



INDIANA COMMUNITY ACTION AGENCY MONITORING TOOL KIT

Community Service Block Grant



Effective: June 26, 2023 to December 31, 2025



This toolkit is for guidance only and is utilized by IHCD for CSBG monitoring purposes; it is not intended to interpret or explain federal or state laws. Each sub-grantee is responsible for complying with all applicable federal and state laws and requirements, regardless of whether the requirements are addressed in this toolkit.⁶⁰

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CSBG STATE COMPLIANCE OVERVIEW

The Office of Community Services (OCS) within the Department of Health and Human Services (HHS), working with the National Partners, has positioned CSBG and Community Action as a model of National Performance Management to ensure accountability at all levels.

“The CSBG network is subject to the extensive accountability mechanisms of the CSBG Performance Management Framework, ensuring that the Federal Office, State Offices, and local Community Action Agencies are effective and responsible stewards of federal funds.”⁸⁰

HHS has charged each state with the task of overseeing and ensuring that funds are disbursed to the eligible entities, hereafter called “agency/agencies or organizations,” and are administered in accordance with federal regulations. Pursuant to Indiana Code 4-4-33-1-(2), in 2007, the Governor designated the Indiana Housing and Community Development Authority (IHCDA) as the State of Indiana’s Lead Agency for CSBG.

CSBG MONITORING AUTHORITY

Under 42 U.S.C. 9914 of the CSBG Act, the State CSBG Lead Agency (IHCDA) is responsible for establishing “performance goals, administrative standards, financial management and requirements” that assure an appropriate level of accountability and quality among the State’s eligible agencies. The act requires the state agency to perform a full review of subrecipients’ (CAA) program operations at least once during a three (3) year period. This works in conjunction with 2 CFR 200.332(e)(2) that requires pass-through entities (i.e. state agencies) to perform regular onsite reviews of subrecipients’ program operations and IC 12-14-23-5 which states that a community action agency may not receive state or federal money unless the agency is organized in accordance with this chapter (for Indiana Community Action).

MONITORING STANDARDS PURPOSE

IM-102 establishes the State’s responsibility to “improve eligible entities’ capacity to achieve results” through such means as “standards of excellence.” Accordingly, “States must establish and communicate clear and comprehensive standards and hold eligible entities accountable according to the standards as part of their oversight duties”.⁶⁹ The standards in the IHCDA CSBG Monitoring Toolkit are designed to fulfill these oversight expectations by means of a full CSBG compliance monitoring.

A. Organizational Standards (Part One)

“The purpose of the organizational standards is to ensure that all eligible entities have appropriate organizational capacity, not only in critical financial and administrative areas important to all nonprofit and public human service agencies, but also in areas of unique importance for CSBG-funded eligible entities”.⁷⁰ According to Denise Harlow, Chief Executive Officer of NCAP, the organizational standards found in IM-138 “are the ground floor, or minimum requirements, for management and operations.”

B. Program Standards (Part Two)

The purpose of the program standards is to ensure that all eligible entities adhere to established policies and procedures, the promotion of fairness and ethics, and astute financial management. By fostering transparency, integrity, and effective collaboration, Part Two ensures that the CAA is primed to serve their community responsibly and successfully. It also supports IHCDA in demonstrating that Indiana (as the State and a group of agencies) is compliant in meeting its expectations.

IHCDA utilized a combination of resources to develop the guidance, purpose, authority, implementation tips, and best practices for each standard, including but not limited to:

- Public Law (PL)/ CSBG Act
- OCS Information Memorandums (IMs)
- Indiana CSBG Model State Plan (IHCDA)
- CSBG Program Manual (IHCDA)
- CSBG Grant Award Agreement (IHCDA)
- Indiana Code (IC)
- Office of Management and Budget (OMB) Grants Management Circulars
- Model Policies by Community Action Program Legal Services, Inc. (CAPLAW)
- National Community Action Partnership (NCAP)
- National Association for State Community Services Programs (NASCSPP)

MONITORING STANDARD ASSOCIATIONS

Like-minded standards within the monitoring toolkit are grouped under common performance-based management categories (e.g., organizational leadership, board governance, human resources, fiscal operations, etc.). However, some of these same individual standards may also be associated with higher business-related objectives that go beyond their category descriptions:

Compliance and Accountability

Ensuring that CAA abide by their duties to the federal and state funder, community, and stakeholders by following internal policies, adhering to external rules and regulations, and maintaining transparency about their operations.

A. Program Pass-Through Activities

Ensuring that each CAA is performing specific required activities, so the State as a whole also remains in compliance with OCS regulations.

Financial Solvency

Ensuring that each CAA is fiscally solvent and can operate its programs without interruption.

Risk Management/Mitigation

Ensuring each CAA actively reduces, controls, or minimizes risks to its operations.

Control Activities

Ensuring each CAA has systems, policies, and procedures in place to prevent improper actions and errors and ensure that agency management protects assets and prevents fraud, waste, and abuse.

Results Orientated Management and Accountability (ROMA) for Community Action

Ensuring each CAA integrates outcomes/results and quality improvement into the administration, management, and operations of the agency.

Capacity Building

Ensuring each CAA's ability to deliver its mission effectively now, and in the future.

MONITORING TOOLKIT STRUCTURE

This review instrument is used as an open and transparent document to complete the CSBG monitoring process. It contains the following parts:

- **Part One: Organizational Standards** (*Sections 1-3; Categories 1-9*), evaluates the operational performance for maximum feasible participation, vision and direction, and operations and accountability for Informational Memorandum No. 138.
- **Part Two: Programmatic Standards** (*Sections 4-5; Categories 10-15*), evaluates the resource and accounting management of CSBG program implementation and performance.
- **Part Three: Attestation** (*Section 6; Category 16*), allows the agency to evaluate and certify success in meeting specific objectives related to agency operations.
- **Part Four: Beyond Compliance** (*Section 7, Categories 17-19*), considers an agency's road to excellence through Standard support information and implementation tips, best business practice recommendations and the bibliography.

This toolkit formats each Standard in Parts One and Two as follows:

1. Description:
 - **Standard Name** describes the compliance expectation or required action.
2. Compliance:
 - **Guidance** is any explanation needed to clarify the interpretation of the standard. It is the **required action(s)** used to determine compliance.
 - **Timeframe** indicates the period of time since the previous monitoring session by which the standard will be measured:
 - "Once"- Provide proof of meeting the standard at least one time.
 - "Annually"- Provide proof of meeting the standard for each calendar year.
 - "Within past 2, 3, or 5 Years"- Provide proof of meeting the standard, at some time, during past 2, 3, or 5 years.
 - "During Monitoring Period"- The number of years between monitoring's may change. The standard may require annual proof or proof that it was completed at least once since previous CSBG Monitoring.
3. Demonstrate/Evaluate:
 - **Summary** is an overview of the Standard's objective and important actions.
 - **Documentation Examples** lists the potential materials that may be requested or examples of documentation the CAA may wish to develop to document compliance with the corresponding standard.
4. CAA Self-Assessment:
 - **Agency Self-Check** is a tool provided in advance of the monitoring so the agency can determine if it is meeting the standard. (This is for your "Internal Use Only")

Supplemental information in Part Four (associated with the Standards in Part One, Two, and Three) may include the following:

1. **Purpose** provides what the standard is trying to achieve: the "why."
2. **Authority** identifies the applicable Federal or State requirement(s) to which the CAA must adhere (i.e., regulation, code, contract, memoranda, or policy, etc.) and any associated authority that the standard may be linked to.
3. **Resource Tools** are supplemental materials or instruments available that may assist the agency in achieving or tracking the compliance on the standard.
4. **Background** shows the standard's relationship to the anti-poverty movement.

5. **Implementation Tips** are suggested actions or techniques that may assist the agency in successfully achieving the standard.
6. **Drive the Distance** are best business practices to go beyond compliance of the standard and assist the agency in fully exploring the intent and spirit of the standard.

MONITOR'S APPROACH

Every Indiana CAA operates independently. They have their own unique challenges and staffing experiences that dictate how and why they manage their organization as they do. Therefore, not every agency provides the same information or in the same way. Our goal is to engage each agency individually based on the framework established within each monitoring standard.

Monitoring includes review of submitted documents as well as communicated and observed actions. The monitor will use this information to ascertain compliance. The review, while thorough, is limited in scope and should not be considered exhaustive. Each monitoring session should be considered an isolated event; and compliance is determined anew in each monitoring session regardless of previous practices or findings.

*"In assessing the health of an agency, state monitors cannot look solely at compliance with particular program standards. State monitors need to take a systems view of each CAA and note the quality-of-service delivery and program operations throughout the agency."*⁷⁸

IHCDA's goal is to support each agency in meeting their compliance goals. Throughout the monitoring session, the IHCDA monitor will share best practices for meeting and exceeding standard expectations and will work with the agency to create solutions and/or serve as a sounding board for new policies/procedures/actions. As with ROMA, at the state level, we view monitoring as part of the continuous improvement cycle. It is an opportunity to explore operational tools, techniques, and processes that have been developed by each agency. Per Peter Drucker,⁴⁷ CAAs need "to manage better than for-profit businesses," and "challenge every policy, practice, procedure, and assumption...to think through very clearly what results are for our organization."

*"Continuous improvement is both a commitment and a process for improving everything you do to achieve excellence."*¹⁴⁰

MONITORING SESSION PROCESS

Notification

The official notice from IHCDCA of the upcoming monitoring event provides key dates and times (e.g., entrance conference) and the scheduled onsite visit dates.

Fact Gathering Methods

The monitoring event encompasses review of many areas of agency operations. A questionnaire has been developed to efficiently gather information in advance and minimize workflow interruptions during monitoring. In addition, the agency will upload documents for review.

Entrance Conference

Held to communicate the purpose, scope, and process of the monitoring session. Officially starts the monitoring session even though the review of provided materials may have already begun.

Key Agency Interviews

Throughout the monitoring process, IHCDCA staff will need to interview the following key management positions: Executive Director, Fiscal Manager, Human Resources Manager, CSBG Program Manager, and select governing board members. Everyone must participate before the monitoring session will be closed.

IHCDCA expects to meet with at least two (2) governing board members, as part of the monitoring process, “to determine the extent to which the boards are aware of, and are carrying out, their responsibilities”⁶⁵. The approximate one-hour interview will be conducted independent of agency management/staff, anytime during normal business hours, on day one of the onsite visit.

- Phone interviews or video conferencing are an option, but not the preferred communication method. Coordinate with the monitor team, prior to the onsite visit, if this is the only available option.

Exit Conference

Held to communicate the preliminary results of the monitoring session and best business practice recommendations for agency consideration.

Monitoring Report

The "official" record of compliance and will summarize the results of the review based upon the agency's performance, which is reported based on whether they fully met or did not meet the given standard. There is not an assigned numerical point value that correlates with each standard.

Fully Met: compliance with all guidelines

Not Met: no guidelines, or only part of the guidelines, were accomplished.

A. Required Action

A Required Action Plan (RAP) will be developed by each monitored agency to identify how each standard that was “Not Met” will be addressed. An accepted RAP or placement on an improvement plan completes the monitoring session.

IHCDA CSBG IMPROVEMENT PLANS

Placement on an improvement plan (Modified Quality Improvement Plan [MQIP] or Quality Improvement Plan [QIP]) will be at the discretion the IHCDA CSBG Manager and is not part of the monitoring session.

The following two items will be considered when determining whether an agency’s monitoring will result in an improvement plan:

1. meeting all CSBG core components and operational and risk mitigation standards.
2. the overall percentage of standards that are fully met.

CSBG Core Components and Agency Risk Mitigation Standards:

- Standard 3.3 Community Needs Assessment
- Standard 4.6 Risk Assessment
- Standard 5.1 Tripartite Governing Board
- Standard 6.3 Strategic Plan
- Standard 8.1 Single Audits
- Standard 8.7 Board Financial Reporting
- Standard 11.4 Segregation of Duties
- Standard 14.2 Financial Statements
- Standard 15.3.2 Operating Ratios

OVERALL PERFORMANCE INDICATORS

<u>Result</u>	<u>Requirements</u>	<u>Action</u>
Compliant	Fully Met ALL fundamental standards AND Fully Met 85% of the Net Overall Standards (Part One + Part Two)	<i>Required Action Plan</i>
Eligible for Improvement Plan	Not Met one or more fundamental standards BUT Fully Met 85% of the Net Overall Standards (Part One + Part Two)	<i>Required Action Plan (with additional MQIP expectations, if necessary)</i>
Improvement Plan Needed	Not Met one or more fundamental standards AND less than 85% of the Net Overall Standards (Part One + Part Two) are Fully Met	<i>Required Action Plan (with additional MQIP/QIP expectations)</i>

***Public Agency will be adjusted based upon IM-138 Organizational Standards for Public CSBG Eligible Entities.*

GENERAL COMPLIANCE PARAMETERS

The following parameters regarding documentation practices apply to multiple monitoring standards. They are listed here once rather than re-stating them multiple times throughout this document.

Board Action

- Board minutes are the primary way of demonstrating official actions of the governing board. They must clearly record what transpired at a board or committee meeting; all motions must be clear and concise.
- A governing board vote is not valid unless a quorum of the board, as defined in the bylaws, is present.
- Actions approved in a consent agenda cannot be used to demonstrate compliance with any monitoring standard, unless the motion specifically calls out the item needing to be approved.⁶¹ (e.g., “the board approves the consent agenda, including the Needs Assessment”)
- The Indiana Open Door Law permits governing bodies to meet privately (i.e., executive session).^{49,50} However, any “final action [i.e., a vote] must be taken at a meeting open to the public”⁵⁰ where the action(s) is documented in the meeting minutes.

Conflicts of Interest

- How the board addressed conflicts of interest must be clear in the meeting minutes; including “when conflicts [from members] arise during the course of board business, how they were acknowledged and by whom, how they were addressed, if/when board members with the conflict left the room or removed themselves from the conversation.”²⁸
 - Minutes also must record the vote on any motion, including abstentions.²⁸

Board Members

- All members of the tripartite board “shall be selected by the entity”.⁸⁸ This means the board must take a formal vote to seat the representative.¹⁴
- The date that the full governing board votes a prospective member (nominee) to the Board of Directors is their “official” start date or when they are considered “active.”⁶¹
- A prospective board member must be voted onto the Board of Directors by name and not as part of any blanket or generic approval.⁶¹

Board Bylaws

- An officer shall perform the duties set forth in bylaws or to the extent consistent with the bylaws.¹⁴² Board actions that take place that are not in line with the bylaws are not valid and can be called into question both in practice and legally.²⁸

Staff Framework

- Documents must be dated to certify when an action occurred. They may be handwritten or typed with a signature or initial, or electronically stamped.
- A “structured process” is a process that is written down or formalized so it can be consistently administered. It is not just verbal.

CONCLUSION

To conclude, the governing board “should work together with the CEO/ED to ensure that board agendas, minutes, calendars, training, orientation, and committees are structured in a way to meet the Standards. This may lead to some changes of how the board operates, but the roles and responsibilities of the board do not change under the Organizational Standards”.²⁸

Finally, IHEDA recommends that each agency’s leadership staff, along with the governing board, establish committees and conduct regular meetings to ensure that its organization is in good standing (Fully Met) with each standard outlined in this document to achieve maximum performance. Involvement at all levels within the agency also will improve communication, engagement and knowledge about issues related to community action.

QUESTIONS?

The monitoring toolkit is a living document that is designed to be adaptable to the many ways community action agencies meet the standards. However, you are encouraged to seek clarification with IHEDA CSBG staff if you have any questions.

- Contact the IHEDA CSBG mailbox at csbg@iheda.in.gov