



Community Services Block Grant Program (CSBG)

Program Manual

(Updated January 1, 2024)



Indiana Housing & Community Development Authority

30 South Meridian Street, Suite 900

Indianapolis, Indiana 46204

<https://www.in.gov/ihcda/>

Contents

Contents.....	2
Introduction	6
1.1 About the Community Services Block Grant (CSBG) Program	6
1.2 CSBG Eligible Entities and Community Action Agencies	6
1.3 Indiana Housing and Community Development Authority (IHCDA)	7
1.3.1 IHCDA Contacts	8
1.3.2 When to Contact IHCDA: Staff Changes, Updated Contact Information and Fraud	9
1.3.3 IHCDA Website and Email Notices	10
2. Use of CSBG Funds.....	10
2.1 Goals of CSBG and Community Action Programs	10
2.2 General Uses for CSBG Funds.....	11
2.3 Income Limits.....	12
2.4 Unallowable CSBG Uses	13
2.5 General Allowable Uses of Funds.....	13
3. CSBG Awards	14
3.1 CSBG Allocation	14
3.2 CSBG Subgrantee Agreements	15
4. CAA Responsibilities – Programmatic.....	16
4.1 Community Needs Assessment.....	16
4.1.1 CNA Content.....	16
4.1.2 CNA Use/Presentation.....	17
4.2 Strategic Plan.....	17
4.2.1 Strategic Plan Content.....	17
4.2.2 Strategic Plan Use/Presentation	18
4.3 Community Action Plan.....	18
4.3.1 CAP Content.....	18
4.3.2 CAP Use/Presentation.....	19
4.4 CSBG Annual Report.....	19
4.4.1 CSBG Annual Report Content	19

4.5 Risk Assessments.....	20
4.5.1 Risk Assessment Content.....	20
4.5.2 Risk Assessment Use/Presentation.....	21
4.6 Eligibility Determination.....	21
4.6.1 Types of Participant Income Verification.....	21
4.6.2 Community Eligibility.....	21
4.6.3 Eligibility Determination for Programs Partially Funded with CSBG.....	22
4.6.4 Instances When Eligibility Verification Is Not Required.....	22
4.7 Partnership Development, Evaluation and Documentation.....	23
5. CAA Responsibilities - Fiscal	23
5.1 Procurement	23
5.1.1 Procurement Policies.....	23
5.1.2 Purchase Orders.....	23
5.1.3 Purchase Documentation Management.....	23
5.1.4 Purchases that Require Prior IHCD Approval.....	24
5.2 Inventory Management	26
5.2.1 Schedule of Inventory	26
5.2.2 Inventory Inspections.....	26
5.2.3 Dispositions	26
5.3 Claims & Payments.....	26
5.3.1 Monthly Claim Submissions.....	26
5.3.2 Timing of Payment and Expense Submissions.....	27
5.3.3 Claims Cover Sheet.....	27
5.4 Charging Other Programs to CSBG.....	27
5.4.1 Supplementing Energy Assistance Program (EAP) Administration	27
5.4.2 Supplementing EAP Assurance-16.....	28
5.4.3 Using CSBG for Non-EAP Utility Payments.....	28
5.4.5 Supplementing Weatherization: Using CSBG for Energy Saving Measures..	28
5.5 Other Fiscal Requirements	29
5.5.1 Financial Statements	29
5.5.2 Bank Statements	29
5.5.3 Fiscal Stability.....	29

6. CAA Governing Board Requirements.....	30
6.1 Tripartite Compliance	30
6.2 Board Membership, Vacancy and Meeting Requirements	30
6.3 Democratic Selection for Low-Income Representatives	31
6.4 Board Responsibilities – Fiscal	31
6.4.1 Audits.....	31
6.4.2 Financial Reporting Validation	31
6.4.3 Fiscal Policies & Internal Controls	31
6.5 Board Responsibilities – Timeline for Reviews and Approvals.....	32
7. IHCDCA Monitoring	32
7.1 Community Programs Division Monitoring Approach	32
7.2 State CSBG Monitoring Toolkit	33
7.3 Monitoring Performance.....	33
8. Training, Technical Assistance and Additional Funding Opportunities	34
8.1 IHCDCA Sponsored Trainings.....	34
8.2 Monitoring T&TA Funding	35
9. Reduction or Termination in Funding	35
9.1 Temporary Holds on CAA CSBG Funding	35
9.28 Reducing or Terminating a CAA’s CSBG Funds.....	35

© Indiana Housing and Community Development Authority, 2024. All Rights Reserved

Appendices

Appendix 1	Indiana's CSBG Service Map
Appendix 2	Allowability and Reasonable Costs
Appendix 3	Guide to CSBG Budgets and Amendments
Appendix 4	Guide to CSBG Carryover and Closeout
Appendix 5	Typical CSBG Annual Timeline
Appendix 6	CSBG Claims Requirements Resource
Appendix 7	CSBG Claims Cover Sheet
Appendix 8	CSBG Monitoring Reporting Process
Appendix 9	Guide to Request Monitoring T-TA Awards
Appendix 10	2024 CSBG Budget Form
Appendix 11	2024 CSBG Carryover Form
Appendix 12	2023 CSBG Closeout Form
Appendix 13	List of CSBG Resources
Appendix 14	Blank Subgrantee Agreement Template
Appendix 15	Indiana Code 12-14-23 Community Action Agencies/Boards
Appendix 16	Commonly Used Acronyms

Acknowledgements

Special thanks to IU Lilly School of Philanthropy Graduate Assistant for their help in updating this manual: Alexa Carr (2022-2023).

Introduction

1.1 About the Community Services Block Grant (CSBG) Program

The Community Services Block Grant Act (CSBG) (49 U.S.C. 9901 et seq.) is a non-competitive federally funded block grant offered through the U.S. Department of Health and Human Services (HHS). The program supports the national network of Community Action Agencies (CAAs) as they work to alleviate the causes and conditions of poverty.

The federal Community Action Program was founded in 1964 by the Economic Opportunity Act (EOA), as part of President Lyndon B. Johnson's War on Poverty. Originally, federal Community Action Program funds flowed directly to local public and private CAAs. In 1981, Congress repealed the federal Community Action Program and replaced it with CSBG, a state-administered block grant.

The CSBG Act, which constitutes Section II of the federal Community Opportunities, Accountability, and Training and Educational Services Act of 1998, also known as the Coats Act, is the most recent federal reauthorization of the CSBG program. The CSBG Act is available online [here](#).

As a block grant, federal funds are allocated to States on a formula basis. States are then pass at least 90% of those funds to CAAs to address the local issues of poverty within their communities. Every county in Indiana is served by one of these agencies.

CAAs operate under the direction of a tripartite board comprised of elected officials, business/community representatives, and low-income individuals. These boards are charged with identifying the specific problems in the community and developing action plans and programs to address local poverty issues. CSBG provides a funding source flexible enough to cover a wide variety of those issues, often in conjunction with other federal, state, and local funding.

At the federal level, the CSBG program is administered by the Office of Community Services (OCS) within the Administration for Children and Families (ACF) of HHS. Each state has an office designated by the governor to oversee their CSBG program. In Indiana, that office is the [Indiana Housing and Community Development Authority \(IHCD\)](#).

1.2 CSBG Eligible Entities and Community Action Agencies

CSBG does not accept rolling or annual applications for funding. Instead, the funding is allocated to pre-determined organizations, usually referred to as Community Action Agencies or Eligible Entities (EEs). Not all CAAs receive CSBG funding but operate as a community action agency in name and/or practice. Since most CAAs do receive CSBG funding, IHCD and many federal partners consider the two organization types to be the same and use the names interchangeably. This manual will use Community Action Agency, or CAA, from here moving forward, unless referring directly to federal legislation or guidance (which usually use Eligible Entity, or EE).

Community Action Agencies are non-profit or public agencies that meet the requirements of Section 673(1)(A) and Section 676B of the CSBG Act, specifically:

- Have tripartite boards that fully participate in the development, planning, implementation, and evaluation (see Section 6 for more details), AND
- Was a designated eligible entity on the day before the enactment of the Coats Human Services Reauthorization Act of 1998, which was the last reauthorization of the CSBG program, OR
- Is designated by the Governor to serve a currently unserved area of the state.

Indiana code ([IC 12-14-23-2](#), see **Appendix 15**) further defines CAAs as:

- Any of the following:
 - A private nonprofit organization that is geographically located within a community, OR
 - A private nonprofit organization that is located in a county(ies) contiguous to or within reasonable proximity of a community, OR
 - A political subdivision, if there is no qualified nonprofit organization identified that meets the criteria set forth in clause A or B.
- An entity that has the authority under state or federal law to receive money to support the community action programs described in IC 12-14-23-3 and IC 12-14-23-4 (described in Section 2.1 of this Manual).
- An entity that is designated as a community action agency by the governor or by federal law.

Currently, no part of Indiana is unserved by a CAA. A map of Indiana's CSBG-funded community action agencies can be found in **Appendix 1**.

1.3 Indiana Housing and Community Development Authority (IHCDA)

Pursuant to Indiana Code 4-4-33-1-(2), in 2007, Indiana Governor Mitchell E. Daniels, Jr., designated IHCDA as the Lead Agency for CSBG. IHCDA has continued in this role with each new governor, most recently in July 2017 by Governor Eric Holcomb. As the lead agency, IHCDA has the following responsibilities:

1. **Accept CSBG funds from HHS and distribute at least 90% directly to all 22 CAAs in Indiana.** Within 30 days of receipt from OCS, IHCDA sends grant agreements/amendments to CAAs. Funds are made available in IHCDA's claims system at the start of the state program year (January 1). Once the agreements are finalized and their term has begun, the funds are claimed on a reimbursement basis. Please see Section 3, "CSBG Awards," for more information on the fund distribution process.
2. **Disseminate, interpret, and build on federal regulations and guidance.** CSBG funds are subject to multiple levels of federal regulations and guidance: the CSBG Act, OMB regulations, information memoranda, etc. Part of IHCDA's role is to provide state-level guidance based on new releases of federal regulations and guidance. As necessary, IHCDA can and does establish program

rules that go beyond federal or state regulations or recommendations to ensure CAAs meet performance goals, administrative standards, and financial management requirements, as directed by the CSBG Act (Section 678B).

3. **Monitoring: CAA use of CSBG funds as well as compliance with federal and state rules and regulations.** Indiana's State Plan identifies that the state will use a modified version of the National Community Action Partnership Center of Excellence (COE) Organizational Standards in its monitoring. During monitoring, IHCDAs ensure that each agency is meeting OCS expectations as outlined in the Organizational Standards. The majority of monitoring happens during on-site visits that IHCDAs make to each CAA once every three years; the annual Community Action Plan and regular claims review are also monitoring mechanisms. If it is found that an agency is not in compliance with a certain number or type of standards, or that their use of funds is out of compliance with federal or state regulations, IHCDAs must ensure that corrective actions are taken. Please see Section 7 for more information on the monitoring process.
4. **Provide opportunities for training and technical assistance to CAA Executive Directors, staff, and board members.** Training opportunities can cover a number of topics and are led by partners like the Indiana Community Action Association (INCAA) and other trainers as identified by IHCDAs. Technical assistance may be given by IHCDAs staff, although outside contractors have been utilized to address issues identified during monitoring, an audit, or at any other time. How to request agency-specific training or technical assistance is explained in Section 8, "Training, Technical Assistance, and Additional Funding Opportunities" and in **Appendix 9**.
5. **Collect and submit performance-based data from CAAs and submit to HHS.** This happens each year via the Annual Report, which is explained in Section 4.4 "Annual Report."

The ways in which IHCDAs fulfill these responsibilities are detailed in the biennial [2023-2024 State Plan](#), which is posted to the IHCDAs CSBG web page. Updates on IHCDAs progress are detailed in Module 1 of the Annual Report.

Overall, the program rules and requirements that IHCDAs adopts and upholds are outlined in this manual and in **Appendix 14** (the subgrantee agreement). IHCDAs have further adopted the Indiana [CSBG Monitoring Toolkit](#) as guidance on how to meet CSBG requirements.

1.3.1 IHCDAs Contacts

For issues and questions regarding CSBG, please email CSBG@ihcda.in.gov.

For questions about IHCDAsOnline and how to submit claims, please email Claims@ihcda.in.gov.

If you have a CSBG-related question for a specific IHCDAs staff member, please use the email addresses listed below, and please copy CSBG@ihcda.in.gov.

Name	Title	Email	Phone Number	To contact for...
Tina Darling	Community Programs Manager – CSBG	tdarling@ihcda.in.gov and/or csbg@ihcda.in.gov	317-234-7143	General CSBG policy questions; requests for purchase approval; grant agreements, including amendments, carryover, and closeout.
Rolanda Herron	Community Programs CSBG Monitor	rherron@ihcda.in.gov	317-234-9781	Operational monitoring
Mike VanOsdol	Community Programs CSBG Fiscal Monitor	mvanosdol@ihcda.in.gov	317-232-7929	Fiscal monitoring
Emily Krauser	Chief Deputy Director of Programs	ekrauser@ihcda.in.gov	317-232-2447	Questions that involve a combination of CSBG and other programs

1.3.2 When to Contact IHCDA: Staff Changes, Updated Contact Information and Fraud

There are three situations when a CAA must contact IHCDA as soon as possible:

- **Staff Leadership Changes:** please email CSBG@ihcda.in.gov if a change occurs in any of the following staff positions:
 - Executive Director
 - Chief Financial Officer
 - CSBG Program Manager Main Contact
 - Staff person in charge of the CSBG Community Action Plan and/or Annual Report
- **Change in Contact Information:** if a CAA's address/phone numbers/emails change, please email CSBG@ihcda.in.gov.
 - In this situation, the CAA will also need to update their information in IHCDAOnline.

- **Fraud: per Section 50 of the CSBG award agreement**, if fraud is discovered within the CSBG program or a program supported with CSBG funds, the CAA must email both IHCD's Chief Deputy Director of Programs and the Community Programs Manager for CSBG. See the above table for these emails.

1.3.3 IHCD Website and Email Notices

IHCD CSBG staff will share major program updates and news through 1) email notices, 2) updates during regularly scheduled office hours, and 3) at the INCAA annual conference.

Other important information will be posted to the CSBG webpage, including program documents, guidance, and deadlines. CAA staff are encouraged to review the webpage regularly for updates. The website can be accessed [here](#).

2. Use of CSBG Funds

The following sections provide a general overview of allowable and unallowable uses for CSBG funds. Allowable use of CSBG funds is guided by the following:

1. Federal public law (the CSBG Act)
2. Federal Uniform Administrative Requirements, Cost Principles, and Audit Requirements (2 CFR 200)
3. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards (45 CFR 75)
4. State legislation (Indiana Code)
5. Requirements outlined in the CSBG grant award agreement
6. This manual and official IHCD program guidance, and
7. Other federal and state guidance (Information Memoranda, Dear Colleague Letters, IHCD notices, etc.).

For more information, please see Section 5.

2.1 Goals of CSBG and Community Action Programs

At the federal level, the CSBG program was created with the following overarching goals:

- 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.

Accordingly, the federal legislation highlights several actions expected by the community action network:

- strengthen community capabilities for **planning and coordinating the use of Federal, State, local, and other assistance** for the elimination of poverty in a manner responsive to local needs and conditions;

- organize a range of services related to the needs of low-income families and individuals, to have **a measurable and potentially major impact on the causes of poverty** and to help families and individuals achieve **self-sufficiency**.
- use **innovative and effective community-based approaches** to address the causes and effects of poverty and of community breakdown;
- strive for maximum **participation of residents and groups of low-income communities** to empower such residents and groups to respond to the unique problems and needs within their communities; and
- broaden the resource base of programs directed at the elimination of poverty to **secure a more active role in the provision of services** for:
 - private, religious, charitable, and neighborhood-based organizations; and
 - individual citizens, and business, labor, and professional groups, who can influence the quantity and quality of opportunities and services for the poor.

Indiana code ([IC 12-14-23-3](#), and found in **Appendix 15**) further highlights the expectation that CAAs design and manage programs that directly address the causes of poverty by defining community action programs as:

- providing a range of services and activities that have a **measurable and potentially major impact on causes of poverty** in:
 - the community, or
 - those areas community where poverty is a particularly acute problem.

2.2 General Uses for CSBG Funds

According to federal legislation, CAAs are to use CSBG funds to support programs that accomplish one or more of the following goals:

- Assist low-income individuals and families including those that are on Social Security, homeless, elderly and/or migrant or seasonal farmworkers to:
 - Become more self-sufficient;
 - Secure and maintain employment;
 - Attain an education;
 - Make better use of available income;
 - Obtain and maintain adequate housing and a suitable living environment;
 - Obtain emergency assistance through loans, grants, or other means; and
 - Achieve greater participation in the affairs of the communities involved, including the development of public and private grassroots partnerships with local law enforcement agencies, local housing authorities, private foundations, and other public and private partners.
- Address the needs of youth in low-income communities through programs that:
 - support the primary role of the family;
 - give priority to the prevention of youth problems and crime;

- promote increased community coordination and collaboration in meeting the needs of youth; and
- have demonstrated success in preventing or reducing youth crime.
- To make more effective use of, and to coordinate with, other programs related to the activities listed above.

Indiana code ([IC 12-14-23-4](#), and found in **Appendix 15**) highlights many of the same uses, charging community action programs to assist clients, particularly “the poor and near poor, persons with disabilities, farmworkers, the elderly, and youth” on the following:

- Secure and retain meaningful employment;
- Attain an adequate education;
- Make better use of available income;
- Provide and maintain adequate housing and a suitable living environment;
- Obtain emergency assistance through loans or grants to meet immediate and urgent individual and family needs, including the need for health services, nutritious food, housing and/or employment related assistance;
- Remove obstacles and solve personal and family problems that block the achievement of self-sufficiency;
- Achieve greater participation in the affairs of the community; and
- Make more frequent and effective use of other programs related to the purposes of this chapter.

State code also adds the following goals to those outlined in federal legislation:

- Undertake family planning consistent with personal and family goals and religious and moral convictions;
- Obtain services for the prevention or rehabilitation of narcotics addiction and alcoholism; and
- Obtain emergency assistance to meet the need for health services and nutritious food.

While these are the federal and state goals for community action agencies, CAAs are **not** required to provide programming that addresses all goals; they are required instead to focus on the goals that align with their community’s specific needs, as identified by their community needs assessment.

2.3 Income Limits

The CSBG Act limits the use of CSBG funds to individuals at or below 100% of the federal poverty guidelines, unless the State decides to allow services for individuals up to 125% of the poverty line. **Indiana has elected to use 125% of the federal poverty guidelines.** In the 2022 Federal appropriations bill (signed by President Biden on December 29, 2022), the 200% Federal Poverty Limit (FPL) was extended through March 8, 2024. Therefore, Indiana community action agencies may use the 200% FPL

for income verification or re-certification done for CSBG-funded services through March 8, 2024.

2.4 Unallowable CSBG Uses

1. Purchase or improvement of land or the purchase, construction or permanent (capital) improvement of any building or facility, other than low-cost residential weatherization or other energy-related home repairs. However, ordinary maintenance, repair and replacement is allowable as a CSBG expense. **Any maintenance or repair measure that is over \$2,500 must receive pre-approval from IHCD's CSBG Manager.**
2. Leasing of space, buildings, and/or other assets not associated with a CSBG purpose or allowable activity; and
3. Political activity such as:
 - a. Any partisan or nonpartisan activity or any political activity associated with a candidate or contending faction or group, in an election for public or party office,
 - b. Any activities to provide voters and prospective voters with transportation to the poll or provide similar assistance in connection with an election, or
 - c. Any voter registration activity.
4. Services for individuals over the CSBG income limits based on the Federal Poverty Guidelines.
5. Contributions and donations, including cash, property, and services to another entity ([2 CFR 200.434](#)):
 - a. Funds may be sub-granted to another agency to support a CSBG-eligible activity. These funds must ultimately benefit CSBG-eligible clients or communities. CAAs must have a written agreement with any entity to whom it provides CSBG funds or goods. Sub-grantee agreements must include a reporting requirement that the CAA can use for their annual report. See Section 3.2 and Section 5.1.4, sub-point 1, below for sub-grantee requirements.
6. Costs of organized fundraising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable ([2 CFR 200.442](#)).

2.5 General Allowable Uses of Funds

For further guidance on allowable use of CSBG funds, agencies should refer to the Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (commonly called "Uniform Guidance"), [2 C.F.R. 200](#), which provides a framework for grants management.

3. CSBG Awards

The CSBG Award process begins when IHCDa receives the Notice of Award from OCS. IHCDa staff then calculate the allocation for Indiana CAAs and create the necessary grant agreements as follows:

3.1 CSBG Allocation

IHCDa normally receives federal CSBG awards in quarterly amounts, although OCS may combine distributions to make funding available faster to the national network. Delays in the approval of a federal budget could also lead to distributions being delayed as well as having more distributions that are smaller than previous years. IHCDa normally receives the first Quarter funds between October and December; the exact date and the amount included in the first distribution varies depending on the Congressional budgeting process. Once IHCDa receives the first official award letter, IHCDa staff begin the allocation process. IHCDa has 30 days to finalize the allocation and award process, starting from when it receives the Notice of Award.

Federal Legislation requires IHCDa to allocate 90% of funds to CAAs. No more than 5% can be used for State administrative costs. Remaining funds may be used for discretionary purposes described in the CSBG Act, which IHCDa normally uses for Training & Technical Assistance and/or Impact Grants.

Using a First Quarter **example** from 2023, a \$2,788,485 CSBG distribution would go as follows:

	Total Award Amount	% of Allocation	Category Allocation
CAA portion to administer the CSBG program	\$2,788,485	90%	\$2,509,636.50
Highest Admin Allowed for IHCDa	\$278,848.50	5%	\$139,424.25
Remainder for discretionary uses	\$278,848.50	5%	\$139,424.25

Once the total CAA portion is determined, those funds must be allocated based on Indiana's approved funding formula. The current formula is as follows:

- Based on the most recent census, 65% is allocated based on the percentage of individuals who fall at or below 125% of the Federal Poverty Level within each of Indiana's service areas.
 - A CAA that serves 20% of the state's low-income population will receive a larger portion of funding than a CAA that serves 8% of the state's low-income population.

- 35% is allocated using a base amount, and then any remaining funding based on the percentage of Indiana counties that a CAA serves.
 - Each agency receives \$50,000 as a base amount. In individual distributions, this amount may be quartered or halved, based on the percentage of total funding that a federal award represents. Likewise, the last distribution to agencies may not include any base funding at all, if previous distributions included the total \$50,000.
 - For any funding remaining after the base funding is calculated, the funds are allocated based on the percentage of Indiana counties that a CAA serves. So, a CAA that serves six counties (or 6.5% of Indiana's total counties) will receive more funds than a CAA that serves two counties (or 2.2% of Indiana's total counties).
- At the request of the IN-CAA Network, IHCDCA updated the allocation table in 2023 to ensure no agency receives less than \$200,000 annually from CSBG.

3.2 CSBG Subgrantee Agreements

After allocations are calculated, award agreements are prepared and sent via GigaSign to CAA executive directors for e-signature.

The agreement term is usually set for January 1, Year 1, through September 30, Year 2, which means that CAAs have 21 months to spend all funds allocated for the program year.

Example: the 2023 contract was set for January 1, 2023-September 30, 2024. All *activities* must be completed on/before September 30, 2024, with corresponding invoices dated accordingly. Final claims must be submitted by November 15 (45 days after September 30).

The agreement should be read and reviewed in its entirety before the Executive Director (ED) signs. Attachment A includes a financial summary of the grant.

The agreement must be signed from an original email and not a forwarded email. When signed by the ED, it will be sent to IHCDCA's Chief Operating Officer for signature, after which the ED will receive a finalized copy of the agreement via email.

Once the agreement is signed/executed, the following steps are required:

1. **Finalize Award Budget:** the CAA must complete and submit a budget template to IHCDCA; the budget will be entered into IHCDCAOnline upon receipt.
2. **Submit Claims:** once the award is in IHCDCAOnline, CAAs may claim against it.
3. **Amend Agreement:** With new allocations, the original agreement will be amended, using the same process outlined above for the original agreement.
4. **Modify Budget:** Budget modifications may be requested to adjust line items in IHCDCAOnline. Use the budget form found in **Appendix 10**.
5. **Complete Carryover Report:** Funds that remain at the end of the first federal fiscal year and are spent in the second federal fiscal year are considered

“carryover.” IHCDAs must report on carryover amounts to OCS each year; to help distinguish carryover from regular funds, CAAs must submit a Carryover Report once all expenses are submitted from the first federal fiscal year of their award. Use the carryover form found in **Appendix 11**.

6. **Complete Closeout Report:** Once a CSBG award has been completely expended, CAAs must submit a closeout report. IHCDAs staff will verify that the award is ready to close and will open the next CSBG award if funds are available. Use the closeout form found in **Appendix 12**.

Please see **Appendices 3 and 4** for instructions on the processes listed above.

For information about submitting claims on CSBG awards, please see the Partner’s Guide to IHCDAsOnline [here](#).

4. CAA Responsibilities – Programmatic

This section outlines the major programmatic activities required to remain eligible for CSBG funds. This is a high-level overview *and is in no way inclusive of all things*. CAA staff are encouraged to do additional research on best practices to complete each item.

4.1 Community Needs Assessment

Each CAA must perform a Community Needs Assessment every three years (CSBG Act Section 676(b)(11), Monitoring Standard 3.1). This assessment may be coordinated with community-needs assessments conducted for other programs, e.g., HUD or Head Start. Other Needs Assessments may be used to meet the requirement for a CSBG Community Needs Assessment *if* all details outlined in Monitoring Standards 1.2, 3.2-3.4 and in this manual are completed and appropriately demonstrated.

4.1.1 CNA Content

Per the Community Action Partnership’s Center of Excellence-developed CSBG Organizational Standards, “Regular assessment of needs and resources at the community level is the foundation of Community Action.” A CSBG Community Needs Assessment should be concise, clearly understandable, and must contain the following information:

- a clear **description of the geographic location** (counties) served by the agency (Monitoring Standard 3.1)
- the **prevalence of poverty** in the service area as it relates to 1) gender, 2) age, and 3) race/ethnicity (Monitoring Standard 3.2)
- **data** collected directly from low-income individuals, including **customer input** (Monitoring Standard 1.2)
- both **qualitative and quantitative data** about the agency’s service area(s) (Monitoring Standard 3.3):
 - Qualitative: surveys, interviews, focus groups, forums, etc., collected directly from individuals
 - Quantitative: Census data; internal program data; CSBG Annual Report data; national, state or local data

- **analysis of the data**, which may include differences and similarities between findings by topic from the different types of data sources and provides meaningful conclusions based upon the data reported (Monitoring Standard 3.3), and
- **key findings** regarding the causes and conditions of poverty related to the communities' documented needs; each finding should consider how it manifests at the family, agency, and community level, but is not required that each level be identified. (Monitoring Standard 3.4).

In addition to the sections outlined above, CAAs should consider including the following:

- **information gathered from key sectors of the community**, e.g., community-based organizations, faith-based organizations, private sector, public sector, and educational institutions.
 - If this information is not collected as a part of the CNA, it must be collected in some other documented process (Monitoring Standard 2.2).

4.1.2 CNA Use/Presentation

Once an agency's Community Needs Assessment is complete, it must be used in the following ways to ensure all relevant Standards are met:

- Share results with the agency's **governing board**, and have the board formally accept the final assessment (Monitoring Standard 3.5)
- Make the report **publicly available** (e.g., posted on the CAA website) by sharing with partner organizations, stakeholders, and the community at large, in addition to agency staff and board members (Monitoring Standard 3.1)
- Use the assessment to develop the agency's **Community Action Plan (CAP)**, which should tie directly to the community assessment (Monitoring Standard 4.2)
- Use the information in the assessment when developing the agency's **Strategic Plan** (Monitoring Standard 6.1/6.4).

4.2 Strategic Plan

Every five years, CAAs must complete a board-approved Strategic Plan (Monitoring Standard 6.1) and a review of the CAA's mission to ensure that 1) the mission addresses poverty; and 2) the organization's programs and services are in alignment with the mission (Monitoring Standard 4.1).

Tip: While not required, it is recommended that the board's review of the mission statement happen at the same time that the strategic plan is completed.

The strategic plan should then inform the CAA's action plans, which describe how the agency will deliver programs and services.

4.2.1 Strategic Plan Content

Strategic plans must include:

- A **connection** to the federal CSBG Act goals of the reduction of poverty, revitalization of low-income communities and/or empowerment of people with low incomes to become more self-sufficient (Monitoring Standard 6.2)

- **Each goal** is identified as targeting the agency, individuals/families, and/or the community as a whole (it is not required that a plan have all three but must have at least one family or community) (Monitoring Standard 6.3)
- **A goal setting process** that is informed by customer satisfaction data (what clients think of a CAA's programs) and customer input (what clients say they or their community needs) (Monitoring Standard 6.4), and
- **A plan** for goal measurement and a timeline for achieving goals.

4.2.2 Strategic Plan Use/Presentation

Once an agency's Strategic Plan is complete, the governing board must receive at least **one update** on progress towards meeting Strategic Plan goals every **12 months** (Monitoring Standard 6.5)

4.3 Community Action Plan

The next step in program planning and implementation is the Community Action Plan (CAP). The Strategic Plan represents a CAA's overall strategy for meeting the needs described in the Community Assessment, while the CAP is used to describe how the CAA will deliver the programs and services to meet the goals of the Strategic Plan. As required by the CSBG Act, IHCD collects a CAP annually from each CAA as a condition of the receipt of CSBG funds.

4.3.1 CAP Content

The CAP must be outcome-based, anti-poverty focused, and tie directly to the community assessment (Monitoring Standard 4.2). It must also demonstrate the CAA's use of the ROMA Cycle (Monitoring Standard 4.3).

In addition to meeting the requirements set by the CSBG Act and the Organizational Standards, IHCD uses the Action Plan to gather required information for the HHS biannual State Plan and Annual Report. **IHCD has based its CAP template on the Modules used for the Annual Report allowing program targets set in the Action Plan to be directly reported on in the Report.**

IHCD uses the Action Plan to fulfill IM-138 requirements that a State Lead Agency (IHCD) annually assess the status of the Organizational Standards among all CAAs. Since IHCD focuses the majority of its Standard monitoring efforts on its triennial CSBG monitoring review, it endeavors to make the annual monitoring review as simple as possible; this is done by 1) utilizing a Standard Self-Assessment, and 2) a review of governing board makeup and meeting attendance.

IHCD will provide the Action Plan template, which CAAs are required to use to complete the CAP, using a timeline *similar to the following*:

- Publish Template: by September 1
- Completed Plans due: by November 30

- Final Corrections due to IHCD: January 10

CAAs will receive an email from IHCD accepting their CAP once all requirements are met. **This in no way guarantees a passing Monitoring score.**

4.3.2 CAP Use/Presentation

The governing board must receive an update on the success of specific strategies included in the CAP at least annually (Monitoring Standard 4.4).

Tip: Provide a copy of the CSBG Annual Report (described in the next section) to the governing board, and as a part of that presentation provide an update on the outcome targets set in the CAP, since those are the targets reported in the Annual Report.

4.4 CSBG Annual Report

The CSBG Annual Report is a part of the greater CSBG Performance Management Framework and Results Oriented Management and Accountability (ROMA) Next Generation efforts. The CSBG Annual Report supports an enhanced focus on improved data collection, analysis, and continuous learning. Information will be used at all levels (National, State, and Local) to improve performance, track results from year to year and assure accountability for critical outcomes.

4.4.1 CSBG Annual Report Content

- **State Administration (Module 1):** Completed by State CSBG Administrators; aligns with the CSBG State Plan. It includes information on distribution of funds to eligible entities, use of state administrative funds and discretionary funds for training and technical assistance, as well as information on the progress of the Organizational Standards for eligible entities; the state's progress toward meeting accountability measures related to state monitoring, training and technical assistance, and other critical areas.
- **Agency Expenditures, Capacity, and Resources (Module 2 - Required):** Completed by CAAs; reviewed, evaluated, and analyzed by IHCD - includes information on funds usage on the direct delivery of local services and strategies and capacity development and administrative costs.
- **Community Level (Module 3 - Optional):** Completed by CAAs; reviewed, evaluated, and analyzed by IHCD - includes information on the implementation and results achieved for community-level strategies.
- **Individual and Family Level (Module 4 - Required):** Completed by CAAs; reviewed, evaluated and analyzed by IHCD - includes information on services provided to individuals and families, demographic characteristics of people served and the results of the services.

For Modules 2 and 4, CAAs use Smartforms provided by the National Association for State Community Services Programs (NASCS). Smartforms are usually released around January 1. IHCD will send the forms to CAAs as soon as possible and will set

a due date (usually March 31). IHCD staff will review initial submissions, using information provided in that year's CAP, and will request updates as needed from CAAs before the final submission to OCS.

OCS and NASCSP will then review the Annual Report data, and will send comments and requested changes to IHCD, who will send them to CAAs with a due date for submission. See **Appendix 5** for more information about the timeline for reporting.

CAAs should note the following Organizational Standards also relate to the CSBG Annual Report, specifically to having systems in place that are necessary to accurately track and report data that is required in the Annual Report:

- Monitoring Standard 9.1: The organization has a system or systems in place to track and report client demographics and services customers receive. This is important for Module 4 (and possibly Module 3).
- Monitoring Standard 9.2: The organization has a system or systems in place to track family, agency, and/or community *outcomes*. Important for all three Modules that CAAs complete.
- Monitoring Standard 9.4: The organization submits its annual CSBG Information Survey data report and it reflects client demographics and organization-wide outcomes.
- Monitoring Standard 10.7: The organization has an accurate and unduplicated count method or system for individuals served for all programs. This is important for Module 4, (and possibly Module 3).

Instructions for each Module can be found [here](#). IHCD can also answer questions.

4.5 Risk Assessments

CAAs must complete an agency-wide risk assessment every two years and report the assessment results to the governing board (Monitoring Standard 4.6). Risk assessments identify potential hazards (and contributing factors) that threaten the achievement of agency goals and protect the long-term stability of the organization.

Tip: Appropriately using the [Non-Profit Risk Management Center \(NRMCC\) Risk Management Portal](#) on the National Community Action Partnership (NCAP) website meets all requirements for Standard 4.6

4.5.1 Risk Assessment Content

There is no required format or content for the assessment, but it ***must be comprehensive for the whole agency***, rather than for a specific program or department. The assessment must also include multiple topics or areas of focus; a risk assessment that focuses solely on facility security, for example, will not meet this requirement.

4.5.2 Risk Assessment Use/Presentation

The completed risk assessment must be reported to the board. While *not required*, IHCD also recommends CAAs develop a risk management plan after the risk assessment is completed.

4.6 Eligibility Determination

There is no federal or state-mandated process for determining CSBG client income eligibility, including what counts as income, and/or how to determine a household. However, **CAAs are required to have their own written policies and procedures for verifying income for each program that is fully or partly supported with CSBG funds**; those processes are then described in the annual Community Action Plan.

4.6.1 Types of Participant Income Verification

There are several ways that CAAs can provide reasonable verification that a client meets CSBG income requirements including:

1. **Full intake:** program staff collect/ review client income documentation. This is the recommended way for verifying income whenever possible.
2. **Presumptive eligibility based on program participation:** if a client is deemed eligible in another program that does a full intake, and that program has the same or more restrictive income limits, it is reasonable to determine that the client is eligible for CSBG services.
3. **Presumptive eligibility based on location:** if a client lives in an income-restricted housing complex, and the income guidelines the complex uses are the same or more restrictive than CSBG, it is reasonable to determine that the client is eligible for CSBG services.
4. **Participant self-attestation:** in some cases, CAAs can accept a client's signature on a document attesting to the fact that they fall below CSBG income requirements. This type of income verification should **only** be used if a full intake or similar process is not a good fit for a particular program, such as a food pantry.

4.6.2 Community Eligibility

CAAs are allowed and encouraged to manage programs and initiatives that have community-level impacts. In those cases, CAAs must still document that the initiative proportionally benefits low-income families when they use CSBG funds for it. Frequently this means showing that the percentage of low-income families in the community to be impacted matches or is higher than the percentage that CSBG represents of the initiative's total budget.

There may be some instances when IHCD would approve a CAA not documenting community eligibility. See Section 4.6.4 for more information.

4.6.3 Eligibility Determination for Programs Partially Funded with CSBG

When CSBG funds are used to partially fund another program, CAAs must still ensure that CSBG funds are only being used to support CSBG-eligible clients/communities. This is required even if the program does not have eligibility requirements or has higher income eligibility requirements than CSBG requires.

For programs that are partially funded with CSBG funds, CAAs must justify the amount of their program costs that CSBG supports in one of three ways:

1. Show that the percentage of program clients that are CSBG income eligible is the same or more than the percentage that CSBG funding covers of the program budget.
 - a. In this case, income verification (using one of the processes outlined in 4.6.1) would only need to be completed and documented for enough clients to justify the CSBG funding portion.
2. Show that the percentage of staff time that is spent on CSBG-eligible clients is the same or more than the percentage that CSBG funding covers of the program budget.
 - a. While this method is based on staff time, CAAs need to show that the CSBG clients served were income qualified (using one of the processes outlined in 4.6.1)
3. Some other documented way for calculating the program costs that CSBG supports, approved by IHCD as a part of the CSBG Community Action Plan.

4.6.4 Instances When Eligibility Verification Is Not Required

At times, it may not make sense for a CAA to verify income eligibility of individuals/ community being served. CAAs must seek IHCD approval for each program that they do not verify income eligibility as a part of the Community Action Plan. IHCD would most likely approve a waiver for income verification requirements when:

- The “program” is a CAA’s resource hotline or referral service, and the services that the CAA refers to indicate that those benefiting are likely to meet the CSBG income eligibility requirements.
- The “program” is a public awareness campaign about an issue that disproportionately impacts low-income individuals.
- The nature of the service being provided, and its target population, make it reasonable to assume that the clients being served meet CSBG income requirements and that instating an individual income verification process would make the service unreasonably burdensome for both the clients and the service provider (e.g., services provided by homeless shelters and food pantries).

When requesting a waiver, CAAs need to describe how or why they are confident these activities benefit low-income individuals in their community, a requirement of CSBG.

4.7 Partnership Development, Evaluation and Documentation

It is not only expected, but required, that CAAs develop formal and informal partnerships and other forms of linkages with various programs and organizations in their community. The CSBG Act specifically requires that CAAs work with private, faith-based, charitable, and neighborhood-based organizations. CAAs report on these partnerships as a part of the annual Community Action Plan. CAAs *must show* (document) that partnerships across the community for specifically identified purposes are reviewed and current (Monitoring Standard 16.1), including partnerships with other antipoverty organizations in the CAA's service area.

5. CAA Responsibilities - Fiscal

Below is a list of requirements related to fiscal management of a CAA, most of which will be reviewed by IHCD during the CSBG Monitoring. Additional information on each requirement can be found in the [CSBG Monitoring Toolkit](#) and/or the Federal Uniform Administrative Requirements, Cost Principles and Audit Requirements ([2 CFR 200](#)).

5.1 Procurement

5.1.1 Procurement Policies

CAAs are required to create and adopt a board-approved procurement policy that is in accordance with Federal Uniform Administrative Requirements, Cost Principles and Audit Requirements. There are five procurement types outlined within [2 CFR 200.320](#). These must be included within the CAA's procurement policy along with the CAA's determined thresholds for each type. The thresholds and methods used for procurement must be within the guidelines outlined in [2 CFR 200.320](#).

CAAs must ensure their staff follow the agency's written procurement policy while it is in effect and until the board approves a new policy. (Monitoring Standard 8.11/12.1)

5.1.2 Purchase Orders

CAAs must use purchase orders, or an equivalent document (e.g., purchase requisition form) as an internal control for their procurement process. Purchase orders must be completed with dates and signatures, along with an accurate description of the item/s or service/s and purchase price before payment is made. (Monitoring Standard 12.1)

5.1.3 Purchase Documentation Management

According to IHCD's CSBG subgrantee agreement, CAAs must keep records related to equipment purchases and dispositions for at least three years after the disposition, replacement, or transfer of the equipment. If a CAA has a records and retention policy that requires a longer retention period, they must follow that policy.

IHCD may request, at any time, procurement documentation for purchases made by the CAA. To assist in facilitating these requests, it is required that CAAs maintain procurement documentation in an easily retrievable manner. (Monitoring Standard 12.2/12.4)

5.1.4 Purchases that Require Prior IHCD A Approval

Most purchases made with CSBG funds can be completed without IHCD A review or approval outside of the claims review process. The following list represents exceptions to that process; claims for the following expenses that are submitted without documented prior approval from IHCD A's CSBG Manager will result in a denied claim. If a CAA is unsure if a potential purchase is an allowable CSBG expense, or if it requires prior approval, they are encouraged to contact IHCD A to discuss.

All requests for purchase approval must be sent to csbg@ihcda.in.gov. Approval or follow-up questions will be sent from the same address.

1. **Any subcontracts or subgrants over \$25,000.** The CAA must email a request for approval to the CSBG inbox with the following:
 - a. an explanation of services to be provided by the subcontractor or subgrantee;
 - b. an explanation of the type of agreement the CAA plans to enter into (this could include a copy of the agency's sub-contractor agreement);
 - c. an explanation of any bid or application process the CAA followed; and
 - d. if direct services are to be provided, the CAA must explain how they or the subcontractor/subgrantee will determine that individuals or the community are income eligible for CSBG services.

You may request approval for one year or multiple years but may not exceed five years.

The CAA must require all subcontractors and subgrantees to comply with the provisions set forth in the IHCD A CSBG grant agreement, including pass-through provisions that require CSBG Annual Report Module 4 reporting. The CAA will remain responsible to IHCD A for and monitor the services provided by any subcontractor or subgrantee.

2. **Equipment over \$5,000.** When purchasing equipment, as defined by [2 CFR 200.313](#), an email request for approval must be submitted to IHCD A. Within the request for approval, CAAs must explain the need for the equipment, provide three different bids for the equipment to be purchased, and an explanation of the bid process that the CAA followed.
 - a. IHCD A approval is for individual equipment items, and not entire orders, even if the order is for multiple of the same piece of equipment. **Example:** prior approval is needed for a single computer that costs over \$5,000, but not for a purchase of five computers each worth \$1,500.
 - b. CAAs should take care with purchases of **multiple pieces of equipment**. If each piece can function separately from all other pieces that are being purchased, then each piece can be considered separately, and prior approval is only required if individual pieces cost more than \$5,000. However, if individual pieces can only function together and altogether

cost more than \$5,000, prior approval IS required, even if each individual piece costs less than \$5,000.

- c. **Vehicles:** in addition to following the rules for capital expenditures, CAAs **must have IHCDAs listed as a lienholder on the title for any vehicle purchased with CSBG funds.** The title must be sent to IHCDAs to keep until the CAA disposes of the vehicle (see next section for instructions).

- i. Send the vehicle title to:

**Community Programs Manager - CSBG
Department of Community Programs
IHCDAs
30 South Meridian St., Suite 900
Indianapolis, IN 46204**

For more information about capital purchases and management, please see the [Weatherization Policy Manual](#), Section 9.8.

3. Home Repair Measures over \$2,500. CSBG funds **may not** be used to:

- a. materially increase the value of the home;
- b. appreciably prolong the life of a home; or
- c. put the home into efficient working condition rather than merely keep it in that condition.

CSBG funds may be used for home maintenance, upkeep, repair, or replacement measures as long as those do not conflict with the above allowable uses. Any single measure that costs more than \$2,500 must be pre-approved by IHCDAs's CSBG Manager unless completed as a part of the Weatherization program. Approval is required even if the CSBG portion of the repair is less than \$2,500.

When an agency seeks IHCDAs approval for a measure over \$2,500, the following information must be provided:

- a. A description of the repair/replacement to be made, noting how the materials to be used compare to the current materials;
- b. The total cost, including CSBG's portion; and
- c. Whether the home is owner-occupied or a rental. (If a rental, explain why the landlord is not paying for the measure.)

If a CAA believes they will have a high number of approval requests, it may submit its home repair program policy instead for approval. If approved, any work done in accordance with that policy does not need IHCDAs pre-approval; any proposed measure that is **not** covered by the CAA's policy would still need IHCDAs approval. To be approved, the policy must include the following:

- a. a list of the types of measures the CAA may take as part of the program;
- b. an assurance that the materials used for repairs, or components used for replacements, would be comparable to the materials/components currently in place; and

- c. an assurance that the measures would only *keep* a home in working efficient condition rather than *move it* into that state.

5.2 Inventory Management

5.2.1 Schedule of Inventory

[2 CFR 200.313](#) outlines the necessity for CAAs to maintain a schedule of inventory, or set of property records, for equipment acquired on an ongoing basis. There is a list of fields that are mandatory for inclusion within the schedule of inventory, and it is the CAA's responsibility to maintain these records on an organization-wide basis. For the list of mandatory fields, refer to 2 CFR 200.313(d)(1). (Monitoring Standard 12.2)

5.2.2 Inventory Inspections

[2 CFR 200.313](#) mandates that each CAA completes a full inventory inspection once every two years. Per regulation, the results of the inventory inspection must be reconciled with the property records. Adequate documentation showing the results of the inventory inspection, and any subsequent changes to the property records, must be maintained by the CAA. (Monitoring Standard 12.3)

5.2.3 Dispositions

Each CAA must maintain a disposition policy or procedure to make certain all regulations and rules are followed, and that all necessary documentation is preserved. Prior to disposing of equipment, if a piece of equipment has a current fair market value over \$5,000, a CAA must have IHCD's approval for their disposition plans. If the equipment was purchased with funds from an open CSBG award, the CAA must submit a Repayment claim on the award for any funds raised from the sale of the equipment. If the equipment was purchased with funds from an award whose performance period has ended, the CAA must use the funds from any sale for CSBG-allowable activities, but a Repayment claim should not be submitted. (Monitoring Standard 12.4)

5.3 Claims & Payments

5.3.1 Monthly Claim Submissions

IHCD recommends that CAAs submit at least one CSBG reimbursement claim per month. For IHCD to effectively mitigate against potential issues and delayed approvals, it is mandatory that CAAs only include costs incurred (payment has been made) within the reimbursement claim. (Monitoring Standard 13.2)

Tip: Claims over \$100,000 may require IHCD CSBG Program Manager review prior to being processed by IHCD Financial Operations, delaying the processing of your claim. IHCD recommends submitting more, smaller claims rather than waiting to submit one large claim.

For additional information, please refer to the following:

- [IHCD Partner's Guide to IHCD Online v2022](#)
- **Appendix 6:** 2022 IHCD CSBG Claim Requirements

5.3.2 Timing of Payment and Expense Submissions

It is important that each CAA make payments for acquired products or services in a timely manner. IHCDCA recommends that CAAs provide payment for invoices received within 45 calendar days.

In turn, once payment has been made on an expense within the 45-day window, CAAs must submit for reimbursement of that expense within an additional 45-day window. (Monitoring Standard 13.2)

5.3.3 Claims Cover Sheet

The IHCDCA-provided CSBG Claims Coversheet must be completed and accompany each CSBG claim submission.

Refer to **Appendix 7**.

5.4 Charging Other Programs to CSBG

Per Information Memorandum-37, CSBG may be used to supplement other programs once all of those program funds have been completely expended. Supplementing is when CSBG funds are used for expenses for another program that are included in that program's budget/allowable expenses.

CSBG can also be used to augment another federal program's budget; this is when CSBG funds are used for expenses that are directly related to another program, yet out of scope for use of that program's funds (i.e., the expense is not one normally covered by that program's main funding source).

Most of the time, when another federal or state program has rules about how CSBG may or may not be used to supplement or augment that program, and those rules go above and beyond CSBG rules, it is up to that program to ensure a CAA's use of CSBG is not in conflict with their program rules. The IHCDCA Community Programs team is making a concerted effort to monitor use of CSBG in EAP and Weatherization, since those two programs also fall under Community Programs purview.

5.4.1 Supplementing Energy Assistance Program (EAP) Administration

According to the federal Low Income Home Energy Assistance Program (LIHEAP) Statute Section 2605(b) (9) and to LIHEAP IM 2000-12, Local Service Providers (LSPs) may only use up to a specific percentage of their LIHEAP award to cover administrative expenses, as specified in the LIHEAP subgrantee agreement. That maximum percentage is for all federal funds, not just LIHEAP funds.

To ensure LSPs do not charge more than the maximum administrative percentage to any combination of federal awards, LSPs must charge all administrative expenses accrued under LIHEAP to the admin line item in the LIHEAP grant. A CAA cannot supplement LIHEAP administration with CSBG funds; this applies to program administration and to Assurance-16 administration. Therefore, CAAs must use

nonfederal funds to supplement any expenses necessary to administer the LIHEAP program beyond the maximum allowable LIHEAP administrative percentage.

LSPs who wish to use CSBG to supplement LIHEAP program costs may use these funds for utility payments, energy education, case management, or conservation tools rather than admin expenses, as explained in the sections below.

5.4.2 Supplementing EAP Assurance-16

In addition to the percentage cap on LIHEAP Administrative costs, LSPs must also limit their Assurance-16 expenditures to a percentage specified in the LIHEAP subgrantee agreement.

Activities that are normally associated with Assurance-16 include providing clients energy education and/or energy conservation tools, as well as case management. CAAs may use CSBG funds to support these activities, but they must be kept separate from Assurance-16. To that end, when claiming expenses on a CSBG grant, the expenses should be labelled as the exact services being paid for (e.g., energy education, energy conservation tools, case management, etc.) or as “self-sufficiency resources” or similar (as allowed by previous guidance). If it appears that the claim is for “Assurance 16” or “A16” it will be denied.

5.4.3 Using CSBG for Non-EAP Utility Payments

CSBG may be used to provide direct utility payment assistance to LIHEAP clients who require additional assistance beyond the benefit they are eligible for under the EAP rules, as well as to clients who are ineligible for LIHEAP assistance but meet CSBG eligibility requirements.

When claiming Utility Payments on a CSBG award, it should be clear this is not a benefit paid for with LIHEAP funds; the charges should be labelled as “Non-LIHEAP Utility Benefit” or similar. Utility assistance that is provided through CSBG must NOT be reported in RIAA. If it appears that the claim is a general claim for “EAP” or “LIHEAP,” it will be denied.

Tip: If a CAA would like CSBG to be used for utility payments or energy education, IHCDCA recommends the agency create a completely separate program in which to track those clients, program funds and administrative funds, and call it something completely different from EAP. That way the agency can use CSBG funds for all costs associated with providing those services (program and administrative) without creating a potential concern during EAP monitoring.

5.4.5 Supplementing Weatherization: Using CSBG for Energy Saving Measures

CSBG funds may be used to supplement weatherization production once all allotted other funding (LIHEAP or Department of Energy) for a home has been exhausted (i.e., if a home is significantly over ACPU). These funds may be used only on energy-related

measures as shown in the Energy Audit to provide an SIR of 1 or greater. The modeling software NEAT/MHEA should be used to show these savings.

When submitting a CSBG claim for this type of cost, please describe it as “Weatherization Supplement,” “low-cost energy efficiency measures,” or similar (as allowed by previous guidance) and include any pertinent information.

The above information does **not** apply to the work needed to bring deferred homes into the condition required before they can be accepted into the Weatherization program. Please refer to Section 5.1.4 for requirements for using CSBG to fund non-Weatherization work on homes.

CSBG cannot be used to supplement Weatherization administrative costs.

5.5 Other Fiscal Requirements

5.5.1 Financial Statements

CAAs must produce financial statements for governing board review at each regular meeting. (Monitoring Standard 8.7) The Statement of Financial Position (Balance Sheet) and the Statement of Activities (Income Statement) should be properly completed for each month and in a timely manner. (Monitoring Standard 14.2)

Once the financial statements are completed and presented, the accounting books should be closed and any adjusting journal entries that would alter the completed financial statement should not be posted. If the CAA is in a position where the financial statements need to be altered, be sure to communicate those circumstances with the board at its earliest convenience.

5.5.2 Bank Statements

CAAs must maintain accurate bank statements and reconciliations. Proper internal controls, as dictated by the CAA’s policies, are to be used to reduce the inherent risk of operational accounts. It is important for bank account reconciliations to match the corresponding financial statements of the same period. (Monitoring Standard 14.2)

5.5.3 Fiscal Stability

IHCDA uses a mix of financial ratios to evaluate and track the fiscal stability of CAAs. By using a combination of liquidity, efficiency, and leverage ratios, a picture of overall fiscal health is created. The following describe what IHCDA is looking for with each type of ratio.

- **Liquidity ratios** determine an agency’s ability to cover short-term obligations and cash flow.
- **Efficiency ratios** compare the agency’s administrative costs to their overall budget.
- **Leverage ratios** examine whether an agency is bringing in the amount of funding needed to cover its long-term debt.

CAAs are highly encouraged to calculate and review these ratios independently and on a regular basis. Ratios can be an important tool in evaluating the fiscal trends of an organization and as noted below, can provide a level of insight for the board of governors that financial statements sometimes lack.

5.5.4 Subgrants and CSBG Module 4 Reporting

No matter the amount, all subgrants must have formal agreements with passthrough provisions that require CSBG Module 4 reporting.

6. CAA Governing Board Requirements

According to the CSBG Act, to remain eligible for CSBG funding, CAAs must administer CSBG programming through tripartite governing boards that "fully participate in the development, planning, implementation, and evaluation of the program to serve low-income communities."

Tip: IHCDCA recommends using the Board Governance Tool 3.0 to ensure compliance of all Governing Board Requirements. This tool can be found in the Monitoring section of the [CSBG web page](#).

6.1 Tripartite Compliance

Tripartite governing boards are the embodiment of maximum feasible participation, a specific goal of the CSBG Act. To comply with the tripartite board requirement, a CAA board must have the following composition:

- **A minimum of one-third** of board membership must be democratically selected representatives of low-income individuals and families who reside in the geographic area being served by the agency. Information on the democratic election process is provided in a following subsection.
- **One-third** must be elected officials, holding office at their time of selection, or their representatives.
- **The remainder** must be chosen from "business, industry, labor, religious, law enforcement, education, or other major groups and interests in the community served."

6.2 Board Membership, Vacancy and Meeting Requirements

In addition to tripartite requirements, Indiana CAAs must follow requirements on number of members and length of vacancies:

- Boards must have at least 15, and no more than 51 members (Monitoring Standard 5.1).
- The current requirement is that board vacancies must be filled within 90 calendar days (Monitoring Standard 5.5).
- The full governing board must meet at least six times per year (Standard 5.5).

- Bylaws establish quorum as no fewer than one-third of the number of directors in office (Monitoring Standard 5.5).

6.3 Democratic Selection for Low-Income Representatives

Per the CSBG Act, all representatives of the low-income population must be democratically selected. CAAs must have written procedures documenting their democratic selection process. A democratic selection process is not limited to an election process. See the [CSBG Monitoring Toolkit](#) (Monitoring Standard 5.2) for examples of different types of democratic selection processes.

6.4 Board Responsibilities – Fiscal

Below is a list of the most important fiscal responsibilities for a CAA Governing Board of Directors.

6.4.1 Audits

The governing board holds the CAA accountable for addressing each audit finding as the governing board deems appropriate. (Monitoring Standard 8.2)

6.4.2 Financial Reporting Validation

The governing board must receive appropriate financial reporting at each scheduled board meeting. Per CSBG IM #138, agencies must present an organization-wide report on revenue and expenditures that compares budget to actual, categorized by program, as well as a balance sheet, or statement of financial position to the governing board. CAAs may choose to present ratios and may be recommended to do so depending on outcomes of monitoring (see Section 5.5.3 Fiscal Stability, above).

The board members are responsible for maintaining an adequate level of understanding of the organization's finances. Board members should be acquainted with financial statements to the level at which general comprehension is maintained.

Tip: Reviewing budget variances and financial ratios are a great way for board members to quickly become aware of the CAA's current situation and outlook. Variances should be prorated to the timing of the year in which the variances are created to provide relatable information from month to month and meeting to meeting.

6.4.3 Fiscal Policies & Internal Controls

Each CAA is responsible for developing and maintaining their own board approved fiscal policies which may include general fiscal and accounting policies, procurement, cost allocation plan, travel, credit card, record retention and destruction, information security, etc. Each policy should fully and accurately detail the internal controls in place to effectively mitigate financial and data risks to the agency.

6.5 Board Responsibilities – Timeline for Reviews and Approvals

39% of the standards in the CSBG Monitoring Toolkit are related to governing board responsibilities.

Tip: [Appendix D](#) of the CSBG Monitoring Toolkit provides a Governing Board Action Chart to ensure appropriate reviews and approvals by your governing board.

7. IHCDCA Monitoring

Monitoring allows CAAs to continually improve outcomes as they strive to adopt high impact strategies to meet the needs of their communities. Monitoring also can be an effective tool for risk mitigation. To successfully assist each CAA in fulfilling its mission, IHCDCA utilizes a “whole agency,” or systems approach centered on collaboration, communication, and partnership, allowing CAAs to build capacity to achieve program goals. The current IHCDCA CSBG Monitoring Toolkit can be found [here](#).

Prior to the onsite monitoring visit, the agency will be given a minimum of 30 calendar days’ notice by way of an official CSBG Monitoring Notification letter. (This is in addition to the preliminary notification provided each agency at the beginning of the fiscal year.) Agencies have at least 20 calendar days to provide the required information (pre-monitoring questionnaire and matrix, and upload monitoring documents).

The monitoring officially begins with the entrance conference, typically held with the IHCDCA monitors and the agency’s management/leadership team. The purpose is to familiarize the agency with the review process and for the monitor to become familiar with specific details unique to each organization.

To ensure proper communication is achieved the following communication plan will be utilized by IHCDCA:

- Keep CAAs updated on any changes to the monitoring policies and/or procedures.
- Send all monitoring correspondence, preliminary and final reports, to the Executive Director.
- Provide the CAA with the monitoring timetable for the review, report, follow-up, and closeout.
- Conduct an entrance and exit conference with Executive Director and key leadership staff.
- Meet with the Executive Director or key staff during the on-site visit to discuss the standards that are not met and make recommendations.
- Meet with the governing board to review the monitoring report if a quality improvement plan is warranted, or upon request.
- Provide the training and technical assistance contractor with potential topics that could be utilized by the network to enhance agency operations.

7.1 Community Programs Division Monitoring Approach

IHCDCA conducts a full onsite review of the CAAs based upon the criteria established in the CSBG Monitoring Toolkit at least once during a three-year period (42 USC 9914(a)).

Monitoring evaluation reviews all agency actions during the monitoring period (the day after the previous CSBG monitoring session exit conference) up to the current entrance conference date. As needed, a full onsite review may also occur in response to one of the following situations:

- After the completion of the first year in which a newly designated entity receives funds through the community service block grant (42 USC 9914 and IM-97).
- When informed that grant funds were terminated for cause under related programs such as Head Start, Low Income Home Energy Assistance Program (LIHEAP), Weatherization Assistance Program (WAP), or other Federal programs (42 USC 9914 and IM-116).
- Follow-up reviews, including prompt return visits, that fail to meet the goals, standards, and requirements established by the State (42 USC 9914).
- After the completion of the first year a new Executive Director has been hired. This is based upon whichever is sooner: the completion of the first year or a regularly scheduled CSBG monitoring. However, IHCD may choose to administer another form of CSBG compliance oversight.

7.2 [State CSBG Monitoring Toolkit](#)

This tool, or review instrument, is used to complete the CSBG monitoring process, which consists of Organizational Standards (OS) developed by the Center of Excellence (COE), Federal regulations, and IHCD requirements.

- **Part One: Organizational Standards** (*Categories 1-9*), evaluates the operational performance for maximum feasible participation, vision and direction, and operations and accountability for IM-138.
- **Part Two: Programmatic Standards** (*Categories 10-15*), evaluates the resources and accounting management of CSBG program implementation and performance.
- **Part Three: Attestation** (*Category 16*) allows the agency to evaluate and certify success in meeting specific objectives related to agency operations. However, these standards will be monitored if a CAA is on an improvement plan.
- **Part Four: Beyond Compliance** *considers* an agency's road to excellence through Standard support information and implementation tips, best business practice recommendations and the bibliography. The CAA is not monitored on any content in Part Four.

7.3 Monitoring Performance

A. Monitoring Report

Following the onsite monitoring and, barring any circumstances that would cause a reasonable delay, a CSBG Monitoring Report will be issued by email within 30 calendar days of the exit conference to the Executive Director. The report is the official record of compliance and will summarize the results of the review based upon the agency's performance:

- **Fully Met** is compliance with all guidelines.

- **Not Met** is that no guidelines, or only part of the guidelines, were accomplished.
- **Best Business Practice Recommendation** is for the agency's consideration and will aid the agency in stronger operations if enacted.

An **Agency Action Plan** (AAP) must be developed by each agency to identify how "Not Met" standards will be addressed. An acceptance of the AAP or placement on an improvement plan completes the monitoring session.

More information on the Monitoring Report process can be found in **Appendix 8**.

B. Performance Indicators

To have a successful monitoring session, a CAA must accomplish two objectives:

1. Meet all CSBG Core (Fundamental) Components and Risk Mitigation Standards
 - Standards: 3.3, 4.6, 5.1, 6.3, 8.1, 8.7, 11.4, 14.2, and 15.3.2
2. Have an **Overall Performance** percentage of at least eighty-five percent (85%) of the CSBG monitoring standards for Part One and Part Two.

<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>Agency 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>Agency 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>Agency Action Plan (with additional MQIP/QIP expectations)</i>

8. Training, Technical Assistance and Additional Funding Opportunities

8.1 IHCD A Sponsored Trainings

Each year, IHCD A enters into a contract with multiple vendors to provide training opportunities to support staff and/or board development. Training opportunities are normally a mix of in-person and virtual formats and from one-hour webinars to multiday in-person courses. Trainings are generally free, except in special circumstances. All agencies are expected to participate in these trainings as schedules allow.

8.2 Monitoring T&TA Funding

CAAs may have the opportunity to request direct assistance after they have been monitored. These funds are available to all monitored agencies in a particular program year, not just those on Quality or Modified Quality Improvement Plans.

When available, CAAs can email a request for funding within 60 days of receiving the Monitoring Report from the IHCDa Monitor. The request should be emailed to the IHCDa CSBG inbox (csbg@ihcda.in.gov) and use the request template provided by IHCDa staff in **Appendix 9**.

If approved, these funds will be added to the CAA's CSBG-D award via an award amendment and will be added to their budget line items as "Monitoring TTA." Allowable expenses could include contractor fees, as well as staff time and other costs on a case-by-case basis. Claims on those funds must be reimbursement-based and have supporting documentation such as invoices and receipts.

9. Reduction or Termination in Funding

Unfortunately, there may be times when IHCDa deems it necessary to hold, reduce or terminate a CAA's CSBG funding. These actions are rarely taken, and only when IHCDa discovers issues so egregious ("cause") as to cast serious doubt on an agency's ability to manage federal funds.

9.1 Temporary Holds on CAA CSBG Funding

If the issues that IHCDa discovers indicate that a CAA does not currently have the capacity to responsibly manage CSBG funds, IHCDa may decide to temporarily close a CAA's award in IHCDaOnline, thereby creating a hold on their funds. If IHCDa staff believe this step is necessary, they will email the CAA's Executive Director to explain why and will include a timeline and the steps required by the agency to remove the hold on their funds.

9.28 Reducing or Terminating a CAA's CSBG Funds

If the issues that IHCDa discovers are so egregious as to cast doubt on a CAA's ability to *ever* responsibly manage CSBG funds, IHCDa may decide to reduce or terminate the CAA's CSBG funding. The situations when IHCDa may deem this necessary include *but are not limited to*:

- When fraud, abuse or other serious financial mismanagement or criminal activity has occurred, and the CAA has not taken adequate steps to rectify the situation.
- When a CAA is so far out of compliance with the monitoring standards as to necessitate a detailed and long-term QIP;
- When the CAA takes the bare minimum steps to return to compliance, then is found to be out of compliance with the same standards over multiple future CSBG monitoring sessions;

- The CAA is put on a QIP but fails to provide updates to IHCDCA on its progress on required actions and fails to respond to IHCDCA requests for information.

Under Sections 676(c)(1)(B) and 676(c)(2) of the CSBG Act, “States may reduce funding or terminate eligibility for CSBG funding based on an eligible entity’s failure to comply with the terms of an agreement or a State plan, or to meet a State requirement, to provide services, or to meet appropriate standards, goals, and other requirements established by the State, including performance objectives.”

When an issue is identified that constitutes a potential reduction or termination of CSBG funding, IHCDCA may offer training and/or technical assistance to the CAA, as required by IM 116. IM 116 provides some examples of when training and technical assistance may not be appropriate:

- A deficiency for which the eligible entity has the expertise and skills available within the organization to make corrective actions without assistance.
- A deficiency for which the State has previously provided technical assistance and the eligible entity has failed to institute corrective actions.
- Multiple, widespread, and/or repeated deficiencies that cannot feasibly be addressed through technical assistance.
- A deficiency that involves evidence of fraudulent reporting or use of funds, or other evidence of criminal wrongdoing.

If IHCDCA determines that a CAA is eligible for funding reduction or termination, it will notify the CAA’s Executive Director and Governing Board President of that decision and the reasons why. The CAA will have an opportunity to respond and address the stated reasons; if the response is found to be inadequate, IHCDCA will move forward with the hearing requirement outlined in IM 116. If the reasons for reducing or terminating funding involve misuse or mismanagement of funds, IHCDCA may decide to place a hold on CSBG funds during this time.

The CAA Executive Director and Governing Board President will be given at least 30 calendar days’ notice of the hearing, and minutes will be taken for later reference and to provide to OCS if needed. The hearing official and the individuals making the final decision on CAA funding may come from outside of the Community Programs Department.

If, after the hearing, IHCDCA finds cause to reduce or terminate the CAA’s CSBG funding, both the CAA and OCS will be notified. At that point, the CAA has 30 days to request a review by OCS. If that happens, OCS has 90 days to complete its review, and during that time IHCDCA may not terminate a CAA’s CSBG award.

If no request is made for an OCS review within 30 days of IHCDCA’s decision to reduce or terminate funding, or the OCS review is not completed within 90 days, or if OCS agrees with IHCDCA’s decision, IHCDCA’s decision becomes effective immediately. At that point IHCDCA will complete the process of de-designating the CAA and designating a

new organization to support the de-designated CAA's service territory, working with the Governor's Office as needed. Informational Memorandum 116 provides additional background on statutory and regulatory requirements for terminating organizational eligibility or otherwise reducing the share of funding allocated to any CSBG-eligible entity. IHCD will utilize this as a guide tool to support State implementation within this section.