
Community Services Policy Manual

1300 Series

Contents

| | |
|---------------------|----|
| REFERENCES..... | 2 |
| PURPOSE..... | 3 |
| POLICY SCOPE | 3 |
| POLICY CHANGES..... | 8 |
| DEFINITIONS | 9 |
| POLICY | 11 |

| | |
|-------------------|------------|
| Document Number: | 1300 |
| Document Name: | MONITORING |
| Effective Date: | 10/01/23 |
| Issue Date: | 09/14/17 |
| Last Modified On: | 11/28/23 |

REFERENCES

- The Community Services Block Grant Act (42 U.S.C. 9914 et seq.) as amended Section 678B Monitoring of Eligible Entities
- Public law 105-285. Section 676B and 676(b)(10)
- Public law 105-285. Section 676(a)(1) and 676(b)(2) and Section 676(b)(11)
- Public law 105-285. Section 678E and Section 676(b)(12)
- Public law 105-285. Section 676(b)(9)
- Public law 105-285. Section 678D. Fiscal Controls, Audits and Withholdings and Section 678F. Limitations on Uses of Funds and 678D
- Public law 105-285. Section 678D and Section 678F.
- Title IV, Energy Conservation and Production Act, as amended, authorizes the Department of Energy (DOE) to administer the Weatherization Assistance Program (WAP) (42 U.S.C. 6861 et. Seq.)
- WAP regulation, 10 CFR 440.23(a) – Oversight, Training, and Technical Assistance
- U.S. DOE, WPN 12-5 released December 1, 2011 (Financial Monitoring Requirements)
- U.S. Department of Health and Human Services (DHHS), Office of Community Services (OCS), Information Memorandum (IM) 138 released 2015
- U.S. DHHS, OCS, IM 116 revised April 2, 2010
- BCAEO Administrative Rules – (By authority conferred on the department of human services by Executive Reorganization Order 1995-1 and 230 PA 1981, being MCL 400.1116) R 400.19203
- BCAEO Monitoring Procedures Guide
- Community Action Partnership Organizational Standards for Private and Public Community Action Agencies adopted by the State of Michigan CSBG Office, BCAEO on October 1, 2015
- CSBG Monitoring Standards, NASCSP 2017

PURPOSE

To determine whether eligible entities comply with the terms of their contract, agreement, or the State Plan, to provide services and to meet appropriate standards, goals, and other requirements established by the State (including performance objectives).

BCAEO will conduct a comprehensive onsite performance monitoring of each CAA every three years or sooner, in addition to other types of monitoring including, but not limited to, desk monitoring and focused scope onsite monitoring.

POLICY SCOPE

BCAEO will assess the health of the entire CAA, not just program-by-program compliance. In assessing the health of an agency, BCAEO Compliance Monitors cannot look solely at compliance with BCAEO-funded programs. Agencies may be having difficulty in operating other programs or may be delivering substandard services throughout the rest of the organization. BCAEO Compliance Monitors will take a systems view of each CAA and note the quality of service delivery and program operations throughout the agency.

Because monitoring reports from other funding sources contain critical information about the quality-of-service delivery and offers insights into the management and other systems within the agency, BCAEO Compliance Monitors can request and review copies of all monitoring reports from every CAA funding source. They will examine whether the agency has developed and implemented formal plans to correct issues raised in the reports. They will also know if the agency is in danger of losing one or more major program and if so, what action the agency is taking in response to such a potential loss.

BCAEO Compliance Monitors will assess compliance with program rules and regulations, the effectiveness of the board of directors and the administrative and leadership capacity of agency management.

Our assessments will include general oversight, desk reviews, and on-site reviews of the following: Community Action Plan and/or contract, needs assessments, service delivery systems, administration and management systems, strategic plans, data systems, internal controls, technology systems,

board and governance systems, review of ROMA implementation and financial systems. Please note that this is not an exhaustive list, and the assessment may extend beyond the elements mentioned above.

The assessment shall accomplish the following:

- Determine the extent to which the CAA achieves desired results or benefits established by the legislature or other authorizing body.
- Assess the CAA's performance in attaining objectives that are made a part of the grant or contract agreement.
- Determine whether the CAA is acquiring, protecting, and using bureau-funded resources, such as personnel or equipment, economically and efficiently.
- Determine the causes, if any, of inefficiencies or uneconomical practices and provide remedial assistance.
- Determine whether the CAA has complied with laws or regulations applicable to its operation in an efficient and economical manner.
- Access other items as required by the bureau or state or federal government. Continued funding shall be contingent upon satisfactory performance in all areas covered by the performance assessment in accordance with applicable federal and state laws or regulations.
- Assess the CAA's financial capacity and compliance with cost and accounting standards as required by the federal office of management and budget.

BCAEO shall do the following:

- Assure that a grantee is given advance notice in writing, of a scheduled monitoring, including all the following information:
 - The date scheduled for the onsite monitoring.
 - The scope of the onsite monitoring.
 - Criteria to be used in conducting the onsite monitoring.
- Assure that a written monitoring report will be submitted within 60 days of the exit conference, to the grantee describing BCAEO's findings based on the onsite monitoring report unless the executive director approves the extension.
- Assure that the grantee has the opportunity to respond to the office within 30 days of receipt of the BCAEO's findings concerning any exceptions noted in the monitoring report unless the executive director approves the extension.

Each monitoring report and management decision letter that is issued by the bureau may be used as a basis for any of the following actions:

- Corrective action to be taken by the grantee.
- Suspension, probation, or termination of grants or CAA status, or both, in accordance with applicable contracts and state and federal laws or regulations.
- Denial of eligibility, subsequent grants, or contracts due to performance or compliance factors.

Each monitoring report and management decision letter shall specify the changes, improvements, or corrections that have been made by the grantee since the previous comprehensive monitoring.

Areas To Be Reviewed During an Onsite Comprehensive Monitoring Visit

Governance – Public Law 105-285. Section 676B and Section 676(b)(10)

- Board of Directors – Composition, training, effectiveness, knowledge of roles and responsibilities, attendance, bylaws.

Planning – Public Law 105-285. Section 678(a)(1), Section 676(b)(2) and 676(b)(11).

- Agency Mission, Vision, Values.
- Strategic Planning, Evaluation, and Community Assessment.

Evaluation – Public Law 105-285. Section 678E and Section 676(b)(12)

- ROMA Implementation (Board and staff) on an agency-wide basis as a framework for sound management.
- Agency outcomes and performance measures.
- Reporting to funders and to the Board of Directors.
- Government Performance and Results Act (GPRA) implementation.

Partnerships – Public Law 105-285. Section 676(b)(9)

- Coordination/collaboration/linkages with relevant partners.
- Subgrantees/delegates.

Administrative Systems and Procedures – Public Law 105-285. Section 678D. Fiscal Controls, Audits and Withholdings and Section 678F. Limitations on Uses of Funds and Section 678D.

- HR & personnel policies.
- Records retention.
- Technology implementation and planning.
- Equipment and purchasing.
- Conflict Resolution and grievance procedures.
- CSBG Assurances and Prohibitions.
- Review pending and past litigation.

Fiscal Procedures – Public Law 105-285 Section 678D and Section 678F

- Audit and results of previous/other monitoring/fiscal issues.

Questions to Consider in Preparation of an Onsite Comprehensive Monitoring Visit

Overall Agency

- Does the CAA routinely consider if they should maintain, strengthen, or abandon services and strategies?
- Is the CAA striving to integrate service delivery throughout the organization by breaking down the 'silos' of program-specific delivery systems, and making the agency client-centric rather than program-centric?
- Is the CAA partnering with other agencies in the community to strengthen services and provide a community wide approach to address the needs of those seeking services?
- Is the CAA duplicating services already available in the community?
- What changes or adjustments have occurred within the last year to make existing programs more effective or responsive? Are the changes based on data?
- How does the CAA systematically research innovative practices, programs, and approaches being administered at other local CAAs in the country?

Board of Directors

- Does the Board ensure staff develops an annual implementation plan that reflects the goals and strategies adopted in the strategic plan? For the whole agency?
- Does the board review annual updates to the needs assessment?
- Does the Board use the Needs Assessment, outcome reports, and program evaluations to prioritize service needs, develop the strategic plan, and annually review and adjust the strategic plan?
- Is the board active and engaged in fulfilling the mission of the agency? Can the board members explain the CAA mission clearly and with conviction?
- Is the board driving the strategic plans for the agency?
- Has the board participated in creation of a Local Agency Theory of Change?
- Does the board follow its by-laws for such issues as board membership, removing board members for lack of attendance, etc.?
- Are the board's by-laws consistent with its articles of incorporation?
- Is there a quorum at most board meetings?
- Do the board minutes accurately reflect the actions taken at board meetings - including the exact wording of motions?
- Is the board a true policy-making body? Does the board wander into operational or procedural matters (micro-managing the agency) or does the board serve primarily as a rubber stamp for the Executive Director?
- Is there an effective standing committee structure in place and are the standing committees actively performing their assigned duties?
- Does the board annually plan its own work and evaluate its own performance?
- Are Board members well-trained regarding their fiduciary responsibilities?

- Has the board and/or assigned board committee conducted an annual performance evaluation of the Executive Director or CEO?
- Has the Board of Directors received all audit and/or monitoring correspondence from other funding sources as well as the letters the CAA sent responding to funding sources?

Administrative and Leadership Skills of the Agency Management

- How does communication flow within the CAA? Who are the primary communicators and how do they let people know what is happening?
- What is the morale of the staff in the CAA? What is the staff turnover rate over the past several years?
- Does the CAA know why there is staff turnover?
- Is the CAA's management staff, including the CEO or Executive Director, evaluated (performance) at least in part, on the degree to which the agency achieves its goals and annual objectives?
- What does the organizational structure look like? How does each department/division/program within the agency contribute to the goal of helping people move out of poverty?
- Can staff articulate the mission of the agency? Are they engaged in the utilization of their Theory of Change? Who was involved in creating the strategic plan? Are staff aware of the plan and how their jobs contribute to fulfilling the plan?
- Is the Executive Director and/or management staff actively involved in community partnerships and collaborations (by engaging in collaborative efforts with community partners - not just attending meetings)? Or does the CAA act like a 'lone ranger,' isolated from community partners and potential allies?
- Is a consistent performance appraisal of staff regularly conducted? When the last time that staff was evaluated?
- Do program directors participate in the creation of and monitor their own budgets?
- What kinds of reports are generated by program directors to assist them in managing their programs?
- Does each employee have a development/training plan? Is training encouraged and supported for all staff by the agency? Does the budget support this?
- How do program managers and/or staff address problems or concerns that have been identified in self-assessment or monitoring reports?
- How is ROMA outcome data used to evaluate the effectiveness of agency programs and the agency's capacity to achieve results?

Financial Status

- Does the agency conduct regular, timely reconciliation of its bank statements to its financial records?
- Ensure that the reconciliation report or forms are reviewed and initialed by someone not involved in the reconciliation itself, possibly the Executive Director or other senior management staff person assigned that responsibility?

- What is the ratio of current assets to current liabilities?
- What is the agency's cash position? Is a line of credit being used? Whose cash is the agency using for day-to-day operations? Does the agency maintain an unrestricted cash reserve equal to 3 months of salary/fringe costs? (Best practice)
- Are vendors calling frequently to complain about late payments? Are vendor payment checks being held for payment?
- Can the agency's fiscal staff prepare a balance sheet that includes all of the agency's accounts and programs? Can they explain what each number on the balance sheet means?
- Are financial reports to the Board, funding sources, program managers, etc., submitted promptly and accurately - and in a manner that presents financial information clearly and concisely so that fiscal data can be understood by lay persons without a financial background? Do these reports include not only budget to expenditure comparisons but also data on revenue received and cash balances maintained?
- Does the organization have an agency-wide budget?
- Determine if the audit firm is truly "independent." Have they performed any other professional services for the agency during the last 2 years? Does the agency regularly put audit services out to bid in an effort to avoid using the same audit firm for more than 3 consecutive years?

POLICY CHANGES

Edited Purpose and added Policy Scope section.

Added Policy Changes section.

Added Definitions section and moved all definitions here.

Added Commendations, Concerns, Corrective Action and Deceptive Acts or Practices on pages 9.

Edited Corrective Action Plan on page 9.

Added Observation on page 11.

Changed Org Standard link to SharePoint and added clarifying language on page 11.

Added clarifying language on the monitoring process under Monitoring Review on page 12.

Added language regarding the Comprehensive Monitoring Report on page 12.

Removed Contract Language paragraph and added Personnel Issues on pages 13.

Added how and where to return disallowed costs on page 14.

Added a bullet on page 15.

Removed IM 138 language on page 15.

Added link to templates on page 16.

Added Closing paragraph on page 16.

DEFINITIONS

Best Practices: include observations in high performance, exceptional practices, and innovative solutions that can be replicated.

Commendations (WAP only): identify exceptional work in the field.

Concerns (WAP only): include conditions that have the potential to lead to problems for the agency including deficiencies in agency management and governance systems. They do not require corrective action.

Corrective Action – may include informal staff training or other agency actions to correct an issue and/or resolve a finding. It will address deficiencies within 1-30 days.

Corrective Action Plan: a formal plan that immediately addresses deficiencies not corrected or sustained by Corrective Action (to include an agency's failure to respond by a due date set by BCAEO). It will address the deficiencies within 30 to 60 days. The CAP may require the root cause of the issue to be identified, a list of action steps needed to correct the deficiency, a list of employees assigned to the action steps as well as who is responsible for ensuring the action steps are completed, what will be measured to ensure sustainability, and a timeline of when the plan will be implemented and completed.

Deceptive Acts or Practices: A representation, omission, act, or practice is deceptive when all 3 facts below are present:

- 1. The representation, omission, act, or practice misleads or is likely to mislead the state monitor.**

Deception is not limited to situations in which a state monitor has already been misled. Instead, an act or practice may be deceptive if it is likely to mislead the state monitor.

It is necessary to evaluate an individual statement, representation, or omission not in isolation, but rather in the context of the entire monitoring engagement, or the course of the review, to determine whether the overall initial impression was to mislead or deceive. A representation may be an express or implied statement, and it may be written, oral, or expressed in a document. If material information is necessary to prevent a state monitor from being misled, it may be deceptive to omit that information for that information to have been omitted.

- 2. The state monitor's interpretation of the representation, omission, act, or practice is reasonable under the circumstances.**

In determining whether an act or practice is misleading, one also must consider whether the state monitor's interpretation of or reaction to the representation, omission, act, or practice is reasonable under the circumstances. In other words, whether an act or practice is deceptive depends on how a reasonable member of a monitoring team would interpret the representation. ***When deception is perceived by a state monitor, the entire situation and/or all information must be reviewed by the finance and program compliance managers for an objective assessment and final determination.***

3. The misleading representation, omission, act, or practice is material.

A representation, omission, act, or practice is material if it is likely to affect a state monitor's decision regarding the outcome of the monitoring review. Information that is pertinent for state monitors to do their job is material.

Certain categories of information are presumed to be material. In general, information about the operations of a Community Action Agency such as provision of services, community relations, general operating procedures including human resources and finance, personnel handbooks, and financial procedure manuals are all presumed to be material.

Actions made with knowledge that they are false are presumed to be material. Omissions will be presumed to be material when the agency staff knew or should have known that the state monitor needed the omitted information for evaluation during the monitoring review.

If a representation or act is not presumed to be material, it still would be considered material if there is evidence that it is likely to be considered important by state monitors.

Eligible entity: a CAA, Local Weatherization Operator (LWO), or other grantees under the oversight of BCAEO.

Finding: requires correction and include instances of non-compliance with statutes, regulations, policies, or procedures established by the agency itself, the state, or federal agencies. Corrective Action should be outlined by BCAEO staff or the agency depending on the type of finding. Some findings will include a deliverable that is required or technical assistance and training to be completed. Repetitive recommendations from past and current monitoring activities may result in a finding. All findings require follow-up until the finding is corrected.

MVID Number: the monitoring visit ID number that BCAEO uses for organization.

Observation: identifies a minor deviation from an otherwise well-implemented process or procedure or a minor oversight on the part of the agency.

Recommendation: identifies when something is not done correctly (one instance or a common item in several instances). The label “recommendation” is used to show it as a warning but if not corrected, could result in a future finding. It will include remedies and/or “best practices” that can contribute to increased agency effectiveness.

Serious Deficiency: As defined by the U.S. Department of Health and Human Services, means findings that the eligible entity is not in compliance with Federal or State law or eligible entity bylaws; or that the eligible entity has committed fraud, is in financial difficulty, or is not able to provide services. All serious deficiencies must be reported to the U.S. Department of Health and Human Services.

Technical Assistance Plan: includes more steps and a longer time period to correct the deficiencies than the CAP. A TAP can be between 3 to 12 months. If an agency shows progress but has not completely resolved the issue, another TAP may be issued. It is in the eligible entity’s best interest to make a correction as quickly as possible to limit future findings. The TAP may include formal and informal staff training from an outside partner to ensure a long-term solution.

Quality Improvement Plan: may be requested by BCAEO to correct significant and/or serious deficiencies identified in monitoring. For more information, see CSPM 501 or IM 116. The QIP must contain clear timelines, benchmarks for progress, and deliverables to show progress in correcting the deficiencies. The agency’s board must approve and monitor the plan. BCAEO may request quarterly review meetings with the board to ensure the successful completion of the QIP. The QIP requires formal and informal training.

POLICY

The eligible entity must comply with all federal, state, and local requirements, policies, and procedures. Michigan adopted the Organizational Standards without additions, substitutions, or deletions from the National Organizational Standards. The Organizational Standards can be found in [SharePoint](#). Upon BCAEO’s approval of contract plans and budgets, the eligible entity is responsible for properly engaging, procuring, administering, and monitoring the expenditures associated with each Agreement. BCAEO will monitor the eligible entities for compliance and performance goals.

Monitoring Reviews

BCAEO, and other monitors as necessary, reserves the right to perform scheduled and unscheduled on-site review visits during normal business hours, to monitor the eligible entities' activities at any time, either during the term, or within three years after termination of the Agreement. The eligible entity shall cooperate with all monitors during the monitoring process by responding to due dates, making available all records, facilities, and other resources necessary to perform the review.

Program Compliance monitoring addresses the content and substance of programs. It is a qualitative review to determine performance, innovation, and impact to moving low-income individuals and families to self-sufficiency. It assesses whether approved activities are consistent with the work plan identified in the contract; ROMA goals and objective are accomplished and are compliant with statutory regulations and other policy guidelines. It also involves assessing technical assistance needs and evaluation program outcomes, as well as monitoring administrative activities including compliance with the program's terms and conditions, reporting requirements and completeness of documentation.

Comprehensive onsite visits are multi-purpose. They provide the Bureau with an overall picture of operations at each Community Action Agency (CAA) including their strengths and weaknesses.

Financial monitoring addresses the expenditures of programs. It is a review to determine compliance with applicable regulations, policy, and other guidelines on a sample selection basis. It also reviews internal controls as well as overall health of the agency.

It is the Bureau's objective to review all MDHHS-BCAEO contract-funded programs each Agency manages during the contract fiscal and/or program year. The Programs can include Community Services Block Grant Programs (CSBG and CSBG-D), the Department of Energy Weatherization Program (DOE), LIHEAP Weatherization Program and any other program that may be funded by the Bureau.

Monitoring Report

BCAEO will issue a written desk review or comprehensive onsite monitoring report within 60 days of the exit conference. A draft copy of the monitoring report will be sent to the agency's Executive Director to give the agency an opportunity to check facts or clarify findings. The Executive Director will then have five working days to respond to the draft report, after which, the monitoring report will be finalized and sent to the Board Chair and the Executive Director. The agency will share and discuss the monitoring report with their board.

The Final Monitoring Report may include Observations, Commendations

(WAP only), Best Practices, Concerns (WAP only), Recommendations and Findings.

The Comprehensive Monitoring Report will include an overall status for the agency as follows:

- Agency is on track: (green dot) stable and compliant, strong internal controls, may include Observations.
- Agency has missed opportunities: (yellow dot) inexperienced staff, noncompliant, possible weak internal controls, no disallowed costs, may include strong Recommendations or Findings with Corrective Action.
- Agency is at risk with a high risk of going off track: (orange dot) noncompliant, break in internal controls, has disallowed costs with Findings that require a Corrective Action Plan and/or Technical Assistance Plan.
- Agency is off track: (red dot) No internal controls/multi-year Findings, requires Quality Improvement Plan.

Personnel Issues

There may be times when agency staff are identified as a risk to the program. BCAEO staff will work closely with the Grantee Executive Director to provide training and technical assistance to improve practices and enhance the knowledge of the staff identified as a risk to the program.

Reasons that staff would be identified as a risk to a program include:

- Unethical decisions
- Deceptive acts or practices.
- *Fraudulent Activity
- Reoccurring inaccurate practices related to a specific program.

*If a determination has been made by BCAEO for deceptive acts or practices or other state department (e.g., OIG, AG) for fraudulent activity, BCAEO will deny reimbursement of the staff person's payroll hours from the date of determination until BCAEO is confident that the issue is resolved.

Disallowed Costs

The eligible entity must return disallowed costs, using non-federal and non-state funds, according to the instructions listed below. If the eligible entity cannot repay the disallowed the eligible entity must immediately contact BCAEO. (This will initiate a repayment discussion.)

Notifying Governing Board

The eligible entity is responsible for notifying their governing board about the

monitoring report including disallowed costs and repayment methods, if necessary. The minutes must reflect the notification, repayment method, and corrective action to ensure future compliance.

Agencies that have financial solvency problems must notify the board. The minutes must reflect solutions to resolve the eligible entities financial problems before it becomes a serious deficiency.

For Disallowed Costs and/or Return of Funds:

When funding needs to be repaid for a fiscal year that has been closed on the State's records, an invoice will be sent to the agency with instructions on how to repay the funding. If the funding needs to be repaid, for a closed fiscal year, as a result of the agency's internal controls and/or processes please reach out to the Grant Manager and financial monitor and provide them with the applicable grant in EGrAMS, dollar amount needing to be repaid, and the reason for the return of funds. If the fiscal year is still open, the funding can be repaid through a correction on the FSR, please reach out to your GM for assistance and questions you may have.

Corrective Action

CAP/TAP/QIP

The eligible entity is required to correct the problems in the monitoring report by providing the requested Corrective Action Plan (CAP), Technical Assistance Plan (TAP), or Quality Improvement Plan (QIP). If an eligible entity is unable or unwilling to correct identified deficiencies, after review, follow-up and/or training and technical assistance, BCAEO will implement a process outlined in federal and state law that can result in the loss of the Community Action Agency designation.

A CAP, TAP, and QIP is a [step-by-step](#) plan of action that is developed to achieve targeted outcomes for long term resolutions of identified errors or deficiencies in an effort to:

- Identify the most cost-effective actions that can be implemented to correct error causes.
- Develop and implement a plan of action to improve processes or methods so that outcomes are more effective and efficient.
- Achieve measurable improvement in the highest priority areas.
- Strengthen agency capacity.
- Eliminate repeated deficient practices.

Creating a CAP, TAP, and QIP:

Minimum components of the plan:

- Finding Summary
- Detailed description of the action to be taken and a justification statement on why this action will correct the deficiency.
- Timeline of activities with corresponding measurable activities and the staff responsible for achieving the results. Include the date the eligible entity expects to have made all the required corrections (as needed).

Eligible Entity Status Updates for Approved CAP, TAP, and QIP:

- Complete each activity in the plan by the due date in the timeline.
- Send support documentation to the MDHHS-BCAEO@michigan.gov mailbox that verifies the progress made to correct the deficiencies. Agency must track and maintain support documentation.

Templates

CAP, TAP, and QIP Templates can be found in [SharePoint](#).

Closing a CAP, TAP, and QIP

Once the requirements of a CAP, TAP, or QIP have been satisfied and approved by BCAEO, a Management Decision Letter (MDL) will be sent to the agency to notify them.