org Standards
- Requirement to offer T&TA to agencies to help correct deficiencies is in the CSBG Act
- Some states use TAPs automatically for missed organizational standards

Quality Improvement Plans

- Most serious form of corrective action; often thought of as “last stop” before de-designation
- “(4)(A) at the discretion of the State (taking into account the seriousness of the deficiency and the time reasonably required to correct the deficiency), allow the entity to develop and implement, within 60 days after being informed of the deficiency, a quality improvement plan to correct such deficiency within a reasonable period of time, as determined by the State; and
- “(B) not later than 30 days after receiving from an eligible entity a proposed quality improvement plan pursuant to subparagraph (A), either approve such proposed plan or specify the reasons why the proposed plan cannot be approved;”
§ 42 USC 9915

Success is



Organizational Soundness

What to look for:

- Foundation must be strong
- Legal minimum requirements
- Appropriate governance

Assessment Tools:

- Organizational documents
- Annual documents
- Board meeting records
- Board trainings
- Does the Board take its fiduciary duty seriously?
- Review financials

Appropriate Systems

What to look for:

- Financial systems are in place that can support programs
- Data systems provide accurate information
- Compliance system is functioning as intended
- Appropriate governance

Assessment Tools:

- Annual audit is 'clean'
- Reports coming out of system are accurate
- Someone is responsible for compliance

Knowledgeable People

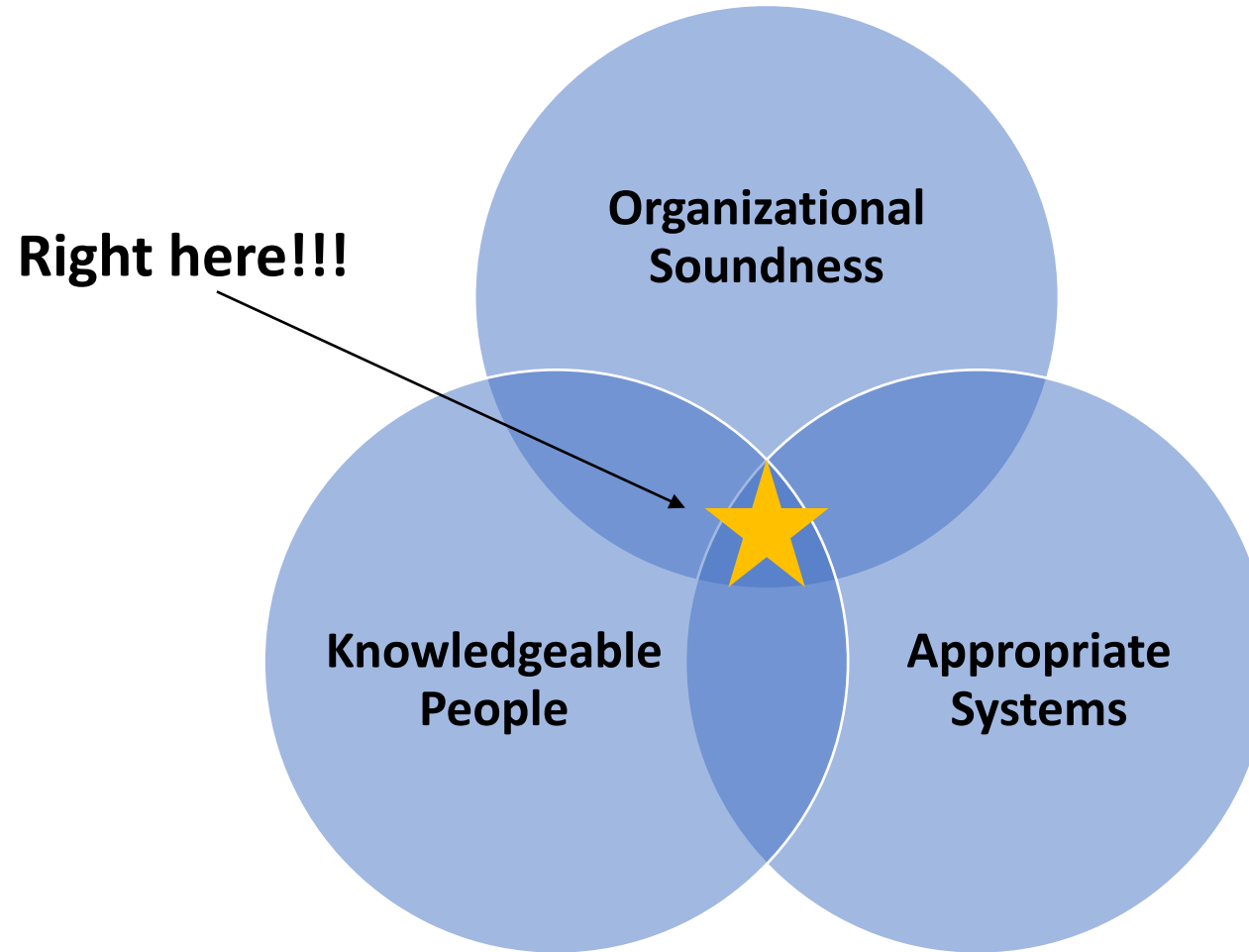
What to look for:

- People with the technical capabilities
- People with the proper motivation

Assessment Tools:

- Is the hiring process rigorous
- Do people have the knowledge
- Is there a professional development plan in place
- Are there performance evaluations

Success is





Q & A



THANK YOU



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complete the
evaluation for
this session!

