Significant CSBG Issues to Examine When Planning for the Future

CAPLAW Webinar
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Agenda

- Legal and practical aspects of CSBG CAA organizational standards
- Selected issues relating to use of CSBG funds:
  - Income-eligibility of clients
  - Property and facilities
  - Match for other federal programs
    - New guidance on match for HUD McKinney-Vento programs
CAA Organizational Standards

- CSBG network developed organizational standards for CAAs
  - Ensure CAAs are high-performing organizations with capacity to provide quality services
  - Ensure organizations have systems of accountability to demonstrate results
- On March 24, 2014, Office of Community Services (“OCS”) issued draft Information Memorandum on use of standards
- Use is now voluntary but OCS strongly encourages states to establish and implement them by FY 2016
- OCS says that if state establishes different standards, it must ensure they are at least as rigorous and comprehensive

CAA Organizational Standards

- Under CSBG Act, 42 USC 9914, states have authority to establish performance goals, administrative standards, financial management requirements, and other requirements for CAAs
  - States should follow applicable state law on process for adopting new rules or regulations
  - Establishment of standards should include a fair and reasonable process, including input from CAA leaders on timing and procedures for implementing, documenting, and reporting
  - States must communicate standards to CAAs
- States incorporate standards into state plan
- May be used for monitoring and termination purposes
Components of 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

Examples of Standards That May Require Changes in CAA Procedures

• Consumer Input:
  • CAA has systemic approach for collecting, analyzing, and reporting customer satisfaction to board

• Community Engagement:
  • CAA uses information gathered from key sectors of community in assessing needs and resources
  • CAA documents number of volunteers and hours

• Community Assessment:
  • CAA includes data specific to poverty and its prevalence related to gender, age, and race/ethnicity for service area
Examples of Standards That May Require Changes in CAA Procedures

• Leadership:
  • In past five years, Board has reviewed mission statement and assured that mission addresses poverty and program and services are in alignment with mission
  • Community Action Plan is outcome-based, anti-poverty focused, and ties directly to Community Assessment
  • Community Action Plan and Strategic Plan document continuous use of full ROMA cycle or comparable system (assessment, planning, implementation, achievement of results, and evaluation) and use of ROMA-certified trainer or equivalent
  • Written succession plan, addressing both permanent and temporary vacancies/absences
  • Organization-wide risk assessment has been completed in past two years and reported to board

Examples of Standards That May Require Changes in CAA Procedures

• Board Governance:
  • Board has written procedures that document democratic selection process for low-income sector
  • By-laws have been reviewed by attorney within past five years
  • Each board member has signed conflict of interest policy within past two years
  • CAA has process to provide structured orientation for new board members within 6 months of being seated
  • All board members have been provided training within past 2 years
  • Board receives programmatic reports at each meeting
Examples of Standards That May Require Changes in CAA Procedures

• Strategic Planning:
  • CAA has organization-wide strategic plan that has been approved by board within past 5 years
  • Customer satisfaction data and customer input included in process
  • Board received update on meeting goals of plan within past 12 months

• Human Resource Management:
  • Written personnel policies have been reviewed by attorney and approved by board within past 5 years
  • Written job descriptions updated within past 5 years
  • Board conducts annual review of CEO’s performance and compensation

Examples of Standards That May Require Changes in CAA Procedures

• Financial Operations and Oversight
  • All findings from prior year’s audit have been addressed where appropriate
  • Auditor presents audit to board and board accepts audit
  • Audit bid out at least every 5 years
  • IRS Form 990 made available to board for review
  • Board receives financial reports at each meeting that include:
    • Organization-wide revenue and expenditures that compare budget to actual, categorized by program
    • Balance sheet
  • Board annually approves organization-wide budget
  • Fiscal policies have been reviewed within past 2 years, changes approved by board
Examples of Standards That May Require Changes in CAA Procedures

- Financial Operations, cont.:
  - Written procurement policy has been reviewed by board within past 5 years
  - Allocation of shared costs documented by indirect cost rate and/or written cost allocation plan
  - Written record retention policy

- Data and Analysis:
  - System to track outcomes
  - Analysis of outcomes within past 12 months
  - CSBG Information Survey Data Report reflects organization-wide outcomes

Client Eligibility for CSBG-funded Services

- Income eligibility requirement
  - CSBG Act requires income to be a criteria for eligibility in a CSBG-funded program. 42 USC 9902(2).
  - Income cap may be no higher than 100% of OMB federal poverty line, as revised annually by HHS, except as described in next bullet
    - Sliding scale based on number of family members
  - State may permit CAAs to provide CSBG services to clients up to 125% of poverty line if state determines that higher cap serves purposes of CSBG program
    - Consistent with its most recent community needs assessment, CAA may give priority to clients of lower income levels within income eligibility limit determined by state
Client Eligibility for CSBG-funded Services

• Process for determining or documenting income eligibility not addressed in CSBG Act or HHS regulations
• In order to ensure income eligibility of clients, some screening process should be used
• If state has not specified process, CAA determines process
  • Develop written process that can be implemented
  • Train employees
  • Gather sufficient information to determine eligibility, including documentation as necessary
  • Document that screening has been completed
  • Monitor

Client Eligibility for CSBG-funded Services

• Issues in determining income eligibility
  • Whose income? Two possible definition of “family”:
    • Example 1:
      • Two or more related persons, by birth, marriage and/or adoption, who reside together;
      • Individual who resides alone; and
      • Individual who lives with others to whom he or she is not related
    • Example 2:
      • All persons living together in a “household” as an economic unit
        • Does individual pay for his or her own food and occupancy?
  • What counts as “income”? Possible definition:
    • Total annual cash receipts before taxes from all sources, with some exceptions such as tax refunds, capital gains, gifts, foster grandparent reimbursements. See CAPLAW Q & A, pages 3-4
Client Eligibility for CSBG-funded Services

• Issues in determining income eligibility, cont.
  • What period of time? Examples:
    • Annual income: 90 days – 12 month period preceding assistance request
    • Monthly or annualized gross household income
    • Determine based on client’s particular facts and circumstances
  • How frequent is reassessment? Recommended:
    • At least annually
    • When CAA becomes aware of significant income-changing event

Client Eligibility for CSBG-funded Services

• Documentation of income eligibility? Examples:
  • Example 1:
    • W-2 stubs, tax returns, Social Security check, 1099s, child support payments; proof of participation of eligibility for other programs with consistent income guideline
    • Client with no income signs form attesting to that fact, with signature of staff member confirming that s/he has inquired and attempted to verify and that information on form is accurate to best of his or her knowledge
  • Example 2:
    • Same as above, but also may include third party verification with client’s written consent
Client Eligibility for CSBG-funded Services

- Retention of records re eligibility determination
  - At minimum, it is recommended that CAA create and retain documentation establishing that screening took place
  - Form signed by staff member stating client income, records reviewed, and basis for income eligibility
  - "No income" form signed by applicant and staff
- Additional steps that CAA may take
  - CAA retains copies of documents relating to applicant income provided by client or third parties
  - Applicant signs and dates application stating that documents and information provided are accurate to best of his or her knowledge
  - Staff member signs statement that s/he has interviewed applicant, and relevant third parties if no income, that information is accurate to the best of her knowledge and that s/he has determined that applicant is eligible

Client Eligibility for CSBG-funded Services

- Individualized determinations of eligibility always required?
  - Federal law doesn’t address this situation
  - Check state CSBG rules and contact state CSBG office for guidance
  - May not be needed where:
    - Services or program provided to group, rather than to individuals, and circumstances indicate that members of group are likely to be income-eligible
      - For example, financial literacy information and materials provided at community gathering in low-income area or to Head Start parents
    - Impossible or impracticable to determine eligibility:
      - Part of outreach to potential clients, such as open house at CAA
      - Initial intake and information referral process
      - Disaster relief
    - Services covered under CSBG purposes, but not intended to be individual client-focused, such as poverty forum
Client Eligibility for CSBG-funded Services

• General intake and information and referral
  • May fund with CSBG even if some applicants turn out not eligible for CSBG services
    • But should target low-income clients
  • Once it is determined which services, if any, applicant is eligible for, appropriate funds should be used to complete application process for specific service
    • For example, LIHEAP, which has higher income cap
  • CSBG funds may be used to provide information about services and referrals at intake
    • Follow-up and more in-depth case management should follow CSBG-income eligibility if paid with CSBG funds

Client Eligibility for CSBG-funded Services

• Allocation of costs for programs supported in part by CSBG
  • If CSBG funds support or supplement program that has no or less restrictive income-eligibility requirements, reasonable allocation of costs among supporting programs is required
  • Allocation should reflect relative benefit to each program through, for example:
    • Proportion of costs paid by CSBG is equal to, or does not exceed, proportion of clients who are CSBG income-eligible
    • Proportion of costs paid by CSBG is equal to, or does not exceed proportion of documented program staff time (as reflected in personnel activity reports or otherwise) devoted to assisting CSBG-eligible clients
CSBG and Property and Facilities

- CSBG Act prohibits use of CSBG funds, unless waiver from HHS, for:
  - Purchase of land
  - Improvement of land
  - Purchase of a building or facility
  - Construction of a building or facility
  - Permanent improvement of a building or facility, other than low-cost residential weatherization or other energy-related home repairs

42 USC 9918(a)(1)

CSBG and Property and Facilities

- Work is a “permanent improvement” if it:
  - Materially increases permanent value of the property;
  - Appreciably prolongs life of the property; or
  - Puts, rather than maintains, the property in efficient operating condition

- Work is not a “permanent improvement” if it is:
CSBG and Property and Facilities

- Examples
  - Replace old carpet with new carpet
  - Replace formica countertops in employee kitchen area with granite countertops
  - Repaint walls
  - Rearrange internal walls to create additional office space
  - Patch roof to fix leak
  - Replace asphalt roof with slate roof
  - Install solar panels on roof

CSBG and Property and Facilities

- Does CSBG Act bar use of CSBG funds for interest on loan for purchase or improvement of property without HHS waiver?
  - In CAPLAW's view, no
  - Act doesn’t specifically address issue
  - Interest is considered carrying cost of loan, not part of cost of acquiring property
  - CAPLAW view is supported by OMB Cost Principles’ separate classification of interest and capital expenditures
  - Different than rule stated in Head Start Act, which expressly requires HHS approval for use of funds for interest and principal of facility-related loans
  - OCS has not issued guidance issued on this issue, but may have a different view; check with state and include in CSBG budget
CSBG and Property and Facilities

- Depreciation may be charged to CSBG without a waiver
  - Depreciation is cost of using a facility; not part of acquisition cost

- Improvements to a facility leased by CAA
  - If improvements made by landlord at no extra cost to CAA beyond regular lease payment, then entire rental charge may be charged to CSBG; not considered a prohibited improvement cost
  - But if extra fee or costs are charged by landlord to CAA for improvements, then costs are for improvements and may not be charged to CSBG without HHS waiver

CSBG and Property and Facilities: OCS

CSBG Information Memorandum No. 60

- HHS Waiver
  - State CSBG office, not CAA, must request waiver from HHS
  - Relevant information for waiver request and OCS determination:
    - Evidence that circumstances requiring use of CSBG funds is extraordinary in scope or severity, for example:
      - No suitable, affordable rental facilities available in community
      - No other sources of funding for project available
      - Unique facility or improvements necessary to carry out needed program
      - Immediate need for improvements needed due to natural disaster
  - OCS has granted waivers for:
    - Natural disasters
    - Exceptionally high incidence of poverty and sewage deposited in local neighborhood
    - Historic building could not be renovated; needed to be replaced
CSBG and Property and Facilities: Government Interest

OCS Information Memorandum No. 60

- If HHS grants waiver, government will have reversionary interest in property/facility purchased or improved with CSBG funds
  - OCS will require state to hold reversionary interest in property for period that corresponds to useful life of property and notify CAA of that interest
  - OCS will notify state that it will recover funds from state if it fails to monitor use of property or fails to use reverted property to carry out CSBG purposes
- But if CSBG funds used for interest on facility-related loan or depreciation on facility, no government interest created, in CAPLAW’s view
  - Note earlier discussion of whether use of CSBG funds for that purpose is allowed without HHS waiver

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CSBG and Property and Facilities: Government Interest

- When property no longer needed for original CSBG purpose, state may:
  - Allow CAA to use for other purposes connected with ameliorating cause of poverty
  - Take over property to use for CSBG purposes
  - Use state’s share of proceeds from sale of property for CSBG purposes
- When approval granted for use of CSBG funds, state should notify CAA of:
  - Requirements for prior approval of mortgages, etc.
  - Process that will be followed if property no longer needed or sold
  - Explain how proceeds will be allocated if property is sold
CSBG and Property and Facilities: Government Interest

- CAA compensates gov’t for its interest when property sold or no longer used by CAA for gov’t-approved purpose
- Government entitled to the percentage of FMV or sales proceeds, less selling and fix-up expenses, attributable to its participation in acquisition or improvement of property
  - CSBG funds used to pay for acquisition, including down payment, and loan principal, construction, permanent improvements are all counted as “government participation”
  - CSBG funds used to pay for interest on loan, depreciation, maintenance and routine repairs should neither create government interest nor be included in “gov’t share”
  - But different rule for Head Start: use of funds for interest payments creates federal interest and included in gov’t share

CSBG and Property and Facilities: Example

- In 1999, CAA receives HHS waiver to use CSBG funds
- Total purchase price of community center is $900,000
  - $300,000: CSBG $
  - $100,000: Unrestricted CAA $
  - $500,000: 15-year commercial loan
    - CSBG $: repay loan, including $500,000 principal + $75,000 interest
- $100,000 for permanent improvements: CAA unrestricted $
- Total acquisition and improvement costs: $1 million
  - CAA share: $200,000 (20%)
  - Gov’t share: $800,000 (80%)
CSBG and Property and Facilities: Example, cont.

• In 2014, CAA, with state CSBG office approval, sells community center after competitive process

• Sales proceeds: $1,250,000 - $50,000 in sales expenses = $1.2 million

• Allocation of proceeds:
  • CAA: $240,000
  • State: $960,000

• $75,000 in interest payments should not be considered part of acquisition cost, so not included to calculate gov’t share

Use of CSBG funds as Match: OCS CSBG Information Memorandum No. 135

• In general, CSBG funds may not be used as match for other federal programs
  • 2 CFR Part 230, App. A, Section A, ¶ 2.f.; 2 CFR § 215.23 (a)(5); and OCS CSBG Information Memoranda No. 37
  • Federal funds may be used as match only if explicitly allowed by statute; CSBG statute does not do so
Use of CSBG funds as Match: OCS CSBG

Information Memorandum No. 135

- However, since 2009, appropriations acts have included provision authorizing grantees under HUD’s McKinney-Vento Homeless Assistance Act programs to use other Federal funds as match unless prohibited by another federal statute.

- OCS just advised that because CSBG statute does not prohibit, CSBG $ may be used as match for McKinney-Vento programs if used for CSBG purposes and in accordance with CSBG law.
COMMUNITY SERVICES BLOCK GRANT

Q&A on... Client Eligibility

CAPLAW
Community Action Program Legal Services, Inc.

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Introduction

The federal Community Services Block Grant (CSBG) funds local Community Action Agencies and other eligible entities to carry out a variety of activities designed to reduce poverty, revitalize low-income communities, and empower low-income families and individuals to become self-sufficient. The following Q&A is intended to assist state CSBG lead agencies and CSBG eligible entities in better understanding certain aspects of determining client eligibility for CSBG services or benefits provided by eligible entities. It is intended to provide practical guidance based on relevant laws, but is not authorized or approved by the federal Office of Community Services, the office within the U.S. Department of Health and Human Services (HHS) that administers the block grant, and does not constitute legal advice. Relevant sections of laws referenced in this guidance are located at the end of this document.

Income Eligibility

1. Is there an income eligibility requirement for CSBG clients?

To be eligible for CSBG services or benefits, clients must be at or below 100% of the federal poverty line as determined by the federal Office of Management and Budget (OMB) based on the most recent federal Census data and as revised annually (or more frequently) by the U.S. Department of Health and Human Services (the HHS poverty guidelines). A state may permit CSBG services to be provided to clients up to 125% of the federal poverty line whenever it determines that doing so serves the objectives of the CSBG program.

Eligible entities should use the most current HHS poverty guidelines when assessing income eligibility. The current guidelines are published in the Federal Register and are available on the HHS website www.hhs.gov.

The guidelines are calculated on a sliding scale based on the number of persons in a client’s family. To calculate 125% of the federal poverty line, use the amount stated in the poverty guidelines relating to the number of persons in the client’s household and multiply that number by 1.25.

2. May an eligible entity choose to use a lower income eligibility level?

An eligible entity may, consistent with its most recent community needs assessment, give priority in providing CSBG services/benefits to clients of lower income levels within the CSBG income eligibility limit established by the state.

3. Are eligible entities required to follow specific procedures in determining CSBG income eligibility?

The federal CSBG law does not require any particular process for determining client income eligibility; nor do HHS regulations. However, in order to ensure that CSBG funds are being used for income eligible clients, eligible entities should screen for income eligibility. If the state has not specified how to calculate a client’s income for the purpose of determining client eligibility for CSBG services or benefits, the eligible entity may adopt its own written procedures for doing so. These procedures may, based on the eligible entity’s community needs assessment, give priority to certain client populations within the applicable income limit (such as: people with disabilities; people who are homeless; the elderly; people who are unemployed; and/or people with children under age 18).
4. What issues should states and/or eligible entities consider in designing income eligibility determination procedures?

What Is the Definition of Family?

Neither the HHS poverty guidelines, the federal CSBG Act, nor applicable HHS regulations define the term “family.” Following are two examples of how the term family might be defined. Other reasonable definitions are also acceptable.

Example 1:

The income of all members of each family unit must be included in determining the income eligibility. A family unit may be either: (1) related individuals; or (2) an unrelated individual.

The term “related individuals” means two or more persons related by birth, marriage, and/or adoption who reside together.

The term “unrelated individual” means an individual who is not an inmate of an institution: (1) who resides alone or (2) who resides with one or more persons who are not related to him/her by birth, marriage, and/or adoption. (Examples of unrelated individuals residing with others include a lodger, a foster child, a ward, or an employee.)

If a household includes more than one family unit, the poverty guidelines shall be applied separately to each family unit, and not to the household as a whole.

Example 2:

For purposes of determining income eligibility, the term “persons in family“ in the HHS poverty guidelines means persons in a household. A household includes any individual or group of individuals who are living together as one economic unit. The income of each individual in the household who is 18 years old or older must be included in determining income eligibility. In determining whether an individual is part of a household, the eligible entity may consider factors such as whether the individual pays for his/her own food and occupancy.

What Counts as Income?

Neither the HHS poverty guidelines nor the federal CSBG Act nor applicable HHS regulations define the term “income.” Following is one example of how the term income might be defined. Other reasonable definitions are also acceptable.

Example:

Income includes total annual cash receipts before taxes from all sources, with the exceptions noted below. Specifically, income includes:

- Wages and salaries before any deductions;
- Net receipts from nonfarm self-employment (receipts from a person’s own unincorporated business, professional enterprise, or partnership, after deductions for business expenses);
- Net receipts from farm self-employment (receipts from a farm which one operates as an owner, renter, or sharecropper, after deductions for farm operating expenses);
- Regular payments from Social Security, railroad retirement, unemployment compensation, strike benefits from union funds, workers’ compensation, veterans’ payments, public assistance (including Temporary Assistance for Needy Families, Supplemental Security Income, and non-federally-funded General Assistance or General Relief money payments), and training stipends;
• Alimony, child support, and military family allotments or other regular support from an absent family member or someone not living in the household;
• Private pensions, government employee pensions (including military retirement pay) and regular insurance or annuity payments;
• College or university scholarships, grants, fellowships, and assistantships;
• Dividends, interest, net rental income, net royalties;
• Periodic receipts from estates or trusts, and
• Net gambling or lottery winnings.

Income does not include:

• Tax refunds;
• Assets drawn down as withdrawals from a bank or the sale of property (such as a house or a car);
• Capital gains;
• Gifts, loans, lump-sum inheritances, one-time insurance payments, or compensation for injury;
• Employer-paid or union-paid portion of health insurance or other employee fringe benefits;
• Food or housing received in lieu of wages;
• Federal or state noncash benefit programs as Medicare, Medicaid, food stamps, school lunches, and housing assistance; or
• Payments required under federal or state law to be excluded from the definition of income for calculating eligibility for federal or state public benefit programs, such as cost reimbursements under the federal Foster Grandparent program (see 45 C.F.R. § 2552.47).

What Period Should Be Used in Determining Income?

Neither the HHS poverty guidelines, the federal CSBG Act, nor applicable HHS regulations specify the period to be used when determining a client’s income. Following are examples of periods that could be used in determining a client’s income. Other reasonable periods are also acceptable.

Example 1:

The period for determining the annual income must not be more than 12 months nor less than 90 days preceding the request for assistance.

Example 2:

Total monthly or annualized gross household income should be used to determine eligibility. The monthly income should be calculated for the 30-day period preceding and including the date of application.

Example 3:

There is no prescribed look-back period for income assessment. Depending on an individual client’s circumstances and the documentation available, it may be reasonable to calculate client income based upon the household’s gross income in the past 30 days (multiplied by 12) or based upon a review of the past year. (For example, if a client has become unemployed or was the victim of domestic violence and has left the abusive household within the past year, it may be inaccurate to use the data of the past year to assess income, and the use of a shorter period of time—perhaps several months—may be a more appropriate and accurate assessment of the client’s income. In addition, case-by-case circumstances such as seasonal employment or an isolated and temporary spike or decline in earnings may require an eligible entity to exercise reasonable discretion to determine on a case-by-case basis the most appropriate time period to review to most appropriately and accurately assess income). It is recommended that no time period shorter than the past 30 days or longer than the past year should be
used, however. In exercising this reasonable discretion, the eligible entity’s goal in each case should be to most accurately determine a client’s actual financial position at the time of assessment.

**How Often Should Client Income Be Re-Determined?**

Neither the CSBG Act nor applicable HHS regulations specify how often a client’s income should be re-determined. Following is one example of a possible re-determination policy:

**Example:**

After initial determination, the income level of a client receiving ongoing services should be re-determined at least annually, and should be reviewed any time the eligible entity becomes aware of a significant income changing event or circumstance. An eligible entity retains the right to review a client’s income level at any time while the client is receiving CSBG-funded benefits/services for the purpose of determining continued program eligibility.

**What Types of Income Documentation Should Be Reviewed?**

Neither the CSBG Act nor applicable HHS regulations specify the type of income documentation that eligible entities should review in determining an applicant’s income eligibility. Following are two possible examples of documentation an eligible entity could review in determining a client’s income:

**Example 1:**

Applicants must provide documentation of their household’s source(s) of income. Some examples of acceptable documentation include: pay stubs; a current tax return; IRS Form W-2 and/or 1099; a letter from an employer; a Social Security check or benefits statement; retirement income statement; unemployment insurance benefit statement; child-support payments documentation (copies of checks, history of payments or court papers); or self-employed accounting records. Documentation of current participation in public benefits programs with income eligibility standards at or below 125% of the HHS federal poverty guidelines may also be used.

Applicants who claim no household income must sign a form attesting to that fact and to the accuracy of the information provided to the eligible entity. This form must also be signed by a staff member indicating that the staff member has, in good faith, attempted to verify this condition, and that the information on eligibility in the file is accurate to the best of the staff member’s knowledge.

**Example 2:**

Before an applicant is determined to be eligible on the basis of family income, the applicant must submit information to the program concerning the family’s income. Verification must include examination of documents such as individual income tax forms, W-2 forms, pay stubs, pay envelopes, or written statements from employers (if individual income tax forms, W-2 forms, pay stubs, or pay envelopes are not available).

When appropriate, in cases in which no documentation regarding the income eligibility of the applicant has been received by the eligible entity, or when it is either more efficient or reliable to do so rather than to search for eligibility documentation, eligible entities may seek information from third parties who have first-hand knowledge about the applicant’s eligibility, and document each such third party’s name, title, organizational affiliation (if any) and relationship to the applicant in the applicant’s record. Eligible entities also may seek third party information in cases where documents are not submitted to prove a claim that an applicant has no income.

If eligible entities plan to seek third party verification from one or more parties regarding an applicant’s eligibility, staff must inform the applicant about each party that they intend to contact. In addition, the applicant must sign a consent form permitting the eligible entity to contact specified third parties; this provides applicants the opportunity to withhold their consent for third party verification from one or
more parties. An applicant must be given the opportunity to withhold consent related to each party the eligible entity would like to contact. If applicants do not sign the consent form, the eligible entity may not contact that party and the applicant remains responsible for providing appropriate documentation.

**What Records Should Be Kept Regarding the Eligibility Determination?**

Neither the CSBG Act nor applicable HHS regulations specify the records an eligible entity should keep regarding the determination of an applicant’s eligibility for CSBG benefits/services. At a minimum, an eligible entity should retain documentation sufficient to demonstrate that, where an individualized determination of income was required, staff screened applicants for income eligibility. Following are two possible examples of the records that could be kept to document the fact that an eligible entity reviewed a client’s income and determined the client to be eligible for CSBG services/benefits:

**Example 1:**

An eligible entity maintains a statement that identifies which documents staff examined and states that the applicant is eligible for CSBG services/benefits. The statement is signed by an employee who reviewed the documentation and determined the applicant to be eligible for CSBG services/benefits. Where an applicant claims no household income, the eligible entity maintains the form attesting to that fact signed by the applicant and the staff member who attempted to verify the applicant’s household income.

**Example 2:**

An eligible entity keeps an eligibility determination record for each applicant for CSBG services/benefits, which includes:

- Copies of all documents submitted by the applicant relating to the applicant’s eligibility for services and any staff member’s notes recording any other information related to eligibility received from any source;
- A signed and dated statement by the applicant certifying that the documents and information that the applicant provided concerning eligibility are accurate to the best of the applicant’s knowledge;
- Documentation establishing that a staff member has sought to verify the accuracy of the information on eligibility provided to the eligible entity by:
  - Conducting an in-person interview with the applicant; and
  - Seeking information from third parties who have first-hand knowledge about the applicant’s eligibility in cases in which no documentation regarding the income eligibility of the applicant has been received by the eligible entity, or when it is either more efficient or reliable to do so rather than to search for eligibility documentation. The record should include the names, titles, and affiliations of the third parties, and the applicant’s signed consent form permitting the program to contact each particular third party; and
- A signed and dated statement by the staff person who made the eligibility determination certifying that the information on eligibility in the file is accurate to the best of the person’s knowledge, and based on that information, the person has determined the applicant to be eligible for services.
5. Are there any cases where individualized determination of income eligibility may not be required?

There are certain circumstances where individualized determination of income eligibility may not be required. Check with your state CSBG office on this point.

Services are provided on a group, rather than individual, basis and circumstances indicate that those benefiting are likely to meet the CSBG income eligibility requirements. For example, a financial literacy class provided to parents of children in the eligible entity’s Head Start program, or a job skills class provided to residents of a homeless shelter.

Services are provided on an individual basis but circumstances make it impossible or impracticable to obtain income documentation and indicate 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; and disaster response and relief (such as emergency shelters or provision of food and clothing during or immediately following a disaster).

Services are intended to increase community awareness of or involvement in poverty issues. For example, an eligible entity sponsors a community forum on improving health care access for low-income people, convenes a meeting of organizations in the community serving homeless clients to discuss coordinating service delivery, or holds an open house to publicize the availability of its programs to members of the low-income community.

Other Eligibility Issues

1. How should costs be allocated for programs supported by both CSBG funds and funds that either do not have eligibility requirements or that have less restrictive eligibility requirements than the CSBG program?

When CSBG funds are used to support another program that does not have eligibility requirements, that has higher income eligibility requirements than the CSBG program, or that does not limit services to the CAA’s CSBG service area, clients should be screened for CSBG eligibility and identified as CSBG-eligible or not CSBG-eligible.

The eligible entity should have a reasonable, documented basis for allocating the program costs between CSBG and the other funding source(s) based on the relative benefit each funding source receives. This can be done, for example, by demonstrating that either: (1) the proportion of program clients who are CSBG-eligible is equal to or greater than the proportion of program costs paid with CSBG funds (e.g., if 70% of program costs are paid from CSBG funds and 30% are paid from another source, at least 70% of the clients served must meet CSBG eligibility requirements); or (2) the proportion of program staff time devoted to serving CSBG-eligible clients is equal to or greater than the proportion of program costs paid with CSBG funds (e.g., if 70% of program costs are paid from CSBG funds and 30% are paid from another source, at least 70% of staff time must be allocated to serving CSBG-eligible clients).
2. May an eligible entity require documentation that applicants for CSBG services/benefits live in the eligible entity’s CSBG service area?

If residency in the CSBG service area is an eligibility requirement of the eligible entity and/or state CSBG statutes and/or regulations, an eligible entity may require documentation that applicants for CSBG services/benefits live in the eligible entity’s CSBG service area. However, if state CSBG statutes and/or regulations do not require otherwise, an eligible entity may decide to serve individuals who live outside the service area (such as individuals who work in the service area). Following is one example of possible residency documentation an eligible entity might require:

Example:

Applicants provide documentation of their current residential address. Examples of acceptable documentation include: copy of utility bill; lease or rental agreement; receipt from landlord of rent received; copy of mortgage statement; written statement from landlord affirming residency; or a letter from homeless shelter. Applicants who live with someone else and do not receive mail at that address may provide a signed, notarized letter from that person and documentation of that person’s current residential address. Self-certification is permitted in the case of applicants who are homeless and have no current residential address.

3. Are certain categories of people ineligible for CSBG services (e.g., staff and board members, non-citizens, substance abusers, convicted felons)?

Other than people who do not meet the CSBG income eligibility requirements, no one is categorically ineligible for CSBG services.

Staff, Board Members and Members of their Families: There is no prohibition against an eligible entity providing CSBG-funded services/benefits to members of its tripartite board, its staff or members of their families who apply for those services/benefits, provided that: (1) the applicant meets all applicable eligibility criteria for the services/benefits; (2) the applicant does not receive preferential treatment in receiving the services/benefits due to his or her connection with the eligible entity; and (3) the services/benefits are provided on terms similar to those provided to individuals who are not so connected to the entity. Neither the applicant nor a member of his/her family should make the determination of whether the applicant is eligible for the CSBG-funded services/benefits.

Non-Citizens: OCS Information Memorandum 30 (September 30, 1998) states that non-citizens should not be banned from CSBG programs based solely on their alien status unless the exclusion is authorized by another statute.

Substance Abusers: There is no prohibition on the use of CSBG funds to provide services/benefits to substance abusers. A number of eligible entities use CSBG funds to provide substance abuse treatment or to provide additional services to clients in their substance abuse treatment programs.

Convicted Felons: Convicted felons are eligible for CSBG services. Indeed, a number of eligible entities use CSBG funds to provide prisoner re-entry services.

4. May CSBG funds be used to provide general information on services/benefits available in the community to low-income people and referrals to other providers of those services/benefits without an intake and eligibility screening process?

The CSBG Act requires states to include in their CSBG state plans, “information provided by eligible entities in the State, containing ... a description of how linkages will be developed to fill identified gaps in ... services, through the provision of information, referrals.....” Sec. 676(b)(3)(B). Thus, it is clear that CSBG funds may be used to provide information and referrals, assuming the services
are targeted to those who are CSBG-eligible. The very purpose of information and referral services is to connect people quickly and effectively to community, health and disaster services. Requiring individuals seeking general information and referrals to complete a detailed eligibility application would likely result in their turning elsewhere, thus defeating the purpose of providing information and referral services.

5. May CSBG funds be used for initial general intake and eligibility screening for eligible entity services or benefits, even if some people screened are determined to be ineligible for CSBG services or benefits?

An eligible entity may use CSBG funds for initial intake and eligibility screening for general CAA services. If an applicant is determined not to meet the CSBG eligibility requirements, but is eligible for other services/benefits provided by the eligible entity or by other organizations or entities that have less restrictive eligibility requirements (such as higher income), CSBG funds may be spent on staff time and related expenses for the intake staff to inform the applicant about the availability of those services/benefits and to refer the applicant to a staff person whose time is paid out of the funding sources for those services/benefits for more information about and intake for those services/benefits.

6. What non-discrimination requirements apply to the CSBG eligibility determination process?

As noted below under the “Relevant Laws” section, eligible entities must conduct CSBG eligibility determinations in a manner that does not discriminate against applicants on the basis of race, color, national origin, age or disability. In addition, eligible entities that are religious organizations are prohibited from discriminating against applicants on the basis of religion.

For more information on rights and responsibilities under federal civil rights laws, visit the page of the HHS Office for Civil Rights website on “Understanding Civil Rights” at [http://www.hhs.gov/ocr/civilrights/understanding/index.html](http://www.hhs.gov/ocr/civilrights/understanding/index.html).

7. May an eligible entity deny CSBG services/benefits to an applicant if the applicant is receiving similar services/benefits from another source?

CAPLAW does not recommend denying CSBG services/benefits to applicants because they may be receiving similar services/benefits from another organization. Instead, we encourage eligible entities to gather information that will permit them to coordinate services/benefits with those provided by other entities. If an eligible entity determines that the client has less need for services/benefits than other clients due to receiving similar services elsewhere, the eligible entity could use this factor in determining the priority of that client. In addition, an eligible entity may take steps (including denying CSBG-funded services or benefits) to ensure that clients are not receiving duplicated CSBG-funded services or benefits from the eligible entity (for example, receiving the same services or benefits at multiple sites).

An eligible entity could include questions on its intake form about whether applicants for services/benefits have recently received or are currently receiving services/benefits that are similar to those for which they are applying from the eligible entity and, if so, what organization(s) or entity(ies) provided those services. These questions would be asked of all applicants for services/benefits. Answers provided by applicants could then be used to determine whether there are specific organizations with which the eligible entity should coordinate in providing services/benefits and whether additional releases are needed from applicants or clients to enable the eligible entity to contact those organizations to coordinate the provision of services/benefits to those particular applicants or clients.
Relevant Laws

Section 673(2) of the CSBG Act, 42 U.S.C. § 9902(2)

Section 673(2) of the CSBG Act, 42 U.S.C. § 9902(2) provides that:

The term ‘poverty line’ means the official poverty line defined by the Office of Management and Budget based on the most recent data available from the Bureau of the Census. The Secretary shall revise annually (or at any shorter interval the Secretary determines to be feasible and desirable) the poverty line, which shall be used as a criterion of eligibility in the community services block grant program established under this subtitle. The required revision shall be accomplished by multiplying the official poverty line by the percentage change in the Consumer Price Index for All Urban Consumers during the annual or other interval immediately preceding the time at which the revision is made. Whenever a State determines that it serves the objectives of the block grant program established under this subtitle, the State may revise the poverty line to not to exceed 125 percent of the official poverty line otherwise applicable under this paragraph.

Section 672 of the CSBG Act, 42 U.S.C. § 9901

CSBG funds distributed to eligible entities by states are to be used for the purposes of the CSBG Act specified in section 672 of the CSBG Act, 42 U.S.C. § 9901, which are:

1. to provide assistance to States and local communities, working through a network of community action agencies 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 …; and

2. to accomplish the goals described in paragraph (1) through—

A. the strengthening of community capabilities for planning and coordinating the use of a broad range of Federal, State, local, and other assistance (including private resources) related to the elimination of poverty, so that this assistance can be used in a manner responsive to local needs and conditions;

B. the organization of a range of services related to the needs of low-income families and individuals, so that these services may have a measurable and potentially major impact on the causes of poverty in the community and may help the families and individuals to achieve self-sufficiency;

C. the greater use of innovative and effective community-based approaches to attacking the causes and effects of poverty and of community breakdown;

D. the maximum participation of residents of the low-income communities and members of the groups served by programs assisted through the block grants made under this subtitle to empower such residents and members to respond to the unique problems and needs within their communities; and

E. the broadening of the resource base of programs directed to the elimination of poverty so as to secure a more active role in the provision of services for—

i. private, religious, charitable, and neighborhood-based organizations; and

ii. individual citizens, and business, labor, and professional groups, who are able to influence the quantity and quality of opportunities and services for the poor.
Section 676(b)(3)(B) of the CSBG Act, 42 U.S.C. § 9908(b)(3)(B)

Section 676(b)(3)(B) of the CSBG Act, 42 U.S.C. § 9908(b)(3)(B), requires CSBG state plans to include, among other things:

information provided by eligible entities in the State, containing ... a description of how linkages will be developed to fill identified gaps in the services, through the provision of information, referrals, case management, and followup consultations.

Section 678F(c)(1) of the CSBG Act, 42 U.S.C. § 9918(c)(1)

Section 678F(c)(1) of the CSBG Act, 42 U.S.C. § 9918(c)(1), also specifies that:

No person shall, on the basis of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds made available under this subtitle. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.) or with respect to an otherwise qualified individual with a disability as provided in section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794), or title II of the Americans with Disabilities Act of 1990 (42 U.S.C. 12131 et seq.) shall also apply to any such program or activity.

Title VI of the Civil Rights Act of 1964, 42 U.S.C § 2000d

In addition, in their provision of CSBG services/benefits, eligible entities are subject to Title VI of the Civil Rights Act of 1964, 42 U.S.C § 2000d, which specifies that:

No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

45 C.F.R. § 1050.3(e)

HHS regulations regarding Charitable Choice under the CSBG Act Programs, 45 C.F.R. § 1050.3(e), specify that:

A religious organization that receives funds under an applicable program, shall not, in providing program services or benefits, discriminate against a program beneficiary or prospective program beneficiary on the basis of religion or a religious belief.
Restriction on Use of CSBG
Funds for Property Purchase
and Construction
Introduction

This Q&A addresses a number of questions concerning the interpretation and application of the federal Community Services Block Grant (CSBG) Act’s restriction on the use of CSBG funds for the purchase or improvement of land or for the purchase, construction, or permanent improvement of any building or other facility. The Q&A provides, with the aid of examples, CAPLAW’s analysis of this restriction. The Q&A is based on federal law and guidance, including the CSBG Act, U.S. Department of Health and Human Services (HHS) block grant regulations, the cost principles for nonprofit organizations and state and local grantees and the federal Office of Community Services (OCS) Information Memorandum No. 60. It is important to note that the states, which are the grantees of the Community Services Block Grant, are primarily responsible for interpreting the governing statutory provisions. In resolving any issue raised by a complaint or a federal audit, OCS will defer to a state’s interpretation unless it is clearly erroneous.  This Q&A is intended to provide practical analysis based on relevant laws to assist states and CSBG eligible entities (referred to in this Q & A as Community Action Agencies (CAAs)) to which states subgrant CSBG funds, in interpreting the CSBG Act’s property restrictions. This analysis is not authorized or approved by OCS (the office within HHS that administers the block grant) and does not constitute legal advice.

Background

The CSBG Act provides that:

Grants made under this chapter (other than amounts reserved under section 9903(b)(3) of this title [for OCS discretionary purposes]) may not be used by the State, or by any other person with which the State makes arrangements to carry out the purposes of this chapter, for 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 other facility.

The Secretary may waive the limitation contained in [the above] paragraph upon a State request for such a waiver, if the Secretary finds that the request describes extraordinary circumstances to justify the purchase of land or the construction of facilities (or the making of permanent improvements) and that permitting the waiver will contribute to the ability of the State to carry out the purposes of this subtitle.

Broken down into its component parts, this CSBG Act provision prohibits the use of CSBG funds (absent a waiver from HHS) for any of the following:

- Purchase of land
- Improvement of land
- Purchase of any building or facility
- Construction of any building or facility
- Permanent improvement of any building or facility (other than low-cost residential weatherization or other energy-related home repairs)

To analyze this statutory provision, this Q&A frequently relies on rules and definitions found in the Office of Management and Budget’s (“OMB”). The cost principles for federal grantees and subgrantees issued by “Cost Principles,” which apply to CSBG eligible entities. The Q&A also refers to the HHS Grants Policy Statement (HHS GPS) which is intended to make available in a single document the general terms and conditions of HHS discretionary grant and cooperative agreements.

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1 45 C.F.R. 96.50(e)
2 Section 678F(a)(1) of the CSBG Act, 42 U.S.C. § 9918(a)(1).
Purchase of Land, Construction of Facilities or Making of Permanent Improvements

1. **What types of work are considered “permanent improvements”?**

Work that:

- Materially increases the permanent value of the property;
- Appreciably prolongs the life of the property; or
- Puts the property in efficient operating condition rather than merely keeping the property in that 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. The state CSBG office is the party responsible for making such a request to HHS.

2. **What types of work are not considered “permanent improvements”?**

   a. **Maintenance and Repair**

Work that qualifies as maintenance and repair, and not capital expenditures under 2 C.F.R. Part 230 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 CSBG cost. Part 230 provides that:

> Costs incurred for necessary maintenance, 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 buildings and equipment or appreciably prolong their intended life shall be treated as capital expenditures.


   b. **Rearrangement and Alteration Costs**

The Cost Principles, as well as HHS’s Grant Policy Statement, also allow charges for the ordinary/normal rearrangement or alterations and renovations of facilities as distinguished from permanent improvements. 2 C.F.R. Part 230, Appendix B, paragraph 39 provides:

> Costs incurred for ordinary or normal rearrangement and alteration of facilities are allowable. Special arrangement and alteration costs incurred specifically for the project are allowable with the prior approval of the awarding agency.

See also 2 C.F.R. Part 225 Appendix B, ¶ 35. HHS’s Grant Policy Statement defines “alteration and renovation” as:

> Work that changes the interior arrangements or other physical characteristics of an existing facility or installed equipment so that it can be used more effectively for its currently designated purpose or adapted to an alternative use to meet a programmatic requirement. Alteration and renovation may include work referred to as improvements, conversion, rehabilitation, remodeling, or modernization, but is distinguished from construction and large-scale permanent improvements.
Costs incurred for the above-described “rearrangement and alteration” do not require prior approval, do not fall within the costs prohibited by the CSBG Act prohibition, and therefore do not require an HHS waiver.

The following chart sets forth some possible ways to think about what is or is not a permanent improvement:

<table>
<thead>
<tr>
<th>Repair/Routine Maintenance</th>
<th>Ordinary/Normal Rearrangement or Alterations and Renovation</th>
<th>Permanent Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Replacing worn carpet with new carpet</td>
<td>Replacing carpet with less valuable vinyl flooring</td>
<td>Replaceing carpet with marble or tile</td>
</tr>
<tr>
<td>Repairing/replacing drywall</td>
<td>“Fitting out” - Moving internal walls of a space without increasing the permanent value of a structure</td>
<td>Internal or external remodeling that increases the permanent value of the structure such as replacing single pane, 40-year old windows with double pane, high-efficiency windows</td>
</tr>
<tr>
<td>Painting to replace damaged paint or painting that is a part of normal maintenance - such as the painting of a wooden structure</td>
<td>Changing wall color or the “fitting out” of a space does not increase the permanent value of a building or facility</td>
<td>Replacing external wall coverings (e.g. siding) with more valuable or desired coverings</td>
</tr>
<tr>
<td>Repairing or replacing roof to keep in efficient operating condition</td>
<td>Changing type of shingles on roof to keep in efficient operating condition</td>
<td>Replacing roof with more valuable or desirable materials</td>
</tr>
</tbody>
</table>

3. **Does the CSBG Act bar the use of CSBG funds for interest on a loan for the purchase or improvement of land, a building, or facility, or the construction of a building or facility?**

In CAPLAW’s view, no. Interest is considered a carrying cost of a loan, not part of the cost of acquiring or improving property. The Cost Principles for both nonprofit and government grantees treat capital acquisition and improvement costs under the “Equipment and other capital expenditures” category, found at Appendix B, paragraph 15.4 Generally, the Cost Principles do not allow federal grant funds to be used for land and building acquisition or construction, unless the federal funder approves such use in advance. “Acquisition cost” is defined by the Cost Principles as “the cost of the asset including the cost to put it in place.”5 Moreover, “asset costs” are defined in paragraph 23 as “the capitalizable costs of an asset, including construction costs, acquisition costs, and other such costs capitalized in accordance with GAAP.”

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While examples of acquisition costs for equipment are given, interest is not among them. Instead, interest costs are treated separately in Appendix B, paragraph 23 of the Cost Principles. The Cost Principles for state and local government grantees explicitly include interest as a “financing cost,” as opposed to a cost of building acquisition, construction, or fabrication. In contrast with acquisition, improvement and construction costs, the Cost Principles permit interest charges for loans associated with those costs to be charged to federal grants if the prerequisites under paragraph 23 are met. Therefore, in CAPLAW's view, the CSBG Act does not prohibit the use of CSBG funds to pay the interest on a loan for the purchase or improvement of land, a building, or a facility or the construction of a building or facility. The principal portion of the loan, however, may not be paid with CSBG funds without a HHS waiver.

However, CAPLAW cautions that OCS has not addressed the issue of using CSBG funds to pay interest on a mortgage loan in any guidance and may have a different interpretation. CAPLAW therefore recommends that a CAA seeking to charge interest on a mortgage to CSBG funds clarify this issue with its state CSBG office and be clear in the budget submitted to the state CSBG office that funds will be used for this purpose.

4. Does charging depreciation to CSBG require a waiver?

No. Depreciation is the cost of using a facility and is not considered part of the acquisition cost. Rather, pursuant to the federal cost principles at 2 C.F.R Part 230, Appendix B, paragraph 11.b and 2 C.F.R. Part 225, Appendix B, paragraph 11.b, “[t]he computation of use allowances or depreciation shall be based on the acquisition cost of the assets involved” but is not included in the acquisition cost. Furthermore, acquisition cost as defined in 2 C.F.R. Part 230, Appendix B, paragraph 15 and 2 C.F.R. Part 225, Appendix B, paragraph 15 does not include depreciation; rather “[a]cquisition cost means the cost of the asset including the cost to put it in place” and “for equipment . . . means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired.”

5. Are improvements made to a facility that a CAA is leasing considered to be permanent improvements that may not be paid for with CSBG funds without a waiver from HHS?

It depends. If the improvements are made by the owner of the facility to accommodate the needs of the CAA and no extra cost beyond the regular lease payment is charged to the CAA, they would not qualify as permanent improvements paid for with CSBG funds and a waiver from HHS is therefore not required. However, if the improvements to the facility are made pursuant to an extra fee charged to the CAA and the improvements do not qualify as routine maintenance, repair or ordinary/normal rearrangement or alterations, they would constitute permanent improvements and should not be paid for with CSBG funds without a waiver from HHS.

6. What work falls within the statutory exception for permanent improvements that are “low-cost residential weatherization” or “other energy-related home repairs”?

The federal Low-Income Home Energy Assistance Program (LIHEAP) and the federal Weatherization Assistance Program (WAP) may be looked to for guidance on this issue. The LIHEAP Act contains language almost identical to that in the CSBG Act which prohibits the use of funds to acquire, instruct or improve...
facilities and permits certain energy-related repairs. It states that funds may be used to “provide low-cost residential weatherization and other cost-effective energy-related home repair.” Thus, when interpreting the exceptions, the following should be considered:

- The low cost residential weatherization and other energy-related home repair services a LIHEAP grantee may provide households affected by disaster, which includes installing new heating and cooling systems, water heaters, refrigerators and stoves. See LIHEAP Disaster Relief Q&A available at (http://www.acf.hhs.gov/programs/ocs/resource/liheap-disaster-relief).

- The WAP definition of weatherization materials set forth in 42 U.S.C. § 6862(9) which includes, but is not limited to: caulking and weatherstripping of doors and windows; furnace efficiency modifications; clock thermostats; ceiling, attic, wall, floor and duct insulation; water heater insulation; storm windows and doors, multiglazed windows and doors, heat-absorbing or heat reflective window and door materials; cooling efficiency modifications, solar thermal water heaters; and wood-heating appliances.

**Waivers**

7. **When submitting waiver requests, the following information is likely to be relevant to OCS’s determination:**

    - What evidence exists that problems being addressed are extraordinary in scope or severity?
    - What other sources of funding have been sought and obtained?
    - Have resources of other public programs designed for these purposes been exhausted?
    - How will approval of the waiver contribute to the state being able to carry out the purposes of the CSBG program?
    - How will disapproval of the waiver inhibit the state’s ability to accomplish its goals?
    - Is there no reasonable alternative to a waiver?
    - Possible alternative: a reasonable cost-benefit analysis provided by state and subgrantee.
    - Possible alternative: list of the advantages of capital expenditures over other alternatives, e.g. rent to own.
    - What long term benefits will the waiver provide for the low-income population being served?

8. What are some examples of waivers that OCS has granted?

Some examples of waivers OCS has granted in the past include:

- Human suffering and destruction of property caused by natural disasters such as floods, hurricanes, tornadoes or earthquakes.
- Exceptionally high incidence of poverty such as open drainage ditches being used for sewage in a local neighborhood.
- A service center located in an architectural historic area that could not be renovated or expanded and needed replacing.
- The usage of small amounts of CSBG funds as leverage on large amounts of other resources for self-help housing efforts.\(^8\)

Government Interest

9. Is a government interest created when government funds are used to pay the interest on a loan?

In CAPLAW’s view, if CSBG funds are used only to pay the interest and not the principal on a loan, then no government interest in the land, building or facility is created. This is because interest is typically considered to be a carrying cost of the loan and not part of the acquisition, construction or improvement cost, as explained in Q&A 4.

10. Is a government interest created when government funds are used to pay depreciation?

Charging only depreciation, which is the cost of use rather than the cost of acquisition, does not create a government interest in the property. OMB’s uniform administrative requirements for grants to nonprofit organizations, 2 C.F.R. § 215.37, specifically explain that a property trust relationship is created when “[r]eal property, equipment, intangible property and debt instruments are “acquired and improved with Federal Funds” (emphasis added). Depreciation is defined in the federal cost principles, 2 C.F.R. Part 230, Appendix B, paragraph 11.a, as “[c]ompensation for the use of buildings, other capital improvements, and equipment” (emphasis added) and is not treated as an acquisition and/or improvement cost (see also 2 C.F.R. Part 225, Appendix B, paragraph 11.a which defines depreciation as “[c]ompensation for the use of fixed assets on hand.”).

11. How will the reversionary interest issue be addressed if HHS grants a waiver?

If HHS grants a waiver for use of CSBG funds in connection with the purchase or improvement of land or buildings, OCS has stated in Information Memorandum 60 that the state should ensure that it will hold a reversionary interest in the property purchased or improved with the funds for a period that corresponds to the useful life of the property. When a waiver is granted, OCS will: (1) require that the state retain a reversionary interest in the property for the useful life of the property or improvement and inform the subgrantee of that interest and (2) notify the state that it will recover funds from the state under 45 C.F.R. § 96.32 if the state fails to monitor the use of the property or fails to use reverted property to carry out the purposes of the CSBG Act. The CAA, however, and not the state or federal government, is the title owner of the property.\(^9\)

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\(^8\) See CSBG Information Memorandum No. 60.
\(^9\) See CSBG Information Memorandum No. 60.
12. What happens to the government’s reversionary interest in property when it is no longer needed for the purposes for which it was acquired?

In making a determination regarding property purchased with CSBG funds, OCS has chosen a process which is consistent with its block grant policies, i.e. minimum interference with state administration of the program, while ensuring that the federal interest in the property is protected to the extent of limiting its use to the broad purposes for which funding was originally provided.

Some of the state's options for protecting its interest include: (1) allowing the subgrantee to use the property for other purposes connected with "ameliorating the cause of poverty" within its community or (2) if no alternative use is found in the community, taking over the property and using it or the state's proportionate share of the proceeds from its sale to carry out the purposes of the CSBG Act. The notification provided by the state to the eligible entity should list the options for how the property will be treated when it is no longer needed for CSBG purposes, including distribution of proceeds if it is sold, and any approvals that will be needed to sell, mortgage, or otherwise encumber the property. The notification should also explain that distribution of the proceeds to the state government should be based on the percentage of the current fair market value of the property attributable to the federal participation in the project (after deducting actual and reasonable selling and fix-up expenses, if any, from the sale proceeds). A determination of the federal participation in the project should be based on the percentage of the total acquisition and improvement costs of the property that were paid with CSBG funds.

13. Examples of how one might calculate the government’s interest in various situations:

Before using CSBG funds to purchase or improve land or to purchase, construct or permanently improve a building or other facility, a CAA that is granted a waiver should work closely with its state CSBG office to clarify how the government’s interest will be calculated. Here are some examples:

**Determining Government Interest when Disposing of Property**

**Example A**

A CAA purchases a building for $300,000 using $100,000 from CSBG funds and $200,000 from unrestricted funds obtained through a capital campaign. The state has obtained a waiver from the Office of Community Service (OCS) to use CSBG funds for the purchase. After five years, the CAA decides that it needs more space for its many diverse programs and wants to sell its current building. The value of the building has increased by 20% since it was purchased five years ago. The CAA is required by 2 C.F.R. § 215.32(c) to compensate the government for its interest in the building.

The government's interest in the building is based on the current fair market value (FMV) of the building minus any actual and reasonable selling and fix-up expenses, if any, from the sale of the proceeds. The value of the building increased by 20% and the building is appraised at $360,000. The CAA spent $10,000 to fix up the building prior to placing it on the market and sold the building for its current FMV, $360,000.

(Example A continued on next page.)

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10 See CSBG Information Memorandum No. 60.
11 See 2 C.F.R. 215.32(c); 45 C.F.R. § 74.32(c) (HHS administrative grant requirements for nonprofits); and 45 C.F.R. 92.31(c) (HHS administrative grant requirements for state and local governments, also known as the Common Rule).
Determining Government Interest when Disposing of Property

Example A (Continued)
The percentage of the current FMV of the building attributable to the participation in the building is calculated as follows:

- The current FMV of the building is $360,000. The $10,000 the CAA spent to fix up the building for resale is subtracted from the current FMV prior to determining the government’s share. Thus, the government’s share is determined based on $350,000.
- The percentage of the government’s interest is calculated by dividing the CSBG funds used to purchase the building, $100,000, by the FMV of the building at the time the building was purchased, $300,000, as follows: $100,000/$300,000 = 33%.
- The government’s share in the proceeds from the sale is 33% of $350,000 which is $115,500.

Determining Government Interest when Disposing of Property

Example B
Same facts as in Example A except the building is sold for $350,000, which is $10,000 below the current FMV. The percentage of the government’s interest is calculated in the same way as in Example A but the base amount used to determine the government’s interest is $340,000 ($350,000 minus the $10,000 the CAA used to fix-up the building for resale).

The government’s interest in the proceeds is 33% of $340,000 which is $112,200. In this instance, the CAA should be prepared to explain to the government why it was unable to sell the building for the current FMV for which it was appraised.

Determining Government Interest when Disposing of Property

Example C
A CAA purchases a building for $300,000 by obtaining a loan for the full amount. The CAA pays the principal on the loan with unrestricted funds and the interest with CSBG funds. After five years, the CAA decides that it needs more space for its many diverse programs and wants to sell its current building. The value of the building has increased by 20% since it was purchased five years ago.

Because the CAA has paid only the interest on the loan using CSBG funds and the interest is treated as a carrying cost and not part of the acquisition cost, the government does not retain an interest in the building.
16. Is a CAA required to file a notice of the government’s reversionary interest if a waiver is granted?

Yes. States should ensure that CAAs record notices in accordance with state property laws that indicate that the property has been acquired or improved with governmental funds and list any use and/or disposition conditions that apply to the property. The notice should indicate the period of time for which the state interest is held. The following is a template that states may use:

**NOTICE OF STATE INTEREST:**

This is to serve as notice to all potential sellers, purchasers, transferors and grantees of a transfer of the real property described below as to the [NAME OF STATE]’s reversionary interests which have arisen as a result of [ELIGIBLE ENTITIES’ NAME] receipt and use of grant funds from [NAME OF STATE AGENCY ADMINISTERING CSBG PROGRAM] in connection with the purchase of said property.

The property to which this notice is applicable is located at [ADDRESS] and identified as Parcel [INSERT APPROPRIATE NUMBER (S)] in the books and records of [INSERT APPROPRIATE NAME LOCAL UNIT OF GOVERNMENT’S RECORDING AGENCY]. Said real property is also described as [INSERT OFFICIAL DESCRIPTION PROVIDED SURVEY].

This property may not be sold, leased, transferred, or its title encumbered without prior approval from the [NAME OF STATE AGENCY ADMINISTERING CSBG PROGRAM]. There is a prohibition against the use of this property during its useful life for other than the purpose for which the property was financed. This property [IS/IS NOT] included on the National Register of Historic Properties nominated to the National Register, or determined eligible for the National Register. If any of these criteria apply, the grantee or subgrantee must submit a statement that it agrees to abide by the provisions of Section 106 of the National Preservation Act of 1966, and all State and local regulations pertaining to historic properties.

Further information as to the [NAME OF STATE]’s interests referred to above can be obtained from [NAME AND ADDRESS OR CONTACT INFORMATION OF STATE AGENCY ADMINISTERING CSBG PROGRAM].

Within 10 days after receipt of its copy of the Notice of Record, which has a stamp or other indicia of the filing, [NAME OF ELIGIBLE ENTITY] must furnish a copy of the document to [NAME AND ADDRESS OF STATE AGENCY ADMINISTERING CSBG PROGRAM].

This publication is part of the National T/TA Strategy for Promoting Exemplary Practices and Risk Mitigation for the Community Services Block Grant (CSBG) program and is presented free of charge to CSBG grantees. 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 90ET0433. Any opinion, findings, and conclusions, or recommendations expressed in this material are those of the author(s) and do not necessarily reflect the views of the U.S. Department of Health and Human Services, Administration for Children and Families.

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COMMUNITY SERVICES BLOCK GRANT

Information Memorandum

Transmittal No. Draft Date: March 24, 2014

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


RELATED REFERENCES: Community Services Block Grant Act 42 U.S.C. § 9901 et seq., hereafter referred to as “the CSBG Act.”

At this time, the Office of Community Services (OCS) is issuing this draft Information Memorandum (IM) providing guidance to the CSBG Network on the use of organizational standards by States. OCS will seek authority to pursue implementation of national organizational standards for CSBG via changes in legislative authority, but has determined that voluntary implementation by States does not need to be delayed. The development of organizational standards has been a collaborative process across the CSBG Network, and in that spirit, OCS is first providing this guidance in draft form to solicit feedback. Over the next month, OCS welcomes State CSBG Lead Agencies, eligible entities, State Community Action Associations, national partners, and any other interested parties to submit questions and comments in response to this draft IM. Feedback from the CSBG Network and others will allow OCS an opportunity to strengthen and clarify the guidance on this important subject before releasing a final IM. We appreciate the CSBG Network’s collaborative efforts to date, and ask for your input on this guidance by April 25, 2014. Please submit your questions or comments via email to LaToya.Smith@acf.hhs.gov.

SUMMARY:

- The Office of Community Services (OCS) expects States to report on the establishment and implementation of organizational standards, no later than Fiscal Year 2016, in coordination with their local eligible entities, in order to increase accountability for CSBG-eligible entities.
This comprehensive set of organizational standards, developed by the CSBG Organizational Standards Center of Excellence (COE), has been established to ensure that all CSBG eligible entities have the capacity to provide high-quality services to low-income individuals and communities.

The COE-developed organizational standards are organized into three thematic groups: maximum feasible participation, vision and direction, and operations and accountability. They are tailored for use by both private and public eligible entities.

All State CSBG Lead Agencies are strongly encouraged to review the developed COE-developed organizational standards and proceed immediately with plans to coordinate with partners in the State on the establishment and implementation of organizational standards.

If a State establishes a different set of organizational standards, the standards must encompass requirements of the CSBG Act and other Federal requirements, such as those found in the relevant OMB Circulars, and will be subject to OCS review during the application review process. States must ensure that these alternative organizational standards are at least as rigorous and comprehensive as the COE-developed organizational standards.

OCS will implement new procedures for State reporting on organizational standards in upcoming State CSBG Plans and CSBG Annual Reports.

Background

Budget constraints, high poverty levels, changing demographics, and income inequality demand that we remain diligent in our shared mission of creating opportunity for all Americans. We must look at all levels of the CSBG Network – local, State and Federal – to assess and increase the magnitude of CSBG’s impact. CSBG is a far-reaching, nationwide network, and has the potential to achieve even greater results, in every community, by improving our accountability to one another, our customers, and communities.

As we commemorate the 50th anniversary of the War on Poverty and face new challenges and opportunities, we must ask ourselves:

- How do we make sure we have high-performing organizations with the capacity to provide quality services to Americans struggling to move into the middle class?
- How do we make sure organizations at the Federal, State and local levels have systems of accountability to demonstrate results?
- How do we pursue greater levels of impact for the individuals, families, and communities we serve?
In an effort to help the CSBG Network answer these questions, OCS launched two streams of work in 2012. The first stream focuses on establishing organizational standards for eligible entities. Under this effort, CSBG Network leaders created and recommended to OCS a set of organizational standards, described in this IM, to strengthen the capacity of the more than 1,000 eligible entities providing services across the country. These COE-developed organizational standards have the potential to protect and enhance the structural integrity of this national network by assuring that all entities that annually receive CSBG funds have the capacity to organize and support a comprehensive community response to the devastating impacts of poverty.

The second stream of work focuses on enhancing the CSBG Network’s performance management system for local eligible entities – identified in the CSBG Act as Results Oriented Management and Accountability (ROMA). Later this year, OCS will release information on the results of the collective effort to examine and update ROMA. State- and Federal-level accountability measures will complement efforts at the local level involving ‘ROMA Next Generation’ and the COE-developed organizational standards.

**Efforts to Establish Organizational Standards for CSBG Eligible Entities**

To aid in the establishment of organizational standards for CSBG eligible entities, in 2012, OCS funded a cooperative agreement for the COE. The two-year cooperative agreement coordinated – with input from local, State, and national partners – the development and dissemination of a set of organizational standards for eligible entities with the central mission of ensuring that all CSBG eligible entities have the capacity to provide high-quality services to low-income individuals and communities.

With the support of the OCS funding, an existing CSBG Working Group grew from its original 20 members to over 50 individuals, and included a balanced representation from eligible entities, State CSBG Lead Agencies, Community Action State Associations, national partners, technical assistance providers, and external content experts. The Working Group’s efforts began with a thorough environmental scan of existing tools and resources, internal and external to the CSBG Network, which informed the development of the standards. The Working Group found that while there are many similarities across States in how State CSBG Lead Agencies monitor eligible entities, substantial differences still exist. Given that one intended outcome of this project is to standardize accountability tools nationwide, while also preserving the States’ flexibility inherent and desirable in a block grant, this analysis was a critical first step.

The project continued through a nine-month development process that provided numerous points for input by the CSBG Network on draft organizational standards language. The final phase included a pilot that engaged a subset of State CSBG Lead Agencies and eligible entities in a field test of draft language and tools.

The result of these efforts is a comprehensive set of organizational standards organized in three thematic groups, comprised of nine categories and 56 standards. The thematic groups and nine categories of standards are outlined below:
• **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

The COE tailored the standards for use by both private and public eligible entities, attached as Appendix 2 and Appendix 3 to this IM. In addition, more detailed tools and materials to assist in the implementation of the standards are available on the [Community Action Partnership](#) website.

**State Authority and Responsibility to Establish Organizational Standards**

Assuring high standards for the use of CSBG funds is a shared responsibility among OCS, State CSBG Lead Agencies, and eligible entities at the community level. Under Section 678B of the CSBG Act, 42 U.S.C. § 9914, State CSBG Lead Agencies have the authority to establish and monitor goals, standards, and requirements that assure an appropriate level of accountability and quality among the State’s eligible entities. While the collection of grantees supported by CSBG has a long and important history of work on behalf of low-income people, the CSBG Network should regularly assess organizational capacity through a consistent set of standards so as to meet the changing and current needs of low-income people. State monitoring, according to these set of goals, standards, and requirements, is essential to the continued success of CSBG.

In order to meet CSBG Act State responsibilities, all State CSBG Lead Agencies must establish and communicate standards and requirements to eligible entities. Critical areas for organizational standards are based on the requirements of the CSBG Act and the values of Community Action, and include: consumer input and involvement; community engagement; community assessment; organizational leadership; board governance; strategic planning; human resource management; financial operations and oversight; and data and analysis.

The COE has developed a well-vetted set of organizational standards and tools that are directly applicable to CSBG. These standards are consistent with the CSBG Act and applicable Federal statute and regulations. In addition, collective use of these standards will ensure consistency among State agencies throughout the Network. Furthermore, the COE has developed a number of tools and training materials that will assist States in implementation.

Although a State may establish and communicate a different set of organizational standards for its eligible entities, the State must ensure that alternative organizational standards are at least as
rigorous and comprehensive as the organizational standards developed by the COE. If a State establishes a different set of organizational standards, the alternative standards must encompass requirements of the CSBG Act and other Federal requirements, such as those found in the relevant OMB Circulars, as well as the critical areas noted above. Alternative standards will be subject to OCS review during the application review process.

OCS Expectations of State Efforts to Establish and Implement Organizational Standards

The establishment of new organizational standards should include a fair and reasonable process. Whether States elect to use the COE-developed organizational standards or a different set, they should allow for input from the boards and leadership of eligible entities on the timing and procedures for implementing, documenting, and reporting on the standards.

Standards must be implemented in a manner consistent with State rules. Organizational standards should be clearly communicated prior to State monitoring activities, and consistently reiterated in State CSBG plans, contracts with eligible entities, funding documents, monitoring instruments, and monitoring reports. In addition, States have authority to supplement the COE-developed organizational standards, provided that additions or changes are implemented in a manner consistent with the CSBG Act and other applicable Federal and State requirements. A chart describing key considerations for implementation is included as Appendix 1.

The organizational standards established by States must provide a consistent foundation for participation in the CSBG Network. They must be designed to assure that all eligible entities meet a high standard of quality, not only in the critical financial and administrative areas important to all nonprofit and public human service agencies, but also in areas that are of unique importance for CSBG and its role in supporting eligible entities. Once established, a State’s organizational standards should only be modified based on established State rules and procedures that are publicly communicated and transparent.

Organizational Standards, State Monitoring, Corrective Action, Reduction of Funding and Termination

Monitoring requirements outlined in the CSBG Act give State CSBG Lead Agencies a central role in monitoring whether eligible entities meet established goals, standards, and requirements. States have the responsibility to provide technical assistance and corrective action when it determines an eligible entity does not meet goals, standards, or requirements.

In some instances, States may determine, as the result of monitoring, that an eligible entity has deficiencies. When an eligible entity fails to meet State standards and requirements, State CSBG Lead Agencies must assess whether technical assistance is warranted, provide the needed training and technical assistance, if appropriate, and require corrective action based on a Quality Improvement Plan.

While some deficiencies may be remedied through immediate corrective action, failure to meet multiple requirements or standards may reflect widespread or systemic issues that cannot be feasibly corrected within a reasonable timeframe. In such cases, States must assess whether
additional actions are necessary, including reduction or termination of funding.

Under Sections 678C(a) of the CSBG Act, 42 U.S.C. § 9915(a), States may reduce funding or terminate eligibility for CSBG funding when an eligible entity fails to: 1) comply with the terms of an agreement or a State plan; 2) provide services; or 3) meet appropriate standards, goals, and other requirements established by the State, including performance objectives.

Clear instances of organizational fraud, systemic abuse of funds, or criminal activity may be considered as cause for an immediate hearing on termination without the opportunity for training, technical assistance, or corrective action. On the other end of the spectrum, a narrow failure to meet a single requirement or standard may more appropriately result in technical assistance or renegotiation of future performance goals. At either end of the spectrum, a State’s expectations and procedures must be clearly communicated and are subject to Federal review in the event of a termination or reduction in funding.

Key requirements related to reduction of funding or termination of eligible entity status are discussed in CSBG IM 116 (Corrective Action, Termination, or Reduction of Funding), issued May 1, 2012.

As outlined in IM 116, State CSBG agencies must comply with statutory and regulatory requirements for terminating organizational eligibility or otherwise reducing the share of funding allocated to any CSBG eligible entity. When a deficiency has been identified and it has not or cannot be resolved, the State must provide adequate notice and an opportunity for a hearing prior to taking adverse funding action or terminating eligible entity status. If a State reduces or terminates funding, a Federal review of the State decision may be initiated through a request from the affected organization.

State organizational standards must include clear procedures for determining whether an agency has the ongoing capacity to plan for and deliver high-quality CSBG services as a member of the CSBG Network. When a State determines that an eligible entity has failed to meet organizational standards and correct identified deficiencies, the State should pursue a reduction or termination of funding. When funding is terminated to an eligible entity, States must follow CSBG Act requirements as well as State rules and regulations about designating a new eligible entity and awarding CSBG funds to a new entity.

**Use of Organizational Standards by Eligible Entity Boards**

One of the most critical stakeholders in assuring adherence to established organizational standards is the eligible entity board that oversees operations on behalf of the local community. Organizational standards not only serve as a new tool for States to help meet their oversight responsibilities, but they can also assist eligible entity boards in assuring accountability to the local community. The primary responsibility of the board is to assure that the eligible entity not only meets all Federal and State requirements, but also provides high quality services to low income people and the community served. Board members serve to protect the interests of the low-income community by making sure the eligible entity has the capacity to be successful.
Eligible entity boards must look beyond basic compliance to assure that the organization meets high standards of quality, accountability, and effectiveness. Therefore, the organizational standards established by States should provide one basis for board review of the organization but the board must also use other accountability and oversight tools. The board must also focus on an eligible entity’s overall responsiveness to changing community needs and provision of a comprehensive set of high-quality services designed to reduce poverty and strengthen communities.

State Reporting on Organizational Standards

In upcoming submissions of State CSBG plans, we anticipate that all State CSBG Lead Agencies will be required to provide a description of State organizational standards for eligible entities that receive CSBG funds. If States are implementing new organizational standards based on products and materials developed by the OCS-funded Organizational Standards COE, they will be asked to describe a timeline for implementation, and describe the process for input and reporting from the eligible entities and other stakeholders.

If a State is not implementing the organizational standards recommended by the COE, it will be required 1) to explain the reasons for using alternative standards, 2) to describe the alternative State standards, implementation timeline, and reporting procedures in detail, and 3) ensure that the alternative standards are at least as rigorous and comprehensive as the COE-developed standards.

OCS will ask all States to explain and address the absence of any standards related to the following critical areas: consumer input and involvement; community engagement; community assessment; organizational leadership; board governance; strategic planning; human resource management; financial operations and oversight; and data and analysis.

Conclusion

OCS places a high priority on the assurance that all eligible entities that receive CSBG funds are accountable to a set of organizational standards. No later than Fiscal Year 2016, all States will be expected to report on the establishment and implementation of organizational standards. Procedures to meet such standards are a shared responsibility between the local eligible entities, the State CSBG Lead Agencies, and OCS. OCS will implement new procedures for State reporting on organizational standards in upcoming State CSBG Plans and CSBG Annual Reports. Therefore, all State CSBG Lead Agencies are strongly encouraged to review the organizational standards developed by the CSBG Organizational Standards COE, and should proceed immediately with plans to coordinate with partners in the State on the establishment and implementation of organizational standards.

____________________________________
Jeannie L. Chaffin
Director
Office of Community Services
### Appendix 1: State Implementation of Organizational Standards – Key Considerations

<table>
<thead>
<tr>
<th>Critical Action Area</th>
<th>Description</th>
<th>Critical Partners and Available Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial discussions with key partners in the State</td>
<td>State convenes discussions with eligible entities, State CAA Association, and other partners to discuss process and timeline for adopting COE-developed organizational standards.</td>
<td>State CSBG Lead Agency, eligible entities, State CAA Association</td>
</tr>
<tr>
<td>Assessment of State laws and rulemaking requirements</td>
<td>State CSBG officials, legal counsel, and contracting officials review existing State laws, regulations, and contracting procedures for necessary actions or venues for communication of standards (e.g. State register).</td>
<td>State procurement office, State agency counsel, National Association for State Community Services Programs (NASCSP), Community Action Program Legal Services, Inc.</td>
</tr>
<tr>
<td>Development and public notification of State standards</td>
<td>After review of current rules, standards and requirements, State CSBG officials identify and communicate anticipated organizational standards for CSBG eligible entities. Standards are communicated in writing through State register notice, website publication, or other public notice consistent with State procedures and rulemaking requirements.</td>
<td>CSBG Organizational Standards Center of Excellence</td>
</tr>
<tr>
<td>Opportunities for input on timelines and procedures</td>
<td>Through public meetings, consultations, hearings, and written input processes, States provide opportunities for input from CSBG eligible entities and other stakeholders on the timelines and procedures for implementation of organizational standards, including processes for incorporating into State monitoring procedures and organizational bylaws, as appropriate.</td>
<td>CSBG Regional Performance and Innovation Consortia (RPIC), State CAA Association</td>
</tr>
<tr>
<td>Development and communication of technical assistance strategies</td>
<td>In partnership with State and national technical assistance partners, the State establishes and communicates a technical assistance strategy to help assure that all CSBG eligible entities have access to technical assistance to meet required standards. Assistance in agency self-assessment may be provided. Technical assistance may be funded through State discretionary resources, may be sponsored Federally, or may be paid for by affected organizations, as appropriate.</td>
<td>CSBG Organizational Standards Center of Excellence, CSBG Learning Communities Resource Center, CSBG Risk Mitigation Training and Technical Assistance Center, CSBG RPIC, State CSBG Associations, Office of Community Services (OCS) State Liaison staff</td>
</tr>
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<td>Critical Action Area</td>
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<tr>
<td>Incorporation of standards in State CSBG Plan</td>
<td>State CSBG officials incorporate organizational standards and procedures for implementation into annual State CSBG Plans. These plans are made available for public inspection consistent with requirements in the CSBG Act and are submitted for Federal review as part of the application for CSBG funds.</td>
<td>NASCSP, CSBG Organizational Standards Center of Excellence, OCS State Liaison staff</td>
</tr>
<tr>
<td>Incorporation of standards in local CSBG Plans and agency bylaws and procedures</td>
<td>Eligible entity boards and leadership incorporate organizational standards into organizational bylaws and modify organizational procedures and practices, as appropriate, to assure compliance with all standards and procedures. Compliance with organizational standards is incorporated into board oversight and executive performance plans as appropriate.</td>
<td>CSBG Organizational Standards Center of Excellence, Community Action Program Legal Services, Inc., State CAA Association</td>
</tr>
<tr>
<td>Assessment and communication of results</td>
<td>State organizational standards are incorporated into all State monitoring practices. As required under the CSBG Act, a full onsite review is conducted at least once every three years and ad hoc monitoring is conducted as necessary.</td>
<td>NASCSP, CSBG Organizational Standards Center of Excellence, OCS State Liaison staff</td>
</tr>
<tr>
<td>Corrective action cycle</td>
<td>When State identifies non-compliance through State monitoring, it clearly communicates specific deficiencies and requirements for corrective action and offers technical assistance as appropriate. As necessary, States may initiate further procedures or funding actions consistent with the CSBG Act. In situations in which an eligible entity does not correct significant deficiencies within required deadlines, or in which widespread or systemic issues are identified that cannot feasibly be corrected in a reasonable timeframe, a State may initiate action to terminate eligible entity status consistent with the CSBG Act. Conversely, agencies that are identified as having best practices related to State standards may be identified as exemplars and assist in quality improvement efforts as appropriate.</td>
<td>CSBG Learning Communities Resource Center, CSBG Risk Mitigation Training and Technical Assistance Center, State CSBG Associations, OCS State Liaison staff</td>
</tr>
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</table>

Note: For detailed guidance on CSBG requirements, see IM 116.
Appendix 2: Organizational Standards COE Proposed Private Agency Standards

PROPOSED ORGANIZATIONAL STANDARDS FOR PRIVATE COMMUNITY ACTION AGENCIES

MAXIMUM FEASIBLE PARTICIPATION

Category one: Consumer Input and Involvement

Community Action is rooted in the belief that people with low incomes are in the best position to express what they need to make a difference in their lives. CSBG eligible Entities work in partnership with the people and communities they serve. Community Action works in a coordinated and comprehensive manner to develop programs and services that will make a critical difference in lives of participants. Individuals and families are well attuned to what they need, and when Community Action taps into that knowledge, it informs our ability to implement high-impact programs and services.

Research shows that through engagement in community activities such as board governance, peer to peer leadership, advisory bodies, volunteering, and other participatory means, the poor build personal networks and increase their social capital so that they are able to move themselves and their families out of poverty. Community Action is grounded in helping families and communities build this social capital for movement to self-sufficiency.

**Standard 1.1 • private**  The Organization demonstrates low-income individuals’ participation in its activities.

**Standard 1.2 • private**  The Organization analyzes information collected directly from low-income individuals as part of the Community Assessment.

**Standard 1.3 • private**  The Organization has a systematic approach for collecting, analyzing, and reporting customer satisfaction data to the governing board.
Category two: Community Engagement

No CSBG Eligible Entity can meet all of a community’s needs independently. Through formal and informal partnerships, ongoing community planning, advocacy, and engagement of people with low incomes, partners ranging from community and faith-based organizations, educational institutions, government, and business can work together with Community Action Agencies to successfully move families out of poverty and revitalize communities.

Community Action is often the backbone organization of community efforts to address poverty and community revitalization: leveraging funds, convening key partners, adding the voice of the underrepresented, and being the central coordinator of efforts. It is not an easy role to play, but a vital one for families and communities.

Standard 2.1 • private
The Organization has documented or demonstrated partnerships across the community, specifically including other anti-poverty organizations in the area.

Standard 2.2 • private
The Organization utilizes information gathered from key sectors of the community in assessing needs and resources. This would include at minimum: community-based organizations, faith-based organizations, private sector, public sector, and educational institutions.

Standard 2.3 • private
The Organization communicates its activities and its results to the community.

Standard 2.4 • private
The Organization documents the number of volunteers and hours mobilized in support of its activities.
Category three: Community Assessment

Local control of Federal CSBG resources is predicated on regular comprehensive Community Assessments that take into account the breadth of community needs as well as the partners and resources available in a community to meet these needs. Regular assessment of needs and resources at the community level is the foundation of Community Action and a vital management and leadership tool that is used across the organization and utilized by the community to set the course for both CSBG and all agency resources.

Standard 3.1 • private The Organization conducted a Community Assessment and issued a report within the past 3 years.

Standard 3.2 • private As part of the Community Assessment, the Organization collects and includes current data specific to poverty and its prevalence related to gender, age, and race/ethnicity for their service area(s).

Standard 3.3 • private The Organization collects and analyzes both qualitative and quantitative data on its geographic service area(s) in the Community Assessment.

Standard 3.4 • private The governing board formally accepts the completed Community Assessment.
VISION AND DIRECTION

Category four: Organizational Leadership

Community Action leadership is exemplified at all levels across the organization and starts with a mission that clarifies Community Action’s work on poverty. A well-functioning board, a focused Chief Executive, well-trained and dedicated staff, and volunteers giving of themselves to help others will establish Community Action as the cornerstone and leverage point to address poverty across the community. Ensuring strong leadership both for today and into the future is critical.

This category addresses the foundational elements of mission as well as the implementation of the Network’s model of good performance management (ROMA). It ensures CAAs have taken steps to plan thoughtfully for today’s work and tomorrow’s leadership.

Standard 4.1 • private

The governing board has reviewed the Organization’s mission statement within the past 5 years and assured that:
1. The mission addresses poverty; and
2. The Organization’s programs and services are in alignment with the mission.

Standard 4.2 • private

The Organization’s Community Action Plan is outcome-based, anti-poverty focused, and ties directly to the Community Assessment.

Standard 4.3 • private

The Organization’s Community Action Plan and Strategic Plan document the continuous use of the full ROMA cycle or comparable system (assessment, planning, implementation, achievement of results, and evaluation). In addition, the Organization documents having used the services of a ROMA-certified trainer (or equivalent) to assist in implementation.

Standard 4.4 • private

The Organization has a written succession plan in place for the CEO/ED, approved by the governing board, which contains procedures for covering an emergency/unplanned, short-term absence of 3 months or less, as well as outlines the process for filling a permanent vacancy.

Standard 4.5 • private

An organization-wide risk assessment has been completed within the past 2 years and reported to the governing board.
Category five: Board Governance

Community Action Boards are uniquely structured to ensure maximum feasible participation by the entire community, including those the Network serves. By law, Community Action Boards are comprised of 1/3 low-income consumers (or their representatives), 1/3 elected officials (or their appointees), and 1/3 the private-sector community members. To make this structure work as intended, CAAs must recruit board members thoughtfully, work within communities to promote opportunities for board service, and orient, train, and support them in their oversight role. Boards are foundational to good organizational performance and the time invested to keep them healthy and active is significant, but necessary.

Standard 5.1 • private The Organization’s governing board is structured in compliance with the CSBG Act:
1. At least one third democratically-selected representatives of the low-income community;
2. One-third local elected officials (or their representatives); and
3. The remaining membership from major groups and interests in the community.

Standard 5.2 • private The Organization’s governing board has written procedures that document a democratic selection process for low-income board members adequate to assure that they are representative of the low-income community.

Standard 5.3 • private The Organization’s bylaws have been reviewed by an attorney within the past 5 years.

Standard 5.4 • private The Organization documents that each governing board member has received a copy of the bylaws within the past 2 years.

Standard 5.5 • private The Organization’s governing board meets in accordance with the frequency and quorum requirements and fills board vacancies as set out in its bylaws.

Standard 5.6 • private Each governing board member has signed a conflict of interest policy within the past 2 years.

Standard 5.7 • private The Organization has a process to provide a structured orientation for governing board members within 6 months of being seated.

Standard 5.8 • private Governing board members have been provided with training on their duties and responsibilities within the past 2 years.

Standard 5.9 • private The Organization’s governing board receives programmatic reports at each regular board meeting.
Category six: Strategic Planning

Establishing the vision for a Community Action Agency is a big task and setting the course to reach it through strategic planning is serious business. CSBG eligible Entities take on this task by looking both at internal functioning and at the community’s needs. An efficient organization knows where it is headed, how the board and staff fit into that future, and how it will measure its success in achieving what it has set out to do. This agency-wide process is board-led and ongoing. A “living, breathing” Strategic Plan with measurable outcomes is the goal, rather than a plan that gets written but sits on a shelf and stagnates. Often set with an ambitious vision, Strategic Plans set the tone for the staff and board and are a key leadership and management tool for the organization.

**Standard 6.1 • private**  The Organization has an agency-wide Strategic Plan in place that has been approved by the governing board within the past 5 years.

**Standard 6.2 • private**  The approved Strategic Plan addresses reduction of poverty, revitalization of low-income communities, and/or empowerment of people with low incomes to become more self-sufficient.

**Standard 6.3 • private**  The approved Strategic Plan contains Family, Agency, and/or Community goals.

**Standard 6.4 • private**  Customer satisfaction data and customer input, collected as part of the Community Assessment, is included in the strategic planning process.

**Standard 6.5 • private**  The governing board has received an update(s) on meeting the goals of the Strategic Plan within the past 12 months.
OPERATIONS AND ACCOUNTABILITY

Category seven: Human Resource Management

The human element of Community Action’s work is evident at all levels of the organization and the relationship an organization has with its staff often reflects the organization’s values and mission. Oversight of the Chief Executive and maintaining a strong human resources infrastructure are key responsibilities of board oversight. Attention to organizational elements such as policies and procedures, performance appraisals, and training lead to strong organizations with the capacity to deliver high-quality services in low-income communities.

Standard 7.1 • private  The Organization has written personnel policies that have been reviewed by an attorney and approved by the governing board within the past 5 years.

Standard 7.2 • private  The Organization makes available the Employee Handbook (or personnel policies in cases without a Handbook) to all staff and notifies staff of any changes.

Standard 7.3 • private  The Organization has written job descriptions for all positions, which have been updated within the past 5 years.

Standard 7.4 • private  The governing board conducts a performance appraisal of the CEO/Executive Director within each calendar year.

Standard 7.5 • private  The governing board reviews and approves CEO/Executive Director compensation within every calendar year.

Standard 7.6 • private  The Organization has a policy in place for regular written evaluation of employees by their supervisors.

Standard 7.7 • private  The Organization has a whistleblower policy that has been approved by the governing board.

Standard 7.8 • private  All staff participate in a new employee orientation within 60 days of hire.

Standard 7.9 • private  The Organization conducts or makes available staff development/training (including ROMA) on an ongoing basis.
Category eight: Financial Operations and Oversight

The fiscal bottom line of Community Action is not isolated from the mission, it is a joint consideration. Community Action Boards and staff maintain a high level of fiscal accountability through audits, monitoring by State and Federal agencies, and compliance with Federal Office of Management Budget circulars. The management of Federal funds is taken seriously by CSBG eligible Entities and the Standards specifically reflect the board’s oversight role as well as the day-to-day operational functions.

<table>
<thead>
<tr>
<th>Standard 8.1 • private</th>
<th>The Organization’s annual audit (or audited financial statements) is completed by a Certified Public Accountant on time in accordance with OMB Circular A-133 (if applicable) and/or State audit threshold requirements.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard 8.2 • private</td>
<td>All findings from the prior year’s annual audit have been assessed by the Organization and addressed where the governing board has deemed it appropriate.</td>
</tr>
</tbody>
</table>
Category nine: Data and Analysis

The Community Action Network moves families out of poverty every day across this country and needs to produce data that reflect the collective impact of these efforts. Individual stories are compelling when combined with quantitative data: *no data without stories and no stories without data*. Community Action needs to better document the outcomes families, agencies, and communities achieve. The Community Services Block Grant funding confers the obligation and opportunity to tell the story of agency-wide impact and community change, and in turn the impact of the Network as a whole.

**Standard 9.1 • private** The Organization has a system or systems in place to track and report services customers receive.

**Standard 9.2 • private** The Organization has a system or systems in place to track Family, Agency, and/or Community outcomes.

**Standard 9.3 • private** The Organization has analyzed its outcomes within the past 12 months.

**Standard 9.4 • private** The Organization submits its annual CSBG Information Survey Data Report and it reflects organization-wide outcomes.
PROPOSED ORGANIZATIONAL STANDARDS FOR PUBLIC COMMUNITY ACTION AGENCIES

MAXIMUM FEASIBLE PARTICIPATION

Category one: Consumer Input and Involvement

Community Action is rooted in the belief that people with low incomes are in the best position to express what they need to make a difference in their lives. CSBG Eligible Entities work in partnership with the people and communities they serve. Community Action works in a coordinated and comprehensive manner to develop programs and services that will make a critical difference in lives of participants. Individuals and families are well attuned to what they need, and when Community Action taps into that knowledge, it informs our ability to implement high impact programs and services.

Research shows that through engagement in community activities such as board governance, peer to peer leadership, advisory bodies, volunteering, and other participatory means, the poor build personal networks and increase their social capital so that they are able to move themselves and their families out of poverty. Community Action is grounded in helping families and communities build this social capital for movement to self-sufficiency.

Standard 1.1 • public
The Department demonstrates low-income individuals’ participation in its activities.

Standard 1.2 • public
The Department analyzes information collected directly from low-income individuals as part of the Community Assessment.

Standard 1.3 • public
The Department has a systematic approach for collecting, analyzing, and reporting customer satisfaction data to the tripartite board/advisory body, which may be met through broader local government processes.
Category two: Community Engagement

No CSBG Eligible Entity can meet all of a community’s needs independently. Through formal and informal partnerships, ongoing community planning, advocacy, and engagement of people with low incomes, partners ranging from community and faith-based organizations, educational institutions, government, and business can work together with Community Action Agencies to successfully move families out of poverty and revitalize communities.

Community Action is often the backbone organization of community efforts to address poverty and community revitalization: leveraging funds, convening key partners, adding the voice of the underrepresented, and being the central coordinator of efforts. It is not an easy role to play, but a vital one for families and communities.

**Standard 2.1 • public**

The Department has documented or demonstrated partnerships across the community, specifically including other anti-poverty organizations in the area.

**Standard 2.2 • public**

The Department utilizes information gathered from key sectors of the community in assessing needs and resources. This would include at minimum: community-based organizations, faith-based organizations, private sector, public sector, and educational institutions.

**Standard 2.3 • public**

The Department communicates its activities and its results to the community.

**Standard 2.4 • public**

The Department documents the number of volunteers and hours mobilized in support of its activities.
Category three: Community Assessment

Local control of Federal CSBG resources is predicated on regular comprehensive Community Assessments that take into account the breadth of community needs as well as the partners and resources available in a community to meet these needs. Regular assessment of needs and resources at the community level is the foundation of Community Action and a vital management and leadership tool that is used across the organization and utilized by the community to set the course for both CSBG and all agency resources.

**Standard 3.1 • public**  
The Department conducted or was engaged in a Community Assessment and issued a report within the past 3 years, if no other report exists.

**Standard 3.2 • public**  
As part of the Community Assessment, the Department collects and includes current data specific to poverty and its prevalence related to gender, age, and race/ethnicity for their service area(s).

**Standard 3.3 • public**  
The Department collects and analyzes both qualitative and quantitative data on its geographic service area(s) in the Community Assessment.

**Standard 3.4 • public**  
The tripartite board/advisory body formally accepts the completed Community Assessment.
VISION AND DIRECTION

Category four: Organizational Leadership

Community Action leadership is exemplified at all levels across the organization and starts with a mission that clarifies Community Action’s work on poverty. A well-functioning board, a focused Chief Executive, well-trained and dedicated staff, and volunteers giving of themselves to help others will establish Community Action as the cornerstone and leverage point to address poverty across the community. Ensuring strong leadership both for today and into the future is critical.

This category addresses the foundational elements of mission as well as the implementation of the Network’s model of good performance management (ROMA). It ensures CAAs have taken steps to plan thoughtfully for today’s work and tomorrow’s leadership.

**Standard 4.1 • public**
The tripartite board/advisory body has reviewed the Department’s mission statement within the past 5 years and assured that:
1. The mission addresses poverty; and
2. The CSBG programs and services are in alignment with the mission.

**Standard 4.2 • public**
The Department’s Community Action Plan is outcome-based, anti-poverty focused, and ties directly to the Community Assessment.

**Standard 4.3 • public**
The Department’s Community Action Plan and Strategic Plan document the continuous use of the full ROMA cycle or comparable system (assessment, planning, implementation, achievement of results, and evaluation). In addition, the Department documents having used the services of a ROMA-certified trainer (or equivalent) to assist in implementation.

**Standard 4.4 • public**
The Department adheres to its local government’s policies and procedures around interim appointments and processes for filling a permanent vacancy.

**Standard 4.5 • public**
The Department complies with its local government’s risk assessment policies and procedures.
Category five: Board Governance

Community Action Boards are uniquely structured to ensure maximum feasible participation by the entire community, including those the Network serves. By law, Community Action Boards are comprised of 1/3 low-income consumers (or their representatives), 1/3 elected officials (or their appointees), and 1/3 private-sector community members. To make this structure work as intended, CAAs must recruit board members thoughtfully, work within communities to promote opportunities for board service, and orient, train, and support them in their oversight role. Boards are foundational to good organizational performance and the time invested to keep them healthy and active is significant, but necessary.

Standard 5.1 • public

The Department’s tripartite board/advisory body is structured in compliance with the CSBG Act, by either:
1. At least one third democratically-selected representatives of the low-income community;
2. With one-third local elected officials (or their representatives); and
3. The remaining membership from major groups and interests in the community.

OR another mechanism specified by the State to assure decision-making and participation by low-income individuals in the development, planning, implementation, and evaluation of programs.

Standard 5.2 • public

The Department’s tripartite board/advisory body either has:
1. Written procedures that document a democratic selection process for low-income board members adequate to assure that they are representative of the low-income community.
2. OR another mechanism specified by the State to assure decision-making and participation by low-income individuals in the development, planning, implementation, and evaluation of programs.

Please note under IM 82 for Public Entities the law also requires that a minimum of 1/3 of tripartite board membership be comprised of representatives of low-income individuals and families who reside in areas served.

Standard 5.3 • public

The Department documents that each tripartite board/advisory body member has received a copy of the governing documents, within the past 2 years.

Standard 5.4 • public

The Department documents that each tripartite board/advisory body member has received a copy of the governing documents, within the past 2 years.
Standard 5.5 • public  The Department’s tripartite board/advisory body meets in accordance with the frequency and quorum requirements and fills board vacancies as set out in its governing documents.

Standard 5.6 • public  Each tripartite board/advisory body member has signed a conflict of interest policy, or comparable local government document, within the past 2 years.

Standard 5.7 • public  The Department has a process to provide a structured orientation for tripartite board/advisory body members within 6 months of being seated.

Standard 5.8 • public  Tripartite board/advisory body members have been provided with training on their duties and responsibilities within the past 2 years.

Standard 5.9 • public  The Department’s tripartite board/advisory body receives programmatic reports at each regular board/advisory meeting.
Category six: Strategic Planning

Establishing the vision for a Community Action Agency is a big task and setting the course to reach it through strategic planning is serious business. CSBG Eligible Entities take on this task by looking both at internal functioning and at the community’s needs. An efficient organization knows where it is headed, how the board and staff fit into that future, and how it will measure its success in achieving what it has set out to do. This agency-wide process is board-led and ongoing. A “living, breathing” Strategic Plan with measurable outcomes is the goal, rather than a plan that gets written but sits on a shelf and stagnates. Often set with an ambitious vision, Strategic Plans set the tone for the staff and board and are a key leadership and management tool for the organization.

Standard 6.1 • public The Department has a Strategic Plan, or comparable planning document, in place that has been reviewed and accepted by the tripartite board/advisory body within the past 5 years. If the Department does not have a plan, the tripartite board/advisory body will develop the plan.

Standard 6.2 • public The approved Strategic Plan, or comparable planning document, addresses reduction of poverty, revitalization of low-income communities, and/or empowerment of people with low incomes to become more self-sufficient.

Standard 6.3 • public The approved Strategic Plan, or comparable planning document, contains Family, Agency, and/or Community goals.

Standard 6.4 • public Customer satisfaction data and customer input, collected as part of the Community Assessment, is included in the strategic planning process, or comparable planning process.

Standard 6.5 • public The tripartite board/advisory body has received an update(s) on meeting the goals of the Strategic Plan/comparable planning document within the past 12 months.
OPERATIONS AND ACCOUNTABILITY

Category seven: Human Resource Management

The human element of Community Action’s work is evident at all levels of the organization and the relationship an organization has with its staff often reflects the organization’s values and mission. Oversight of the Chief Executive and maintaining a strong human resources infrastructure are key responsibilities of board oversight. Attention to organizational elements such as policies and procedures, performance appraisals, and training lead to strong organizations with the capacity to deliver high-quality services in low-income communities.

Standard 7.1 • public
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.

Standard 7.2 • public
The Department follows local governmental policies in making available the Employee Handbook (or personnel policies in cases without a Handbook) to all staff and in notifying staff of any changes.

Standard 7.3 • public
The Department has written job descriptions for all positions. Updates may be outside of the purview of the Department.

Standard 7.4 • public
The Department follows local government procedures for performance appraisal of the Department Head.

Standard 7.5 • public
The compensation of the Department Head is made available according to local government procedure.

Standard 7.6 • public
The Department follows local governmental policies for regular written evaluation of employees by their supervisors.

Standard 7.7 • public
The Department provides a copy of any existing local government whistleblower policy to members of the tripartite board/advisory body at the time of orientation.

Standard 7.8 • public
The Department follows local governmental policies for new employee orientation.

Standard 7.9 • public
The Department conducts or makes available staff development/training (including ROMA training) on an ongoing basis.
Category eight: Financial Operations and Oversight

The fiscal bottom line of Community Action is not isolated from the mission, it is a joint consideration. Community Action boards and staff maintain a high level of fiscal accountability through audits, monitoring by State and Federal agencies, and compliance with Federal Office of Management Budget circulars. The management of Federal funds is taken seriously by CSBG Eligible Entities and the Standards specifically reflect the board’s oversight role as well as the day-to-day operational functions.

**Standard 8.1 • public** The Department’s annual audit is completed through the local governmental process in accordance with OMB A-133 (if applicable) and/or State audit threshold requirements. This may be included in the municipal entity’s full audit.

**Standard 8.2 • public** The Department follows local government procedures in addressing any audit findings related to CSBG funding.

**Standard 8.3 • public** The Department’s tripartite board/advisory body is notified of the availability of the local government audit.

**Standard 8.4 • public** The Department’s tripartite board/advisory body is notified of any findings related to CSBG funding.

**Standard 8.5 • public** The audit bid process is outside of the purview of tripartite board/advisory body therefore this standard does not apply to public entities.

**Standard 8.6 • public** The Federal tax reporting process for local governments is outside of the purview of tripartite board/advisory body therefore this standard does not apply to public entities.

**Standard 8.7 • public** The tripartite board/advisory body receives financial reports at each regular meeting, for those program(s) the body advises, as allowed by local government procedure.

**Standard 8.8 • public** The payroll withholding process for local governments is outside of the purview of the Department, therefore this standard does not apply to public entities.

**Standard 8.9 • public** The tripartite board/advisory body has input as allowed by local governmental procedure into the CSBG budget process.

**Standard 8.10 • public** The Fiscal Policies for local governments are outside of the purview of the Department and the tripartite board/advisory body, therefore this standard does not apply to public entities.
<table>
<thead>
<tr>
<th>Standard 8.11 • public</th>
<th>Local governmental procurement policies are outside of the purview of the Department and the tripartite board/advisory body, therefore this standard does not apply to public entities.</th>
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<tbody>
<tr>
<td>Standard 8.12 • public</td>
<td>A written cost allocation plan is outside of the purview of the Department and the tripartite board/advisory body, therefore this standard does not apply to public entities.</td>
</tr>
<tr>
<td>Standard 8.13 • public</td>
<td>The Department follows local governmental policies for document retention and destruction.</td>
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Category nine: Data and Analysis

The Community Action Network moves families out of poverty every day across this country and needs to produce data that reflect the collective impact of these efforts. Individual stories are compelling when combined with quantitative data: no data without stories and no stories without data. Community Action needs to better document the outcomes families, agencies, and communities achieve. The Community Services Block Grant funding confers the obligation and opportunity to tell the story of agency-wide impact and community change, and in turn the impact of the Network as a whole.

**Standard 9.1 • public**  
The Department has a system or systems in place to track and report direct services customers receive.

**Standard 9.2 • public**  
The Department has a system or systems in place to track Family, Agency, and/or Community outcomes.

**Standard 9.3 • public**  
The Department has analyzed its outcomes within the past 12 months.

**Standard 9.4 • public**  
The Department submits its annual CSBG Information Survey Data Report and it reflects CSBG-funded outcomes.