





*PEAAK Preparation:  
Voluntary Relinquishments, De-Designations and Orderly Closeouts  
Navigation Tools for State Administrators in Unknown Territory*

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# WELCOME

# The Presenters

Here to help you navigate...



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# AGENDA

## How We Will Spend Our Time

- Learning Objectives
- Shared Responsibility...co-creating a path forward
- Unknown Territory Quiz
- PEAAK Framework
  - Relevant Legislation
  - IM 116
  - Training and Technical Assistance
- Navigating Unknown Territory Examples
  - Lessons Learned from Michigan
  - From the Participants
  - Federal Insights
- Actionable Items
- Resources
- Questions/Answers

# Learning Objectives

With Dr. Howard's  
Priorities 1 & 2 as our  
backdrop, we will learn  
how to:

**FOSTER**

**...a Culture of Transparency**

**PROMOTE**

**...Effective Communication**

**DEVELOP &  
IMPLEMENT**

**...policies, procedures and practices to  
ensure families have access to the BEST**

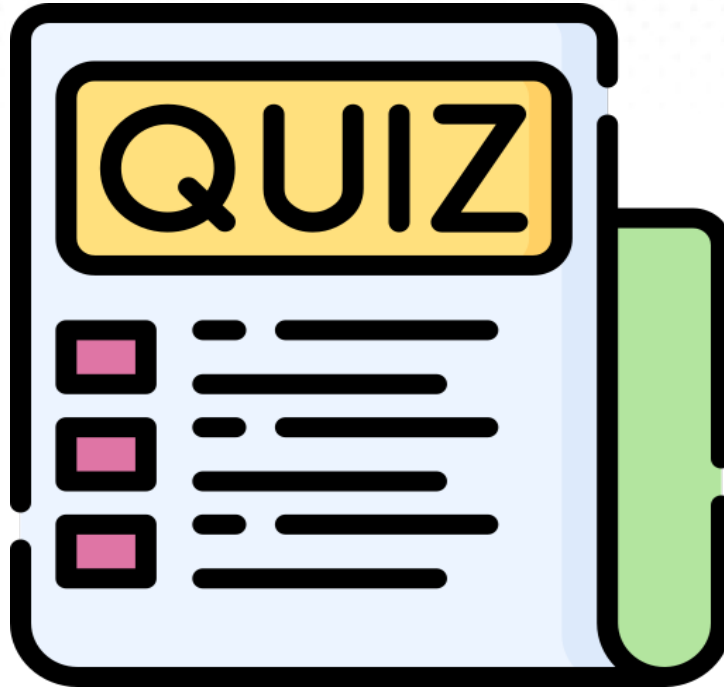
**IDENTIFY**

**Opportunities for continuous  
improvement**

“

The ***BEST*** way to predict the future  
is to ***CREATE*** it. -- Peter Drucker

Unknown Territory Quiz... <http://www.menti.com>





# The PEAAC Framework

## Performance Evaluation Accountability Accessibility and Knowledge

Performance	Evaluation	Accountability	Accessibility	Knowledge
<ul style="list-style-type: none"><li>• Community Needs Assessment</li><li>• American Customer Satisfaction Index (ACSI)</li><li>• Organizational Standards</li><li>• Accountability Measures</li><li>• ROMA Next Gen</li><li>• Training and Technical Assistance</li></ul>	<ul style="list-style-type: none"><li>• Organizational Standards</li><li>• Accountability Measures</li><li>• ROMA Next Gen</li><li>• Monitoring</li><li>• Oversight</li><li>• Training and Technical Assistance</li></ul>	<ul style="list-style-type: none"><li>• Monitoring</li><li>• Oversight</li><li>• CSBG State Plan</li><li>• CSBG Annual Report</li><li>• Training and Technical Assistance</li></ul>	<ul style="list-style-type: none"><li>• OCS Annual Report</li><li>• Congressional Report</li><li>• CSBG Performance Management website</li><li>• CSBG Service Finder App</li><li>• Training and Technical Assistance</li></ul>	<ul style="list-style-type: none"><li>• CSBG Legislation</li><li>• ATs, IMs, DCLs</li><li>• CSBG State Plan</li><li>• State Profile Sheets</li><li>• CSBG Annual Report</li><li>• CSBG Performance Management website</li><li>• CSBG Spotlight Videos</li><li>• Training and Technical Assistance</li></ul>

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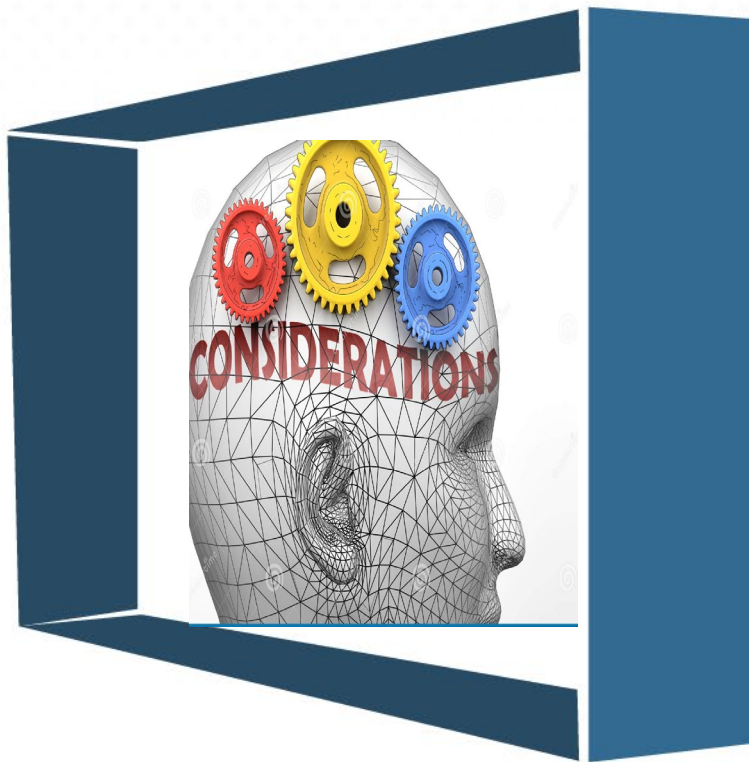
# Critical References

## Legislation

- 675 C Uses of Funds
- 676 (b) State Plan and Application Assurance 8 & 13
- 676 A Designation and Redesignation of Eligible Entities in Unserved Areas
- 678 B Monitoring of Eligible Entities
- 678 C Corrective Action, Termination and Reduction of Funding

## Guidance

- IM – 116 Corrective Action, Termination & Reduction of Funding
- IM – 138 Organizational Standards
- IM – 150 Use of ACSI to Improve Effectiveness
- IM – 102 Monitoring Checklist



# Orderly Closeout

§ 75.381 Closeout § 2 CFR 200-343 Closeout

- Contract
- Reporting
- Assets
- Payments
- Transition
- Record Retention

# De-Designation

Michigan's Experience



# Mission

Michigan Department of Health and Human Services (MDHHS) provides opportunities, services, and programs that promote a healthy, safe and stable environment for residents to be self-sufficient.

# What does it take to start de-designation conversations?

Intentional fraud,  
waste and/or  
abuse that is not  
corrected

Demonstrated and  
repeated lack of  
internal controls

Inability to sustain  
programs

# Resources and Best Practices

- Watch for red flags to avoid the need for de-designation.
- Stay in constant communication with your Program Specialist.
  - We met regularly with OCS for status updates and guidance. Having them up-to-date helped the response time when we had questions or if the CAA that was going through the de-designation process reached out to them directly.
    - It is not in your best interest to let them be surprised by any actions involving this if they hear it from any entity that is not the state office overseeing the process or if it is late in the process. All the work you have done may be obsolete if you missed a step. They are here to help.
- NASCSP has a wealth of knowledge and tools, including connections with other states that can offer peer guidance.
- CAPLaw has invaluable information.
- NCAP can help offer support on the side of the eligible entity—either to help them right the ship or to work through the transition.
- Document, document, document!



# Steps to follow in Michigan

CSBG Act

Administrative Rules

Information Memorandum 116

Peer Review

MDHHS Director

Governor's Office

Appeal process (if requested by the grantee)

- Administrative Hearing
- Federal Review

# Michigan's State Administrative Rules

- [MCL - Act 230 of 1981 - Michigan Legislature](#)
- [2003-PA-0123.pdf \(mi.gov\)](#)

Created with legal oversight to define the rules and regulations on how the state and CAAs conduct business.

Signed into law and cannot be amendment without legal review and legislative action.

# Michigan's State Administrative Rules--Contents

Monitoring

State plans

CSBG Distribution

Create Commission on  
Economic and Social  
Opportunity

Responsibilities of the  
CAAs

Establishes appeal  
procedures for CAAs to  
create for their  
clients/sub-contractors

Tri-partite boards

CAA contracting rules

Audits

Designation, Recission  
and Change of CAA  
status

CAA Appeal rights

# Michigan's State Administrative Rules—Rescinding Designation



(2) Before designating or rescinding the designation of a community action agency, the executive director shall do all of the following:

(a) Consult with the director.

(b) Consult with the chief elected official of each county and of each city, village, or township with a population of not less than 100,000 within the existing or proposed service area.

(c) Hold at least 1 public meeting in the service area to provide low income and other citizens living within the service area the opportunity to review and comment upon the strengths and weaknesses of the existing or proposed community action agency.

(d) Consult with and obtain the advice of the commission on the proposed action.

# State Administrative Rules—Grantee Responsibilities

R 400.19402 Community action agencies; responsibilities and functions.

R 400.19403 Community action agencies; required procedures.

R 400.19404 Community action agencies; required procedures for appeals and appeals hearings.

R 400.19411 Community action agency board; membership responsibilities.

R 400.19412 Listing and identification of community action agencies.

R 400.19413 Compliance with state and federal laws.

R 400.19414 Public meeting requirements.

R 400.19415 Schedule and notice of meetings.

R 400.19106 Grantee Reporting Requirements.

R 400.19105 Grantee; written operating procedures

Name ▾	Contents ▾
.Step 1 - State conducts review pursuant to section 678B	
.Step 2 - State determines goals	
.Step 3 - State informs the entity of the deficiency to be corrected	Several monitoring reports that include deficiencies to be corrected
.Step 4 - State requires the entity to correct the deficiency	
.Step 5 - State determines whether training and technical assistance are appropriate	T/TA Report
.Step 6 - State offers training and technical assistance, if appropriate, to help correct t...	
.Step 7 - State either (A) prepares and submits to the Secretary a report describing th...	T/TA Report with supporting data
.Step 8 - At the discretion of the State QIP	Includes comprehensive QIP review and Settlement Agreement with Amendments. --Outlines QIP Expectations and provides \$40,000 for T/TA
.Step 9 - State provides adequate notice and an opportunity for a hearing	Notice of De-Designation and Opportunity for Appeal. Agency request for Appeal
Step 10 - State initiates proceedings to terminate the designation	

IM-116

# Ensuring a Seamless Transition

- To avoid a delay in services and remain in federal compliance, the agreement with the agency going through the de-designation process was active until the day we received support from OCS' final review.
- Concurrently, we posted a Request for Proposal with an estimated service begin date that was contingent on the official de-designation proceedings.

# RFP Criteria

- Bidders must be an existing CAA designated by the State of Michigan. Per the BCAEO Administrative Rules, preference will be given to an existing CAA that is located and/or provides service in an area contiguous to the service area. The expansion of the service area cannot be held in a subsidiary organization.
- The bidder's agency must currently operate with a tripartite board as defined by the Community Services Block Grant Act, 42 U.S.C. 9901 *et seq* as amended. Bidders must be governed by a tripartite board that fully participates in the development, planning, implementation and evaluation of the programs to serve low-income communities. Representatives from the service area added to the bidder's tripartite board may not have served on the existing CAA's Advisory or Governing Board for the past three years.
- Bidders will demonstrate strong financial control and accounting procedures necessary to assure the proper accounting of Federal funds.
- Bidders will demonstrate timely single audits as a low-risk organization.
- Bidders will demonstrate the capacity for effective service delivery and an understanding of client eligibility of community, social, and economic programs.
- Bidders will demonstrate collaborative partnerships in designing comprehensive strategies, services, and activities to strengthen low-wealth children and families.
- Preference will be given to bidders that currently provide services in a service area contiguous to the service area. BCAEO may use discretion to award to a non-contiguous CAA.



# Key factors to success



**Effective  
Supporting  
Documentation**



**Strong Internal  
Controls**



**Timely Resolution  
of monitoring  
findings**

Learning from findings  
to avoid repeating the  
same mistakes



**Avoid losing  
funds from other  
sources**



**Excellent Communication  
with BCAEO**



**Segregation of  
Duties**



**Clean Single  
Audits**



**Appropriate Cash  
Reserves**



**Meeting the  
Community Needs &  
Program Goals**



**Strong Knowledge &  
Use of Policy**

# Realistic tips to mitigate risk

- Adhere to your internal controls
- Adhere to state and federal regulations
  - When in doubt, reach out to the state office or 3<sup>rd</sup> party audit firm to verify allowable expenses
- Don't panic, we are here to help. We can if you are on a corrective action of any type.
  - CAPs, TAPs and QIPs can be overcome.
- Remember that losing a grant does not mean you are automatically going to be de-designated.
  - Consistent demonstrations of fraud, waste, or abuse may, however, lead to it, but it is not an overnight process.
- Voluntary termination of a grant is not generally a red flag. It is better to voluntarily terminate than have a funder terminate for cause.

# Realistic tips to mitigate risk

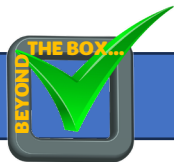
- Read and understand your contract language and state program policies (and other funder's policies).
- Ensure your staff are trained on intake and know how to find policies when they have questions.
- Address and respond to monitoring (grantor, single audit, etc.) findings timely. Repeat findings and severe deficiencies are cause for concern.
- Audit your data and client files as well as your internal controls and other financial records periodically.
- Are your Strategic Plan and Community Needs Assessment being followed?

# If we went through this again—we would

- Repeat the strong communication with OCS.
- Repeat the use of the tools available.
- Repeat the documentation retention and organization.
- Set clear expectations from the start—in our situation, we took the eligible entity's word that they were making progress toward their QIP goals. Once the first monitoring took place, we realized they had actually regressed. At that point, we had to reset everything and start from the beginning with expectations and examples of what kind of supporting documentation was needed.
- Be very sad.



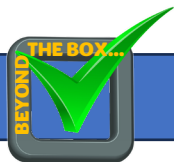
# Peer Convening



NASCSP 2024 Annual Training Conference | Memphis, TN | [www.nascsp.org](http://www.nascsp.org)

# CSBG Member Resources

Login Credentials  
Required



## Corrective Action, Termination, or Reduction of Funding



Help your peers by submitting your tools and resources to our Peer Resources Library! E-mail your materials to Hugh Poole ([hpoole@nascsp.org](mailto:hpoole@nascsp.org))

- De-designation/Termination of Funding
  - MN – Termination and Reduction of Funding Sample
  - TX – De-designation Administrative Code
- Corrective Action Plans
  - Developing a Corrective Action Plan
  - MN – Corrective Action Plan Sample
  - MN – CSBG Corrective Action Process Sample
  - NC – Monitoring & Corrective Action Process
- Quality Improvement Plans

+ Illinois

# QUESTIONS



# THANK YOU



**Please scan  
here to  
complete  
the  
evaluation  
for this  
session!**

