



Policy and Procedures Manual

For Arizona's CSBG Eligible Entities

ADMINISTERED BY:
Child and Community Services Division
Arizona Department of Economic Security



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SECTION 1: Background

The Community Services Block Grant (CSBG) provides federal funds to states, territories, and tribes to support services that alleviate the causes and conditions of poverty in under-resourced communities. Tribes, territories, and over 1,000 local Community Action Agencies (CAAs) provide CSBG-funded services and activities including housing, nutrition, utility, and transportation assistance; employment, education, and other income and asset building services; crisis and emergency services; and community asset building initiatives, among other things. Nationally, over eight million individuals are served by CSBG-funded programs annually.

CSBG funding is provided by the U.S. Department of Health and Human Services, Office of the Administration for Children and Families, Office of Community Services (OCS) for the “Community Action Program.” The Community Action Program was founded in 1964 by the Economic Opportunity Act, part of President Lyndon B. Johnson’s War on Poverty. Originally, federal Community Action Program funds flowed directly to local public and private CAAs. In 1981, CSBG was created by the federal Omnibus Budget Reconciliation Act, and direct federal funding to local Eligible Entities was replaced with state-administered block grants.

1.1 Authority

The CSBG Act, which constitutes Section II of the federal Community Opportunities, Accountability, and Training and Educational Services Act of 1998, also known as the COATS Act, is the most recent federal reauthorization of the CSBG program. The CSBG Act is available online at: <https://www.govtrack.us/congress/bills/105/s2206/text>.

In accordance with Section 676(a) of the CSBG Act, the Governor of Arizona has designated the Arizona Department of Economic Security (ADES), Child and Community Services Division (CCSD) as the lead agency for administering the state’s CSBG funds.

1.2 Purpose of this Manual

In order to clarify the federal and state requirements for CSBG and encourage the efficient use and management of these funds, ADES issues policies and procedures that are applicable to all recipient grantees funded through CSBG (herein generally referred to as “CSBG Eligible Entities” but often referred to as CAAs, CAP Agencies, and CSBG Eligible Entity on the national level). This manual has three distinct purposes:

- To give an overview of CSBG funding and its administration to CSBG Eligible Entities;
- To provide guidance to CSBG Eligible Entities to assist in developing policies and procedures appropriate to their specific programs; and
- To provide guidance on the elements that govern program oversight in Arizona: state statutes, contracts, federal standards, and other requirements applied to the program.

1.3 Feedback and Revisions

These policies and procedures may be amended and updated as necessary. The most current version of this manual will be available online at the [Community Partner Reference Manual website](#).

ADES welcomes feedback on this manual and any of the policies and procedures contained herein. Any feedback, or to make a revision request, should be sent in writing to DCADpolicy@azdes.gov. This manual is reviewed and updated (if applicable) as part of Arizona's CSBG State Plan process every two years. More information can be found in Section 5.2.

SECTION 2: Acronym & Definitions Guide

ADES	Arizona Department of Economic Security
American Customer Satisfaction Index (ACSI)	A survey provides Eligible Entities and State Lead CSBG Agency with an opportunity to offer constructive feedback to their respective funder. The results of this survey will guide OCS' training and technical assistance efforts and will provide baseline data to the State CSBG Lead Agency that can be used in developing State Plans.
Community Action Agency (CAA)	CAAs are local, private, and public nonprofit organizations that carry out the Community Action Program.
Community Action Plan (CAP)	A document submitted by CAAs to ADES in order to receive the funding provided under Section 676 of the Community Services Block Grant Act and under Assurance 3 and 4 of the Low Income Home Energy Assistance Program Act.
CCSD	Child and Community Services Division
Continuous Improvement Plan (CIP)	A plan which outlines detailed, logical steps to be taken by the agency to expeditiously correct a finding identified during monitoring.
Community Needs Assessment (CNA)	An assessment of community needs performed by the Eligible Entity for the areas to be served with CSBG funds.
Community Services Block Grant (CSBG)	A federal block grant administered by the Office of Community Services (OCS) located within the Administration for Children and Families (ACF) in the U.S. Department of Health and Human Services (HHS). CSBG funds the operations of a state-administered network of tax-exempt nonprofit corporations and public entities designated as Community Action Agencies (CAA) to alleviate the causes and conditions of poverty in communities. CSBG funding supports projects that provide services and activities addressing employment, education, better use of available income, housing, nutrition, emergency services and/or health.
Community Software Group (CSG)	The Arizona statewide CSBG reporting software. Also referred to as eGov.
CRC	Civil Rights Compliance
DAARS	Division of Aging Adults Reporting System
Federal Poverty Level (FPL)	A measure of income issued every year by the Department of Health and Human Services (HHS). Federal poverty levels are used to determine eligibility for certain programs and benefits.
HHS	U.S. Department of Health and Human Services
HIPAA	Health Insurance Portability and Accountability Act

IM	Information Memorandum
Limited Purpose Agency (LPA)	A type of Eligible Entity that serves the general purposes of a Community Action Agency under Title II of the Economic Opportunity Act.
NCAP	The National Community Action Partnership
NASCSP	National Association for State Community Services Programs
NPI	National Performance Indicator
OCS	Office of Community Services
OMB	Office of Management and Budget
OLDC	Online Data Collection system
Political Subdivision	Includes counties, incorporated cities or towns and school districts in this state, and any other political subdivision as defined in Article XIII, section 7, Constitution of Arizona.
Quality Improvement Plan (QIP)	A step-by-step plan of action(s) developed by a CSBG Eligible Entity to correct deficiencies, reduce liabilities, and improve compliance for any items identified during a monitoring visit, as further described in §2.203 and §2.204 of the CSBG Act (Termination and Reduction of Funding for CSBG Eligible Entities and Contents of a Quality Improvement Plan).
ROMA	Results Oriented Management and Accountability
Service Area	Or “Area”. Geographic area served by a CSBG Eligible Entity
Technical Assistance Plan (TAP)	The State Lead CSBG Agency’s plan for delivering CSBG-funded training and technical assistance (T/TA) to Eligible Entities. The plan can include T/TA for the entire network provided directly by the State Lead CSBG Agency or contractor, or T/TA for a specific agency based on concerns identified during a monitoring.
T/TA	Training and Technical Assistance
WAP	Weatherization Assistance Program

SECTION 3: CSBG Purpose and Performance Management Framework

3.1 Purpose of CSBG Funding

The purpose of CSBG is to provide assistance to states and local communities, working through a network of CAAs and other neighborhood-based organizations, for the reduction of poverty, the revitalization of low-income communities, and the empowerment of low-income families and individuals in rural and urban areas to become fully self-sufficient.

Reference: Section 672 of the [CSBG Act](#).

3.2 National CSBG Goals

The national CSBG network - comprised of CSBG Eligible Entities, CSBG state offices (ADES), State Associations ([Wildfire](#)), national partners, and other stakeholders - has three main goals:



3.3 The CSBG Performance Management Framework

In 2015, OCS and the CSBG network collaborated to create a new performance management framework using a continuous improvement model. This framework, which includes ROMA and Organizational Standards, was created with elements that are designed to increase accountability across all three levels of the network (federal, state, and local). The ROMA methodology involves the practice of a data-driven cycle: assessment, planning, implementation, achievement of results, evaluation, re-assessment, etc. ROMA is required to be integrated into agency contract management and administrative processes from conducting a needs assessment, implementing agency-wide strategic planning, strategic service delivery, and the reporting and analysis of data. Outcomes and results are used by the agency boards and staff to determine the overall effectiveness of programs, inform annual and long-term planning, and support agency advocacy, funding, and community partnership activities.

Reference: [OCS IM #138](#) State Establishment of Organizational Standards for CSBG Eligible Entities, [OCS IM #144](#) State and Federal Accountability Measures and Data Collection Modernization, [OCS IM #152](#) Annual Report

3.4 Continuous Improvement Model for CSBG Administration

The American Customer Satisfaction Index (ACSI) survey is a biannual survey administered to CSBG Eligible Entities and the State Association to measure ADES's effectiveness in meeting CSBG Act requirements, including the development of the State Plan, distribution of funds, use of discretionary funds, T/TA, monitoring and corrective action, linkages, and overall satisfaction of grantees with their partnership with the state office.

ADES will share ACSI results with the grantees and the State Association. The ACSI survey results will be used to improve ADES's performance and the quality of its partnership, as well as T/TA in each of the areas. ADES appreciates grantee feedback to improve the partnership. Results are aggregated and no individual grantee's remarks or scores are

identified when results are published. ADES also invites feedback during roundtables hosted by the State Association, during the state planning process, and through occasional surveys. Feedback from these sources and ACSI survey results are reviewed and considered for changes to this manual and the Arizona CSBG State Plan. This manual is reviewed and updated (if applicable) as part of Arizona's CSBG State Plan process every two years.

3.5 Eligibility Criteria

3.5.1 Income Eligibility

In accordance with both the CSBG Act and state statute, individuals and families receiving CSBG-supported services must have incomes at or below 125% of the federal poverty level (FPL), unless Federal permission is provided for expansion. The FPL is updated periodically in the Federal Register by the U.S. Department of Health and Human Services (HHS) under the authority of [42 U.S.C. 9902\(2\)](#). In the event income eligibility is redefined at the federal level, a reconciliation between this policy manual and state statutes will have to be made. ADES will issue communications on these issues as they arise. Current and prior poverty guidelines are available on the HHS website and can be found at <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>.

TIP: current poverty guidelines posted by HHS are considered "100%" FPL. To determine CSBG eligibility at 125% FPL, multiply the poverty guideline by 1.25. The individual or family is CSBG eligible if his/her/their income is at or below that number.

Reference: Section 673(2) of the [CSBG Act](#), [HHS Office of the Assistant Secretary for Planning and Evaluation](#)

3.5.2 Household Eligibility

CSBG Eligible Entities and any of their sub-recipients are required to conduct eligibility screenings as part of their client intake process. CSBG Eligible Entities must provide written or electronic application access to public applicants, providing reasonable accommodations for Applicants upon request. The application must be reviewed for eligibility and a decision made to approve or deny based on program and funding guidelines; this includes establishing a grievance process for applicants. All Household Members must be listed on the application and included in the gross monthly income calculation unless exempted or excluded under this policy. The total gross income for the household is measured against the current FPL. If a household's income is at or below 125% FPL (unless Federal permission is provided for expansion) at the time of intake into the program, the household is eligible to begin or continue receiving services in accordance with the agency's program policies until the agency conducts a formal reassessment. Formal reassessment is required, at minimum, every 12 months.

CSBG Eligible Entities must have their own written policies and procedures for each program they administer that uses CSBG funds to ensure CSBG funds are only used to support individuals and families who meet the income eligibility requirement. The agency may choose to use the Short-Term Crisis Services (STCS) policy manual as an outline for CSBG services. If the entity chooses to create a policy outside of that

outlined under STCS, the entity must create a policy manual and share it with the State Office along with the annual Community Action Plan (CAP). The policies and procedures manual must include:

1. Application intake procedures;
2. Adjudication of applications;
3. Issuing approval or denial decisions based on Program guidelines;
4. How decision notices will be provided and the timeframe in which they will be sent to the applicant;
5. Providing a grievance process for Applicants;
6. Disbursing funds on behalf of approved benefit recipients;
7. Securing services or resources for clients approved for applicable crisis assistance appropriate to the case;
8. Data collection, document retention, and reporting; and
9. Additional eligibility criteria and payment standards which go beyond what is outlined in this manual and the Short-Term Crisis Services (STCS) Policy.

Applicant households must reside in Arizona or use CSBG benefits to establish permanent residency in Arizona to qualify for benefits and are required to provide documentation to establish eligibility for CSBG funding.

Applications must, at minimum, include the following individual characteristics information:

1. Name, address, and phone number (if one is available);
2. Individual identification number, e.g. Social Security Number;
3. Gender;
4. Date of birth;
5. Disability status;
6. Ethnicity and race;
7. Health Insurance status and source;
8. Military/Veteran Status;
9. Work status for household members 18 or older;
10. Education levels;
11. Disconnected youth (18-24 neither working nor in school);
12. Gross monthly income; and
13. Applications must at a minimum include the following household characteristics information:
 - i. Household type (single-person, two-adults no children, single parent, etc.)
 - ii. Household size
 - iii. Housing (own, rent, homeless, other)
 - iv. Level of household income (% of HHS guidelines)
 - v. Sources of Household income (employment only, other income, no income, etc.)

NOTE: Tribal members residing on Indian Lands of Federally Recognized Tribes are eligible for CSBG unless their affiliated Tribal Nation has its own CSBG-funded programs for which the tribal member has received services. Duplication of CSBG services must be prevented.

3.5.3 Other Eligibility Criteria

CSBG Eligible Entities may set other eligibility criteria for programs supported by CSBG funds, including non-income related eligibility criteria. For example, a program may only serve homeless families with minor children, or an agency may choose to set an income eligibility limit for a specific program at lower than 125% FPL. However, CSBG Eligible Entities may not discriminate on the basis of race, color, national origin, sex, age, religion, or disability. In addition, CSBG Eligible Entities cannot ban non-citizens from CSBG programs solely on the basis of their immigration status unless such exclusion is authorized by another statute. All additional CSBG eligibility criteria set by the Eligible Entity must be outlined in the agency's internal policy and procedures manual.

Reference: OCS IM #30

3.6 Allowable Activities

CSBG funds can be used for a wide variety of community services which are defined as services that provide a range of activities that have a measurable and major impact on the causes and conditions of poverty. The primary objectives of these services are:

- To strengthen community capabilities for planning and coordinating the use of a broad range of resources related to the elimination of poverty;
- To organize a range of services so that these services may have a measurable and potentially major impact on the causes of poverty and help families and individuals become self-sufficient;
- To increase the use of innovative and effective community-based approaches to attacking the causes of poverty and community breakdown;
- To maximize participation of the poor to empower them to respond to the unique problems and needs within their communities; and
- To broaden the resource base of programs directed to the elimination of poverty.

CSBG-funded services for families and individuals can include assistance to:

- Secure and retain meaningful employment;
- Attain an adequate education;
- Make better use of available income;
- Secure needed transportation;
- Obtain and maintain adequate housing and a suitable living environment;
- Obtain emergency assistance through loans, grants, or other means to meet immediate and urgent family and individual needs;
- Remove obstacles and solve problems that block self-sufficiency;
- Achieve greater participation in the affairs of the community, including the development of public and private grassroots partnerships with local law

- enforcement agencies, local housing authorities, private foundations, and other public and private partners; and
- Make more effective use of other programs that can help low-income families and individuals meet their basic needs and achieve greater self-sufficiency.

CSBG Eligible Entities may also use CSBG funds to:

- Address the needs of youth in low-income communities through youth development programs and after-school childcare programs;
- Research the causes of and problems created by poverty in the community;
- Determine if programs to reduce poverty are working effectively;
- Coordinate and establish linkages between governmental and other social services programs to eliminate duplication of services and ensure the effective delivery of services to low-income individuals;
- Create methods by which persons experiencing poverty can work with private groups to solve common problems;
- Apply for funds from various sources to support a community action program; and
- Encourage the use of private sector resources in efforts to alleviate poverty in the community.

Agencies will determine the specific assistance and programs they will provide in their Community Action Plan, based on the findings of their Community Needs Assessment (CNA) as described in Section 6.3.

For further guidance on allowable uses for federal grants, which include CSBG funds, agencies should refer to [OMB Part 200—Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart E—Cost Principles](#).

3.7 Direct Services

The Arizona CSBG State Plan allows CSBG Eligible Entities to provide direct services to low-income individuals through emergency assistance services, grants, loans, or emergency supplies to meet immediate and urgent needs. In addition, Section 678F of the [CSBG Act](#) allows low-cost residential weatherization and other energy-related home repairs.

If CSBG funds are used to provide weatherization services, food/gas cards, bill pay assistance, mortgage or property tax assistance, or other direct services of any type, the households receiving the services must meet the established income limits. Such services must be included in the agency's CSBG application and approved by ADES, and each agency should have its own internal policies for direct services, including the eligibility screening process, frequency, and amount limitations of services received. Internal policies for direct services programs will be provided to ADES upon request.

Limited Intake can be provided when circumstances make it impossible or impractical to obtain income documentation, but the agency can reasonably determine that those benefiting are likely to meet the CSBG income eligibility requirements and/or that the services facilitate linkages and coordination of services to low-income people in the community. For example, a community resource hotline that provides referrals to local

health and human services providers; general information and referrals regarding benefits and services available to low-income people in the community; a food pantry open to individuals and families living in a census tract with area median income at or below the CSBG income eligibility limit; and disaster response and relief (such as emergency shelters or provision of food and clothing during or immediately following a disaster). For additional information, please review [CAPLAW's Guide to Client Eligibility](#), specifically question 5.

3.8 Unallowable Activities

Per Section 678F of the [CSBG Act](#), the following uses of CSBG funds are **not allowable**:

- The purchase or improvement of land or the purchase, construction, or permanent improvement (other than low-cost residential weatherization or other energy-related home repairs) of any building or facility;
 - Note: Assistance with a delinquent mortgage or property tax payment is allowable (reference: [OCS IM #163](#)). Agencies are encouraged to contact the CSBG contract manager if they are uncertain whether a specific service is allowable.
- As a match requirement for another grant, other than AmeriCorps (reference: [OCS IM #135](#)) and McKinney-Vento Homeless Assistance Act programs ([OCS IM #139](#));
- Leasing of space, buildings, and/or other assets not associated with one of the three CSBG national goals or allowable activity; and
- Political activity such as:
 - Any partisan or nonpartisan activity or any political activity associated with a candidate or contending faction or group, in an election for public or party office,
 - Any activities to provide voters and prospective voters with transportation to the poll or provide similar assistance in connection with an election, or
 - Any voter registration activity

3.9 Direct Program and Administrative Costs

Direct program costs are those that can be specifically identified with the delivery of a particular program or service that serves low-income individuals and families. Direct program costs are incurred for the service delivery and management components within a particular program or project. Therefore, direct costs include expenditures on some activities with administrative qualities, including salaries and benefits of program staff and managers, equipment, training, conferences, travel, and contracts, as long as those expenses relate specifically to a particular program or activity, not to the general administration of the organization.

Administrative costs are equivalent to the familiar concepts of indirect costs or "overhead." As distinguished from program administration or management expenditures that qualify as direct program costs, administrative costs refer to central executive functions that do not directly support a specific project or service. Administrative costs related to the general management of the CSBG Eligible Entity, such as strategic direction, board development, Executive Director functions, accounting, budgeting, personnel, procurement, and legal services.

Each contract agency's administrative costs are reviewed and approved on a case-by-case basis as part of the CSBG application and budget modification processes outlined in Section 6. All administrative costs charged to CSBG must be necessary to accomplish at least one of the three national CSBG goals.

Reference: [OCS Information Memorandum 37](#)

SECTION 4: Eligibility to Receive CSBG Funding

4.1 Eligible Entities

The federal CSBG Act designates the following types of agencies as eligible for receiving CSBG funds:

- **Community Action Agencies (CAAs):** CAAs are local, private, nonprofit, or public (part of a city or county government) organizations that carry out the Community Action Program. There are over 1,000 CAAs in the United States and its territories.
- **Limited Purpose Agencies (LPAs):** A private, nonprofit organization that is a statewide organization whose project has a statewide impact that serves the general purposes of a Community Action Agency under Title II of the Economic Opportunity Act.
- **Organizations Serving Migrant Farmworkers**
- The list of Eligible Entities within the state is generally consistent from year to year. States may only add or remove organizations from the list of Eligible Entities according to procedures outlined by the [CSBG Act](#) and as described in Section 4.3.

Reference: Section 673 of the [CSBG Act](#).

4.2 Tripartite Board Requirements

A major defining characteristic of CSBG Eligible Entities is that persons affected by poverty have meaningful roles in guiding the agencies' programs and approaches to improving the lives of low-income individuals and families. This is exhibited through the tripartite board.

Per the [CSBG Act](#), each CSBG Eligible Entity must maintain a Tripartite Governing Board (for private CAAs) or Advisory Board (for public CAAs) that is structured as follows:

At least 1/3	Low-income Representatives	Representatives do not have to be low-income but must live in the service area and understand low-income people. If they are chosen to represent a particular neighborhood, they must live there. Must be chosen by a democratic selection procedure to ensure that they are selected by, and represent, low-income people.
1/3	Elected Public Officials	Must be elected public officials currently holding office or such officials' representatives. If a current elected official (or the representative of one) cannot be identified to fill a vacancy a current appointive official (or the representative of one) may serve instead.

Remainder	Private Sector	The remaining members are representatives of major groups and interests in the community, for example, businesses, social service providers, religious organizations, law enforcement, and educational institutions.
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4.2.1 The Role of the Board of Directors

Sections 676B of the Community Services Block Grant Reauthorization Act of 1998 requires that, as a condition of designation, private nonprofit entities and public organizations administer their CSBG program through tripartite boards that "fully participate in the development, planning, implementation, and evaluation of the program to serve low-income communities." Boards are also supposed to set the Eligible Entity's high-level vision, mission, and strategic direction. This includes providing oversight and governance of their agencies.

The Board of Directors provides direct supervision of the agency's Executive Director only. The governing board for private, nonprofit CSBG Eligible Entities shall undertake an annual performance evaluation of the agency's Executive Director; public CSBG Eligible Entities must follow their own policy. The board must also review and approve the Executive Director's compensation within each calendar year. Dated evidence of the performance evaluation and compensation approval must be contained within the Executive Director's personnel file and recorded in the agency's board meeting minutes.

Board members, especially those who represent low-income communities, are not excluded from receiving services from the agency as long as they do not receive preferential treatment in the nature or timing of such services, and the agency follows its conflict-of-interest policies.

Reference: [Section 676B of the CSBG Act](#), [OCS Information Memorandum 82](#), and [OCS Information Memorandum 138](#)

4.2.2 Bylaws

All private, nonprofit CSBG Eligible Entities must have written bylaws that are reviewed and approved by the agency's board of directors and an attorney at least once every five years (Organizational Standard 5.3). Public CSBG Eligible Entities are required to have governing documents, however, they are exempt from having the documents reviewed by an attorney. The bylaws must define the tripartite composition of the board and specific procedures for the democratic selection of low-income representatives (Organizational Standard 5.1).

The bylaws of all CSBG Eligible Entities must define the following:

- Responsibilities of the board;
- Board committees and the authority of the committees;
- Officers and their duties;
- Procedures for recruiting and seating new board members;

- Meeting frequency;
- Board quorum;
- Number of board members;
- Procedures for removing board members for nonattendance;
- Procedures for filling vacancies on the board; and
- Written procedure through which low-income individuals, community, or religious organizations can petition for representation on the agency's board of directors.

Reference: [OCS Information Memorandum 138](#), [CSBG Act](#)

4.2.3 Board Term Limits

Federal CSBG statutes do not require term limits for CSBG Eligible Entities' board members; therefore, agencies are free to choose if their bylaws impose term limits for board members.

4.2.4 Board Meetings and Minutes

CSBG Eligible Entities must conduct Board meetings at least once per quarter. All Board meetings must be scheduled and held in accordance with the agency's bylaws (Organizational Standard 5.5). Likewise, board attendance requirements must be outlined and followed in accordance with the agency's bylaws (Organizational Standard 5.5). CSBG Eligible Entities must provide ADES with a schedule of planned Board meetings for the next twelve months, due July 15 of each year.

All CSBG Eligible Entities must keep electronic copies of board meeting minutes. Minutes may be used for monitoring and annual Organizational Standards documentation review. CSBG Eligible Entities must submit a complete copy of all board meeting minutes within 30 days of board approval.

4.2.5 Board Vacancies

The board roster provided with an agency's CSBG application (CAP) is the annual roster of record. Changes to this roster require the agency to update Organizational Information in CSG. CSBG Eligible Entities must notify ADES of board vacancies within 90 days. The agency must fill vacancies as soon as possible, and within no more than 240 days of the vacancy occurring. The agency must demonstrate that they have actively been attempting to fill the role. If any vacancies cannot be filled within 240 days, the agency must notify ADES in writing and provide details on the action that has been completed to attempt to fill the vacancy and a plan and timeline for filling the position.

4.2.6 Board Training and ROMA Requirements

Boards must also receive training on ROMA. All board members must be familiar with ROMA concepts and participate in periodic updates and reviews of the agency's CAP, as described in Section 6.4, which uses ROMA as the basis for setting and tracking performance goals for the agency's programs and services. Board members must receive training about the legal aspects of their service and their duties and

responsibilities at least every two years (Organizational Standard 5.8). New board members must receive structured orientation training within six months of being seated (Organizational Standard 5.7). Additionally, ADES will require board members to also receive ROMA training at least every 2 years.

Reference: [OCS Information Memorandum 82](#), [OCS Information Memorandum 138](#), [CAPLAW's CSBG Organizational Standards Resource Guide](#)

4.3 Designation and Redesignation of Eligible Entities

In accordance with the CSBG Act, if an area in Arizona is not covered or ceases to be covered by an Eligible Entity, the State will first request an existing CAA that is located and provides services in a contiguous area to serve the unserved area. If no existing CAA is located in a contiguous area, a request will be made to the CAA located within the closest proximity, or another existing CAA within reasonable proximity to the unserved area.

An existing CAA interested in becoming the CAA for the unserved area must submit a letter of intent by the date designated by ADES to be eligible for funding in that area during the next year. ADES will adjust the resource allocation in the next CSBG State Plan. The CAA must include a plan and budget for the area in its annual CSBG application. The plan must include specific activities that will occur in the area.

If existing CAAs decline to serve the unserved area, the creation of a new CAA is possible. Such an entity would be a private, nonprofit organization that is geographically located in the area or an area contiguous to, or within reasonable proximity to, the unserved area and is capable of meeting all CSBG requirements. ADES would solicit applications from interested organizations through a Request for Proposal (RFP) process.

In alignment with OCS Information Memorandum 116, if no private, nonprofit organization is identified or determined to be qualified as an Eligible Entity to serve the area, ADES may designate an appropriate political subdivision of the State to serve as an Eligible Entity for the area. Any nonprofit or public agency receiving CSBG funds must meet the tripartite board requirements specified in Section 676B of the CSBG Act.

Reference: Section 676A of the [CSBG Act](#), [OCS Information Memorandum 116](#)

4.4 Funding Reduction and Termination

Per Section 676(c) of the CSBG Act, the only causes that can necessitate a reduction in funding are:

- A statewide redistribution of funds in response to new census data;
- The designation of a new Eligible Entity;
- Severe economic dislocation; or
- The failure of the Eligible Entity to comply with the terms of an agreement or a state plan, or to meet a state requirement.

A CSBG Eligible Entity may also voluntarily relinquish their designation. If so, the agency must submit in writing to ADES their intent to relinquish and the date on which it will occur.

Additionally, if this interferes with any contracts still in place, the agency must resolve all contract obligations prior to the effective date of relinquishment.

ADES will begin the process of terminating CSBG funding only if an agency fails, over a period of time, to take action to resolve significant findings that ADES had identified through the CSBG monitoring process, the annual CSBG Organizational Standards desk audit, or another documented method that an agency is not in compliance with state and/or federal CSBG requirements. This would take place after an agency has failed to make adequate progress through the technical assistance and/or corrective action plan processes described in Sections 7.3 and 7.4.

Per Section 678C(a)(5) of the CSBG Act, ADES will provide 30 days' notice and opportunity for a hearing prior to terminating CSBG funding or otherwise reducing the proportional share of funding to an entity for cause. In accordance with 45 CFR §96.92, an Eligible Entity has 30 days following notification by ADES of its final decision to request a review by HHS. ADES will follow the guidance provided by HHS as outlined in IM #116.

Reference: [OCS Information Memorandum #166](#), Section 678C(a)(5) of the [CSBG Act](#)

SECTION 5: State Plan and Grant Distribution

5.1 Grant Formula and Distribution to CSBG Eligible Entities

Federal law requires that States pass through 90% of their CSBG allocation in grants to Eligible Entities. The State may use no more than 5% of the allocation for the State's administrative expenses. The remaining 5% is used at the State's discretion to support other activities consistent with the purposes of CSBG legislation.

Arizona's CSBG Allocation Method:

- **90%** goes to Arizona's CSBG Eligible Entities, of which:
 - **98%** is distributed to the 11 Community Action Agencies. The specific grant amounts to the agencies are determined by the formula with variables based on population, poverty, and rural factors to establish minimum funding.
 - **2%** is distributed to the LPA.
- **5%** is discretionary CSBG funding allocated to discretionary activities outlined in the CSBG State Plan.
- **5%** is used as administrative dollars within ADES for the purposes of administering the program statewide.

Reference: Section 675C(a)(1) of the [CSBG Act](#), Arizona CSBG State Plan

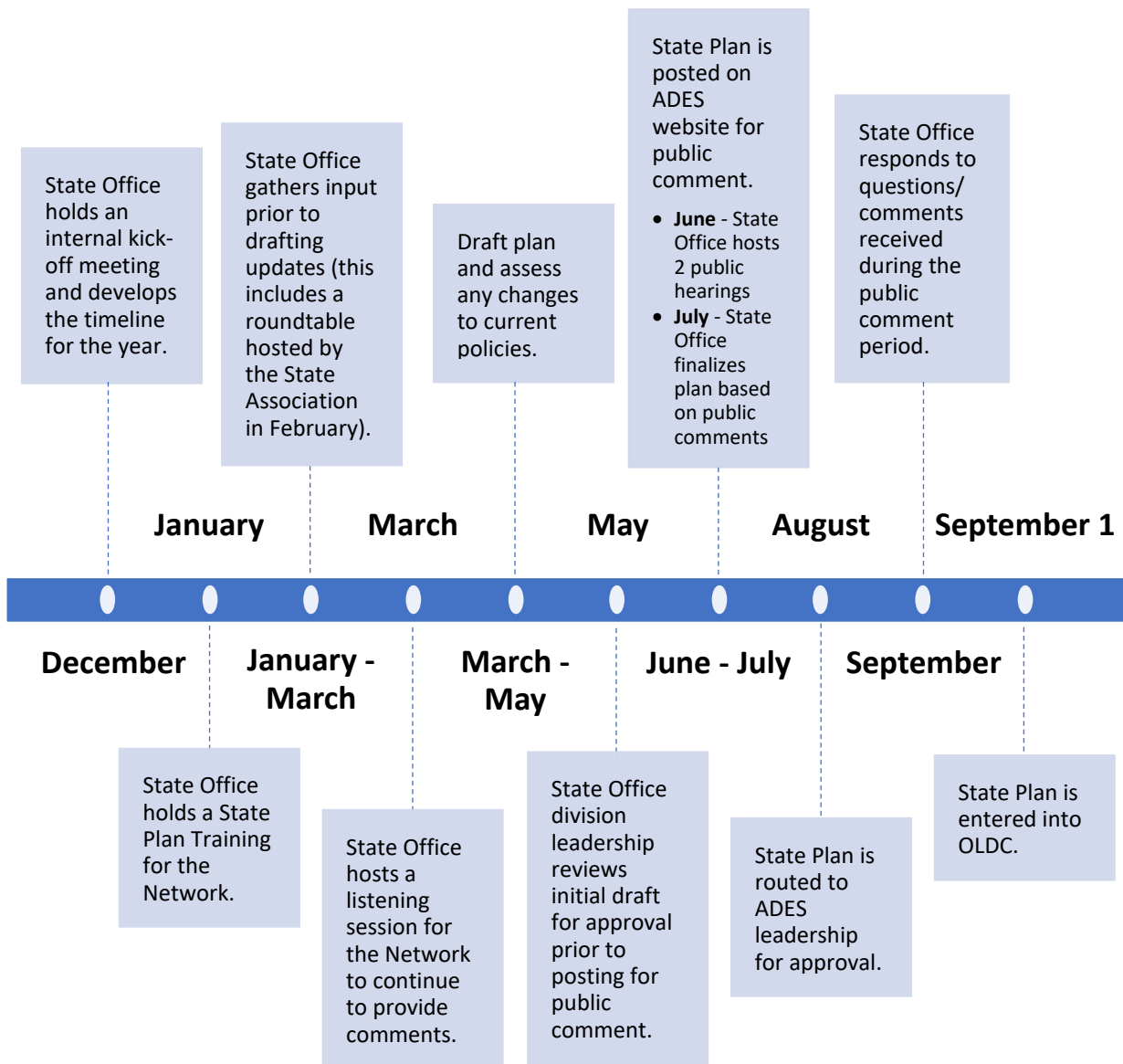
5.2 CSBG State Plan

The CSBG Act requires all CSBG State Offices to submit a CSBG State Plan to OCS for each grant award period to describe the state's proposed use of CSBG funds and include assurances that CSBG will be used in accordance with legislation. ADES develops and submits a CSBG State Plan every two years by September 1. ADES solicits public comments during the process of developing each CSBG State Plan, including working collaboratively with CSBG Eligible Entities, the State Association, and other stakeholders in the drafting and revision process. ADES also reviews and updates this manual as part of this process. ADES

holds a public hearing on the CSBG State Plan in combination with LIHEAP to help increase CSBG Eligible Entity engagement and reduce burden. At least 30 days in advance, a notice of the hearing and draft availability and location is sent electronically to CSBG Eligible Entities and other stakeholders and posted publicly on the ADES website.

The purpose of the hearing is to gain public input and provide a review of the CSBG program and plan changes. ADES will review and respond to all comments received in the process and all comments received are submitted with each State Plan. Revisions to the CSBG State Plan may be made in response to written and verbal public comments. ADES may also update the State Plan during interim years as needed. These updates will also be shared via a public hearing.

Example Timeline for State Plan Development



NOTE: This is an estimated timeline and is subject to change.

SECTION 6: Contract Process and Procedures

6.1 CSBG Funding Cycle and Contract Process

The federal funding cycle for CSBG state allocations follows the Federal Fiscal Year (FFY) cycle (October 1 through September 30). The contract year for Arizona's CSBG program operates on the State Fiscal Year (SFY) cycle (July 1 through June 30). The State enters into five-year budget-based/cost reimbursement contracts with CSBG Eligible Entities. ADES will estimate funding for the initial award based on level funding from the previous year. Upon notification from OCS of annual allocations to states, the State CSBG Office communicates estimated annual allocations to Eligible Entities around April/May for the upcoming SFY. The State CSBG Office issues these communications in the form of Alerts. Following any subsequent federal allocation change, OCS Notices of Award, etc., allocations are announced each quarter as they occur. CSBG Eligible Entities must submit an annual amendment packet, including an itemized service budget within 90 days of the issuance of the Alert.

The award of carryover from the previous year is announced after all billing is completed and a carryover analysis is conducted by the State Office. If contract dollar amounts are changed, the State CSBG Office amends the contract to reflect funding changes.

Reference: Arizona State Plan

6.2 CSBG Application (Community Action Plan)

All CSBG Eligible Entities must submit an annual application also known as a Community Action Plan (CAP) to ADES that outlines their plans for the use of the CSBG funds and an Organizational Information report which includes how the agency will meet the required Federal and State CSBG Assurances. Applications are due to ADES annually. ADES will review and approve the applications within 60 days unless the agency needs additional time to complete needed modifications. If an agency fails to complete a timely CAP, invoices may be suspended until the requirements are met.

Each CSBG Eligible Entity must complete its CAP under the guidance of the agency's board of directors using the ADES software module, which provides a basis for directing and monitoring the agency's efforts in addressing poverty-related problems in the community. This plan outlines the services and activities the agency will implement, based on the findings of the CNA. It must be outcome-based and anti-poverty-focused. The board of directors' involvement and participation in the CAP is a vital component of compliance with the CSBG Act. The board of directors' records should clearly document their ongoing involvement and leadership in the development, implementation, and evaluation of the CAP. Board ratification of a staff-prepared plan does not demonstrate adequate participation and leadership in compliance with the CSBG Act.

The board should establish processes to ensure ongoing involvement and participation in the development, implementation, and evaluation of the plan (ROMA cycle) that is responsive to the identified needs of the low-income population in the community served by the agency. The board must also ensure that the national CSBG goals and National

Performance Indicators (NPIs) are incorporated in the formulation of the plan. For this reason, agencies' board members must receive ROMA training as described in Section 4.2.

The board must receive an update on the progress made on the Community Action Program Plan at least once every 12 months.

The CAP must include the following components:

- A description of the major poverty-related problems identified by the agency's most recent CNA;
- Prioritization of the identified problems by magnitude and severity;
- Identification of current levels of anti-poverty efforts, including an inventory of current local initiatives that exist to address the identified poverty-related problems and any major service gaps at the local level;
- Selection of problems that the agency will target for direct intervention and the specific programmatic approaches the agency will take;
- Goals, based on ROMA goals and NPIs, that state in precise terms what the agency proposes to accomplish through its activities during the period of the plan;
- A plan for ongoing evaluation of the agency's activities;
- Program description for all agency programming which falls under the tripartite board;
- A budget that details planned programmatic and administrative expenditures for the upcoming year funded by CSBG;
- A roster of board members that includes their names, city/town of residence, original date of appointment, length of service, tripartite sector, and as applicable, the organization, community, or business they represent;
- Documentation the board was involved in the development of the CAP; and
- A signature from the agency's Executive Director or the designated agency contact.
 - A designation letter must be provided if the Executive Director elects to have another staff member submit.

Agencies must submit an updated CAP via the CAP Period 2 report indicating any changes in budget, programming, community needs, updated board roster, and/or staff contacts. The agency also reports mid-year outcomes and services for the first half of the program year.

Reference: Section 676(b)(11) of the [CSBG Act](#), [OCS Information Memorandum 82](#), [OCS Information Memorandum 138](#)

6.3 Community Needs Assessment (CNA)

At least once every three years, each Eligible Entity is required to conduct and submit a Community Needs Assessment (CNA) (Organizational Standard 3.1). The purpose is to identify the greatest unmet poverty-related needs and the gaps in services for low-income individuals and families in an agency's service area and to ensure that the agency is directing and adjusting its services regularly in response to the changing needs in the community. The agency governing board must formally accept the completed CNA

(Organizational Standard 3.5), which should be reflected in board meeting minutes provided to ADES. If an agency fails to complete a timely CNA, invoices may be suspended until the requirements are met.

The CNA must contain, at a minimum:

- 1) Key Findings on the causes and conditions of poverty and the needs of the communities assessed (Organizational Standard 3.4);
- 2) Current data specific to population/poverty and its prevalence related to gender, age, and race/ethnicity for their service area(s) obtained from the US Census Bureau and other valid sources (Organizational Standard 3.2);
- 3) Information obtained from low-income people (Organizational Standard 1.2);
- 4) Information obtained from at minimum: community-based organizations, faith-based organizations, private sector, public sector, and educational institutions (Organizational Standard 2.2);
- 5) Identified needs or service gaps;
- 6) Identified community assets/resources; and
- 7) Both qualitative and quantitative data on its geographic service area(s) in the community assessment collected and analyzed (Organizational Standard 3.3).

Reference: Section 676(b)(11) of the [CSBG Act](#), [OCS Information Memorandum 82](#), [OCS Information Memorandum 138](#)

6.4 Monthly Expenditure Reports and Payment Process

ADES operates on a reimbursement basis. Each CSBG Eligible Entity must submit all CSBG related invoices to DAARS by the 25th day of the following month. The following documents are required for approval, and must be uploaded to the secure ADES FTP site:

- If the agency assisted with direct client benefits that month, the household report must be submitted which outlines the household information and demographics.

Once all the necessary documentation is submitted by the CSBG Eligible Entity, ADES has 30 business days to process the invoice.

6.5 Carry Over Funds

All invoices and reports must be submitted by each CSBG Eligible Entity within 45 days of the close of the SFY. Once billing is completed by all the agencies, ADES completes a carryover analysis to determine how much each CSBG Eligible Entity has remaining in its budget. This analysis determines the carry-over funds award. The award of carryover from the previous year is announced around September of the current fiscal year. If contract funding amounts are changed, the State CSBG Office amends the contract and sends an Alert to reflect funding changes.

6.6 Contract and CSBG Application Modification Process

The State enters into five-year budget-based/cost reimbursement contracts with Eligible Entities. CSBG Eligible Entities are not allowed to make substantial changes to their five-year contract outside of renewal.

SECTION 7: Grant Administration

7.1 Monitoring

The purpose of the monitoring process is to verify compliance with federal CSBG requirements, state statutes, ROMA, the agency's CAP, and ADES policies, procedures, and contract requirements.

Section 678B(a)(1) of the [CSBG Act](#) requires ADES to conduct a full onsite review of each CSBG Eligible Entity a minimum of once every three (3) years, focusing on program, fiscal, policy, and general contract compliance. Newly designated Eligible Entities will be monitored immediately after the completion of the first year in which the agency receives CSBG funds. ADES may monitor an agency more frequently if the agency has unique circumstances or issues; has failed to meet goals, standards, or requirements established by ADES; has previous monitoring findings which require follow-up review; has experienced turnover in its Executive Director and/or Chief Financial Officer positions; or has had other federal, state, or local grants other than CSBG terminated for cause. In particular, ADES may review the cause of termination for other federal grant programs to ensure comparable issues do not exist for CSBG funds.

Program monitoring and formal audits generally consist of evaluations of internal processes and procedures for compliance with all requirements of federal, state, and local laws, contracts, and this policy.

ADES's monitoring process for CSBG Eligible Entities is guided by ADES's monitoring tool, which is reviewed and updated concurrently with the CSBG State Plan every two years. This tool is available to all CSBG Eligible Entities on the ADES [Community Action Program Publications](#) webpage. Monitoring includes a desk review of agency records and case files, an interview of the agency's board members, and an onsite monitoring visit. The onsite visit includes interviews with agency leadership and a tour of facilities and operations.

The following timeline is utilized when scheduling and issuing reports for monitoring visits:

- Monitoring visits will be scheduled a minimum of one month in advance.
- The monitoring engagement takes place over a 2-week period
- Monitoring reports will be sent within 30 days of the close of the monitoring period.

ADES utilizes a hybrid model and may conduct portions of the monitoring engagement virtually.

ADES is also required to thoroughly investigate any instances of "whistleblower" complaints or allegations of fraud or abuse of CSBG funds or funds from closely related programs such as Head Start, LIHEAP, or WAP. In any instances in which complaints or allegations of fraud are considered credible, ADES will inform OCS of the findings and OCS may assist with additional compliance review or referral to appropriate investigative authorities.

At the beginning of each state fiscal year, all CSBG Eligible Entities who subcontract for CSBG activities must provide to ADES an annual monitoring plan to include the upcoming program year. The plan must include, at a minimum, which direct service subcontractors are

to be monitored during the twelve-month period beginning July 1 (of the same year) and the target monitoring start and completion dates.

Reference: [OCS Information Memorandum 116](#)

7.2 Annual CSBG Organizational Standards Assessment

Community Action Agencies are required to meet the CSBG Organizational Standards which reflect the requirements of the CSBG Act, good management practices, and the values of the Community Action network. The standards are organized into three thematic groups comprising nine categories and a total of 58 standards for private, nonprofit-Eligible Entities and 50 for public entities. The CSBG Organizational Standards work together to define the necessary capacities a Community Action Agency needs to be effective.

Federal regulation requires ADES to assess each CSBG Community Action Agency annually to ensure that it is meeting all standards or making steady progress toward meeting all standards. ADES accomplishes this through annual desk audits. CSBG Community Action Agencies are required to submit a self-assessment of their compliance with Organizational Standards, marking each standard either as Met or Not Met. For each met standard, agencies must provide supporting documentation; for each unmet standard, agencies must draft a Technical Assistance Plan (TAP) indicating a plan to meet the standard. ADES will then review each self-assessment and provide feedback, including requests for additional documentation or modifications to the identified TAPs, and provide any needed technical assistance. This process continues until agencies have either documented compliance with each standard or have an approved TAP in place for coming into compliance.

7.3 Corrective Action

Based on routine State monitoring, reviews, or investigations related to specific complaints or allegations, ADES may determine that a CSBG Eligible Entity has failed to comply with the terms of an agreement, the State plan, or State requirements. The State's determination may be based on the agency's failure to provide CSBG services or to meet appropriate standards, goals, and other requirements established by the State, including performance objectives. If ADES has determined through its monitoring practices or another documented method that an Eligible Entity has a specific deficiency, ADES will communicate the deficiency to the CSBG Eligible Entity and require the Eligible Entity to correct the deficiency via a TAP or CAP.

ADES or the State Association will offer training and technical assistance, if appropriate, to help a CSBG Eligible Entity correct identified deficiencies or failures to meet ADES requirements. Technical assistance may be offered concurrently with the notification of a deficiency or deficiencies and should focus on the specific issues of the Eligible Entity to the extent possible.

Reference: [OCS Information Memorandum 116](#)

7.3.1 Technical Assistance Plan (TAP)

If ADES determines through the annual CSBG Organizational Standards desk audit process that an agency is not in compliance with one or more of the CSBG

Organizational Standards, the CSBG software will require the agency to create a TAP for any unmet Organizational Standard. The basis for ADES's determination is added as a note in the CSBG software. The TAP must identify the actions an agency will take to correct the deficiency within a reasonable period.

Eligible Entities on TAPs will be offered T/TA until Organizational Standards are met. ADES evaluates the progress of each Eligible Entity's compliance with the Unmet Organizational Standards. ADES may complete any of the following:

- 1) Provide relevant resources to the Eligible Entity out of compliance, including those from local, state, and national partners;
- 2) Refer the Eligible Entity to the State Association for T/TA; and/or
- 3) Consult with the Eligible Entity directly until the deficiencies are corrected or corrective action is needed.

7.3.2 Continuous Improvement Plan (CIP)

If ADES determines through an onsite monitoring visit that an agency has not completed or is unsatisfactory in resolving any TAPs, ADES will identify the specific deficiencies in a monitoring report issued to the agency within 30 days of the end of the monitoring engagement.

The monitoring report will document the basis for ADES's determination, and the agency will be asked to complete a CIP within 30 days of request from ADES to address the issues identified. The CIP must identify the actions the agency will take to correct the deficiency within a reasonable period. Alternatively, the agency may provide documentation that corrections have already been made, and therefore a CIP is not needed for the issue(s) in question.

ADES will have 30 days to approve the agency's proposed CIP or specify the reasons why the proposed plan cannot be approved. If the CIP is approved, ADES will monitor the agency's progress towards compliance. If deemed necessary, ADES may conduct an onsite follow-up review, desk audit, or other monitoring activity as appropriate. Any findings not corrected will continue to be documented in subsequent monitoring reports until satisfactorily corrected or closed as a result of providing verification of compliance.

An Eligible Entity may request T/TA from ADES to assist the agency in resolving all findings in a timely manner. Within 30 days of receiving documentation that the finding(s) has been corrected, ADES will provide written notification of closure of finding(s).

If ADES determines an agency has failed to address its findings through the CIP process, the agency will be deemed to be at "high risk" and ADES will follow the process outlined in Section 678C of the CSBG Act and the guidelines provided in OCS Information Memorandum 116. As required, ADES will communicate with OCS regarding the situation.

Reference: Section 678C of the [CSBG Act](#), [OCS IM 116](#)

7.3.3 Quality Improvement Plan (QIP)

If ADES identifies that an agency is not in compliance with Organizational Standards and has not complied with the TAP process, ADES will issue an official notice to the agency and require the agency to complete a QIP. The QIP must include plans to resolve the identified deficiencies within a reasonable period of time. Within 30 days after receiving the QIP, ADES will either approve the contract agency's proposed QIP or specify the reasons why it cannot be approved. If an agency fails to make progress on an approved QIP, ADES may initiate proceedings to terminate the agency's designation as an Eligible Entity or reduce its funding.

Reference: [OCS IM 116](#), Arizona CSBG State Plan, Section 678C of the [CSBG Act](#)

7.4 Training, Technical Assistance, and Other Resources

As the lead agency for CSBG administration in Arizona, ADES provides Eligible Entities with a range of training and technical assistance (T/TA) to establish and maintain sound grant management and program practices. ADES contracts with the State Association to assist in the delivery of these responsibilities. The State Association will conduct an annual survey to identify the needs and requests of Eligible Entities, including both their boards and staff. T/TA will also include needs identified by the State CSBG Office during onsite monitoring and policy clarification requests. T/TA is available in a variety of formats:

- Dissemination of resources
- Virtual and in-person trainings
- One-on-one consultations
- Board presentations
- Roundtables
- Conference sessions

Notice of training, whether in-person or virtual, will be sent via email from either the ADES CSBG program team or the State Association. Each Eligible Entity is responsible for ensuring the appropriate staff members are on the State Association and ADES CSBG distribution lists. In the event of staff turnover, Eligible Entities should contact both the State Association and the ADES CSBG program team to notify them of changes. Each agency must also update Organizational Information with the correct organization's contacts.

Reference: Section 678A of the [CSBG Act](#)

SECTION 8: Reporting Requirements

8.1 CSBG Annual Report

The CSBG Annual Report is a mandatory, annual federal report for every Eligible Entity and state office that administers CSBG funds. Eligible Entities use ROMA methodology to provide a comprehensive picture of the transformative work they engage in toward the realization of the national CSBG goals.

The CSBG Annual Report is comprised of four modules:

- **Module 1**—contains state-specific information and is completed by ADES;

- **Module 2**—contains agency-specific capacity, expenditures by domain, and coordination of funds;
- **Module 3**—identifies agencies' community-level work; and
- **Module 4**—contains outcome measures via National Performance Indicators (NPIs) that demonstrate the impact of the Eligible Entity's programs and activities on low-income individuals, families, and communities, as well as a report on the numbers and demographic characteristics of individuals served in the year. The NPIs correspond to the three national CSBG goals.

Agencies are required, through compliance with the Organizational Standards, to implement actions that focus on results-oriented management and results-oriented accountability. Agencies develop and implement strategies to measure and record improvements in the condition of low-income people and communities in which they live that result from Community Action intervention. Information about outcomes and results is used by tripartite boards and staff to determine the overall effectiveness of programs, inform annual and long-term planning, and support agency advocacy, funding, and community partnership activities.

ADES's Responsibilities for the CSBG Annual Report

ADES completes Module 1 of the CSBG Annual Report. ADES is responsible for collecting Modules 2, 3, and 4 from all CSBG Eligible Entities, and submitting a final report to OCS via its Online Data Collection (OLDC) system. ADES provides training opportunities and technical assistance on all modules, either directly or in collaboration with the State Association, annually.

CSBG Eligible Entities' Responsibilities for the CSBG Annual Report

Each CSBG Eligible Entity must complete Modules 2, 3, and 4 of the CSBG Annual Report and demonstrate their program outcomes using the NPIs. Module 3 is completed as applicable based on community-level initiatives. CSBG Eligible Entities are also responsible for maintaining back-up documentation to support the data reported in their CSBG Annual Report. It is important to note that the CSBG Annual Report relates to all of the agency's activities, not just services directly funded by CSBG.

Process for Completing the CSBG Annual Report

1. ADES does not use the "SmartForms" created by OCS and NASCSP. Instead the CSBG Annual Report is completed in the State CSBG Software;
2. CSBG Eligible Entities complete their CSBG Annual Report and submit them to ADES via the State Software by a designated due date, typically in mid-September;
3. ADES performs quality control checks on the data from the CSBG Eligible Entities and follows up with individual agencies via a Review Memo for any needed clarification or modifications;
4. ADES finalizes, approves, and uploads the final aggregated CSBG Annual Report to OLDC by March 31;

5. ADES responds to any inquiries from OCS regarding the submitted data. OCS sends these inquiries in a “clean-up” or “review memo” format, and ADES works with the CSBG Eligible Entities as needed to correct, modify, or otherwise respond to this memo; and
6. Once all inquiries have been answered and accepted by OCS, ADES makes edits to its original CSBG Annual Report submission in OLDC for final acceptance.

8.2 Additional State Reports

ADES requires CSBG Eligible Entities to report bi-annual outcomes for NPIs for the first half of the state fiscal year. This is referred to as Community Action Plan Period 2 (CAP Period 2). CSBG Eligible Entities submit these to ADES via the State Software by a designated due date, typically at the end of February.

ADES requires CSBG Eligible Entities to report year-end annual services and outcomes for NPIs for the entire state fiscal year. This is referred to as Community Action Plan Period 3 (CAP Period 3). CSBG Eligible Entities submit these to ADES via the State Software by a designated due date, typically at the end of August. Information provided in CAP Period 3 is also used for the CSBG Annual Report Module 4.

SECTION 9: Other Requirements for CSBG Eligible Entities

9.1 Communications

ADES uses a variety of methods to communicate policies and procedures in addition to this manual, as well as important Network updates. Examples may include due dates, reporting forms, training announcements, policy updates, requests for feedback, and other pertinent information. Each Eligible Entity is responsible for complying with the information contained in these communications and ensuring appropriate staff members are made aware. Below are some of the methods through which CSBG Eligible Entities can expect to receive these communications.

9.1.1 Alerts Process

Allocation Notices (Alerts) are used to communicate estimated annual allocations to Eligible Entities around April/May for the upcoming SFY. Alerts are released at least twice a year, one during the spring to announce initial funding allocations, and the second in the fall to announce carryover adjustments. Alerts are available on the ADES website using the link: <https://des.az.gov/services/aging-and-adult/division-aging-and-adult-services/alerts-arizona-division-aging-and-adult>

NOTE: Additional Alerts may be released throughout the year when there are changes/updates to allocations.

9.1.2 Informational Memorandums (IM)

The Office of Community Services, Division of Community Assistance, publishes Information Memoranda (IM) for distribution to CSBG program administrators. IMs are OCS’ interpretation of CSBG legislation and are meant to assist states with implementing and administering CSBG. With the exception of [IM 138: State Establishment of Organizational Standards for CSBG Eligible Entities](#), they are not legally binding. OCS IMs are available on the OCS website using the link: <https://www.acf.hhs.gov/ocs/policy-guidance/csbg-information-memoranda>

ADES may issue its own IMs related to Eligible Entity monitoring, policy changes, disaster response, etc. ADES IMs and Published Guidance are available on the CAA Publications Page website using the link: <https://des.az.gov/services/basic-needs/community-action-agencies/community-action-program-publications>.

9.1.3 Policy Change Updates

ADES reviews and updates this manual as part of its State Plan process. ADES may issue ad hoc policy change updates as needed via IM or email notification to CSBG Eligible Entities. ADES IMs and Published Guidance are available on the CAA Publications Page website using the link: <https://des.az.gov/services/basic-needs/community-action-agencies/community-action-program-publications>.

9.1.4 Training Availability

ADES and the State Association provide optional training for all agencies on a variety of topics. ADES works in coordination with the State Association on training and technical assistance needs throughout the year. A description of the ADES plan for delivering CSBG-funded training and technical assistance to Eligible Entities is included in the State Plan.

Training availability and announcements will be sent via email to all Eligible Entities by ADES or the State Association.

Reference: Arizona State Plan

9.2 Privacy of Program Participants

CSBG Eligible Entities must establish internal policies to protect the privacy of program participants. Electronic and paper records must be secured, with access to records limited to appropriate staff. CSBG Eligible Entities providing health care services must maintain client privacy and records in compliance with the Health Insurance Portability Accountability Act (HIPAA), Public Law 104-191.

Reference: [Health Insurance Portability Accountability Act \(HIPAA\), Public Law 104-191](#)

9.3 Personnel Policy

For non-profit, private entities, the board of directors of each CSBG Eligible Entity must develop and approve written personnel policies that are reviewed by the board and an attorney not less than every five years and updated as needed (Organizational Standard 7.1). Local governmental personnel policies are outside of the purview of the department and the tripartite board/advisory body; therefore this standard does not apply to public entities.

Non-profit, private entities policies must include:

- Equal employment;
- Discipline and termination policies;
- Grievance procedures;
- Job descriptions for all positions (Organizational Standard 7.3);
- Explanation of fringe benefits, including leave and holidays;

- Whistleblower policy (Organizational Standard 7.7);
- Travel policy;
- Non-discrimination statement;
- Conflict of interest policy;
- Nepotism statement;
- Definition of workday, work week, and hours;
- Rules governing the use of overtime;
- A policy requiring all staff driving on company business to have a current driver's license; and
- A policy for regular written evaluation of employees by their supervisors (Organizational Standard 7.6).

Either within the personnel policies or in a separate document, the board of directors must also establish rates of compensation for each staff position.

Reference: [OCS Information Memorandum 138](#)

9.4 Conflict of Interest Policy

CSBG Eligible Entities must verify and ensure that staff members and volunteers do not have conflicts of interest in the provision of services and management of the programs. Staff may not review a reconsideration request relating to any person with whom the staff member knows or otherwise has a personal relationship, including a friend, neighbor, relative, or other individual. Any such relationship which may raise a question of the staff's impartiality must be avoided. A member may not review a grievance relating to any person or case in which the staff made a prior adjudication decision. Any contractor's staff who identifies a conflict of interest in a request will notify the supervisor of the conflict and take no action on the Applicant's case.

Applications submitted by a staff member of a contracted agency, for the benefit of their personal household, must be reviewed and approved or denied by the contractor organization's Director in writing.

9.5 Referrals to Drug Treatment Services

Per Section 678G(a) of the CSBG Act, if a CSBG Eligible Entity tests participants in its programs, activities, or services for controlled substances, the CSBG Eligible Entity must inform any participants who test positive for controlled substances about the availability of treatment and rehabilitation services and refer them for appropriate treatment and rehabilitation. Any CSBG funds used for such testing will be considered for administrative expenses.

9.6 Child Support Services and Referrals

Per Section 678G(b) of the [CSBG Act](#), CSBG Eligible Entities are required to inform custodial parents in single-parent families they serve about the availability of child support services by referring eligible parents to the local child support agency. Documentation of this referral must be evidenced in an applicable participant's file.

For more information, applicants can visit <https://des.az.gov/services/child-and-family/child-support/apply-for-child-support>. To locate an ADES local office, visit <https://des.az.gov/find-your-local-office>.

9.7 Collaboration with Other Service Providers

CSBG Eligible Entities must develop collaborative relationships with other providers of services to low-income individuals and families in their area. Specifically, there must be coordination, cooperation, and referral relationships between CSBG Eligible Entities and agencies that provide statewide and local workforce investment systems under the Workforce Investment Act of 1998 (AZ@Work). Additionally, ADES encourages agencies to develop linkages with agencies that provide other services such as nutritious foods, childcare, Head Start, crisis intervention, Refugee services, and Medical Assistance ADES contracts with the State Association to assist with developing and coordinating linkages.

9.8 Political Activity Policy

To ensure compliance with Section 678F(b) of the [CSBG Act](#), CSBG Eligible Entities must have a written political activity policy that prohibits partisan political activity. In addition, CSBG Eligible Entities must ensure that CSBG funds are not used for partisan or non-partisan political activity, voter registration activities or to transport voters to polls.

9.9 Audit Requirements

CSBG Eligible Entities must demonstrate that the annual audit was completed by a qualified CPA or accounting firm; the most recent audit must demonstrate full compliance with the standards for the private or public agency and must be uploaded to the [Federal Audit Clearinghouse \(FAC\)](#).

All public CAAs complete the annual audit through the local governmental process in accordance with Title 2 of the Code of Federal Regulations, Uniform Administrative Requirements, Cost Principles, and Audit Requirement (if applicable) and/or State audit threshold requirements. This may be included in the municipal entity's full audit.

All private nonprofit Eligible Entities must solicit new bids for their audit at least once every five years (Organizational Standard 8.5).

If an agency has a finding or recommendation in its audit report, ADES will monitor the agency's corrective action activities and require evidence that all identified deficiencies have been resolved. Late audit reports may result in an elevated risk assessment, which may lead to increased monitoring efforts, delayed contracts, or other remedies as deemed necessary by ADES.

Reference: [2 CFR Part 200 Subpart F](#), [OCS Information Memorandum 138](#)