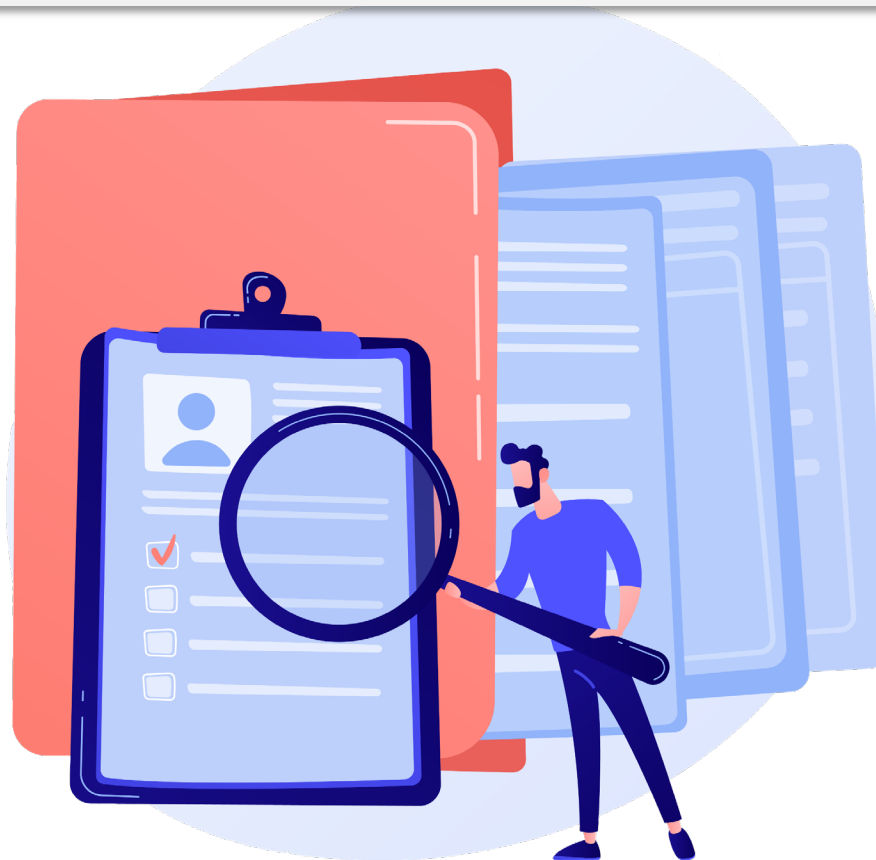




# Navigating the CSBG Monitoring Process

2024 NASCSP  
Annual Training  
Pre-Conference

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

# CSBG Review Process

## Overview of State Responsibilities

- 1. Enter CSBG subaward agreement with CAAs**
- 2. Monitor and conduct follow-up as required**
- 3. Inform of deficiency and require correction**
- 4. Conduct training and technical Assistance (T/TA) and/or establish quality improvement plans (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. Provide opportunity for federal review by HHS

# Laws and Guidance

## Federal CSBG Act

*Section 672, et. seq. (42 U.S.C. § 9901 et. seq.)*

## Federal Regulations

*45 C.F.R. Part 96; 45 C.F.R. Part 75 (Uniform Guidance)*

## Information Memoranda (IMs)

*IM 138, IM 116*

## State CSBG Laws

*Statutes, regs, award terms & conditions, informal guidance*

## Contractual Obligations

**Federal**



**State**

# Laws and Guidance

**KEY:** States primarily responsible for grant administration

- CSBG is a block grant with strings attached
- HHS Block Grant regulations establish state's discretion and authority to facilitate funding
  - “Clearly erroneous” standard of deference

*HHS Block Grant Regulations, 45 C.F.R. § 96.50(e)*

# 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

- ~~GOTO~~
- 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

- ~~Suspicion~~
- ~~Secret~~
- ~~Confrontation~~
- Mutual respect
- Open communication
- Joint problem solving

# Monitoring Approaches – Arkansas + Virginia



## Bridging Across Barriers



CSBG, Monitoring



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



2023



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. State associations support and advocate for those CAAs, and their boards of directors are typically executive directors from the same CAAs that the state CSBG office monitors. But just as opposites attract, state CSBG offices and state associations share common commitments and goals, and engage in overlapping roles that can form the foundations of positive, productive relationships.

**EPISODE 1:** In this inaugural episode of CAPLAWCast, *Bridging Across Barriers: The Wonder State*, Beverly Buchanan of the Arkansas State CSBG Office, and Terry Bearden of the Arkansas Community Action Agencies Association (ACAAA), discuss key aspects of the state office, state association relationship, including how it has overcome challenges and evolved, and how elements such as respect, communication, and trust have bolstered collaborative efforts and assisted CAAs across the Wonder State.

# Monitoring

## Approach

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

# Monitoring

## Approach

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

- Build trust and respect
- Increase understanding of CAA operations and challenges
- Learn about potential problems before a formal monitoring
- Enhance ability to proactively provide assistance and training

# Monitoring

## Criteria – 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

*CSBG Act, 42 U.S.C. § 9914(a)*

# Monitoring

## Criteria – 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

*CSBG Act 42 U.S.C. § 9915(a); Appropriations Act of 2016, P.L. 114-113, Div. H, Title II*

# Monitoring

## Criteria – 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

## Criteria – Administrative Requirements

- Board composition – Tripartite!!!
  - Information Memorandum (IM) 82
- Limitations on use of CSBG funds
  - E.g., property expenditures, political activity, etc.
- CSBG terms and conditions



# Monitoring

## Criteria – Administrative Standards

Supplemental Terms and Conditions

Community Services Block Grant Program



ADMINISTRATION FOR  
**CHILDREN & FAMILIES**

### **SUPPLEMENTAL TERMS and CONDITIONS**

The **General Terms and Conditions** apply to all mandatory grant programs. These Supplemental Terms and Conditions are additional requirements applicable to the program named below.

By acceptance of awards for this program, the recipient agrees to comply with the requirements included in both the General and Supplemental Terms and Conditions for this program.

**OFFICE OF COMMUNITY SERVICES**

### **COMMUNITY SERVICES BLOCK GRANT PROGRAM**

Assistance Listing No. 93.569

### **APPLICABLE LEGISLATION, STATUTE, REGULATIONS**

1. The administration of this program is authorized under the provisions of Title II of Public Law 105-285, the Community Services Block Grant Act codified at 42 U.S.C.9901 *et seq.*
2. Implementing program regulations are published at 45 CFR Part 96. Insular areas that apply for a

# Monitoring

## Criteria – Financial Management Requirements

- Fiscal controls and audits
- Clarification of definition and allowability of "direct" program and "administrative" costs (IM 37)
- Uniform Guidance/Cost principles (45 CFR Part 75)
- Single audit
- Corrective action, termination or reduction of funding guidance (IM 116)

# Monitoring

## Criteria – Financial Management Requirements

**IM 37:** CSBG funding is unique, as it can support:



Creation of new programs and services

Augmentation of existing programs and services

Organizational infrastructure required to coordinate and enhance multiple programs and resources that address poverty conditions in the community

# Monitoring

## Criteria – 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

## Criteria – 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

## Criteria – CSBG Organizational Standards

### Maximum Feasible Participation

Consumer input and involvement

Community engagement

Community assessment

### Vision and Direction

Organizational leadership

Board governance

Strategic planning

### Operations and Accountability

Human resource management

Financial operations and oversight

Data and analysis

# 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
2. Make available:
  - Monitoring process (including what constitutes a deficiency)
  - Corrective action approach
    - Timelines
    - T/TA available
    - QIP 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. Be responsive and allow time for locating information and preparing responses
5. Make information easily accessible

# Monitoring

## Process – Review Approach

### 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 – Review Approach

### Monitoring Tool

- Tie criteria that may result in a deficiency if not met include:
  - 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

## Process – Review Approach

- When determining if a finding and/or deficiency exists:
  - Check with CAA on the facts serving as the basis for the finding
  - Note interpretation(s) of the Act
  - Remember intent of Act
  - Prepare to respond to requests for clarification, details, citations

# Corrective Action

## Deficiency

- The federal CSBG Act indicates that a deficiency can exist 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 corrective action process
- **Note:** states may use different terms to indicate deficiency levels

# Corrective Action

## Deficiency

- Arguably a “serious” deficiency exists when:
  - T/TA is previously provided, and CAA failed to institute corrective actions
  - Multiple, widespread, and/or repeated
  - Evidence of fraudulent reporting or use of funds, or other evidence of criminal wrongdoing

*IM 116*

# Monitoring

## Process – Monitoring Report

- 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*

# Corrective Action

## Overall Process

- **If state determines deficiency exists, it shall:**
  - 1) Inform CAA of deficiency
  - 2) Require CAA to correct deficiency
  - 3) Offer T/TA or reasons for not doing so
  - 4) Allow, at its discretion, an opportunity for the CAA to submit a QIP



# Corrective Action

## Tools – Training and Technical Assistance (T/TA )

- State CSBG office is required to offer T/TA, if appropriate, to help correct a deficiency
  - Must submit a report to OCS describing either: (i) T/TA offered or (ii) reasons not offered
- T/TA may not be appropriate if : (i) internal expertise and skills present, (ii) corrective actions not implemented after T/TA provided; (ii) multiple, widespread and/or repeated deficiencies exist; and/or (iv) fraud or criminal wrongdoing involved

# Corrective Action

## Tools – Quality Improvement Plan (QIP)

- Within state's discretion to give CAA opportunity to develop and implement a QIP to correct deficiency
  - State may account for seriousness of deficiency and the time required to correct it
  - **Note timing**, must give 60 days after CAA informed of deficiency to develop and implement QIP and must approve w/in 30 days of receipt
    - Must specify reasons if not approve.

# Monitoring Report Approach

## Sample 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.

# Monitoring Report Approach

## Sample CAA Response

### 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.

# Monitoring Report Approach

## 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

# Monitoring Report Approach

## 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?

**214 Resources**  
**60 Topics**  
**20 Types**

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## Responding to Data Incidents

Responding to Data Incidents: A Step-By-Step Guide for CAAs You just learned that your Community Action Agency (CAA) experienced a data incident. What should you do next? With cybercrime increasing, this question arises more and more often. Many CAAs have moved away from paper records toward...



## Grants Pass v. Johnson: The Supreme Court Rules on Approach to Homelessness

On June 28, 2024, the U.S. Supreme Court issued a decision in Grants Pass v. Johnson that could increase the challenges faced by unhoused individuals and the CAAs that serve them. The Supreme Court upheld city ordinances in Grants Pass, Oregon, barring people from sleeping or camping outside in...



## Maximizing Understanding of the New De Minimis Rate (Part 1)

With the effective date of the updated Uniform Guidance fast approaching, the increase in the de minimis rate from 10% to up to 15% of modified total direct costs invites the question: should a CAA elect to use the new de minimis rate? To help CAAs understand the new de minimis rate and other...

[www.capl原因.org](http://www.capl原因.org)

# QUESTIONS?



*This training is part of the Community Services Block Grant (CSBG) Legal Training and Technical Assistance (T/TA) Center. It was created by Community Action Program Legal Services, Inc. (CAPLAW) in the performance of the U.S. Department of Health and Human Services, Administration for Children and Families, Office of Community Services Cooperative Agreement – Grant Award Number 90ET0505-01.*

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Please scan  
here to  
complete  
the  
evaluation  
for this  
session!

