

CSBG Review Report

Agency: _____

Date: _____

Reviewer(s): _____

Agency Staff Interviewed: Executive Director
 Finance Director
 Community Services Program Director
 Planning Director
 HR Manager / Executive Assistant
 Staff Focus Group

Agency Board Members Interviewed: Chair
 Member
 Secretary/Treasurer
 Member

Agency Overview

_____ is a private, non-profit community action agency based in _____, Virginia. _____ serves the counties of _____, _____, _____, and _____. _____'s mission is to build individual and community capacity to lower barriers to self-sufficiency and stability, and to develop the skills of individuals and the infrastructure of our community to eliminate the primary causes of poverty. The agency administers a variety of programs including, Headstart, VACARES, Project Discovery, Neighborhood Assistance Program, CHIP, Retired & Senior Volunteer Program, Homebuyer Classes, Weatherization, and Americorps, among many others.

During FY 2016, _____ managed total resources of \$6 million. This includes \$200,000 in a Federal Community Services Block Grant and an additional \$25,000 in Temporary Assistance for Needy Families grant.

Since the time of their last review _____ has added a program to teach employment skills to unemployed individuals, and has removed a program that delivered ongoing emergency food assistance. Some staff positions have been reduced to part time or eliminated completely due to funding restrictions.

_____ has successfully entered into partnerships with faith based institutions, local non-profits, and private sector businesses to increase the effectiveness of existing programs (such as _____), and to assist with filling the gap around the need for _____, identified in the last needs assessment.

Governing Board

_____ is governed by an eighteen (18) member Board of Directors. As of this date there are five vacancies on the Board. The vacancies include: two public sector vacancies; two low-income sector vacancies; and one private sector vacancy. The agency must develop a plan for addressing this concern (Concern 1). In addition, there was no documentation of the process by which board members were elected to represent the low-income sector (Finding 1). The agency must provide documentation on the current seated members, and detail the methods that will be used to ensure members representing the low-income sector have been appropriately elected/approved. This plan/documentation is discussed at the end of this report in the Findings section.

Agency By-Laws provide for six standing committees: Executive, Finance, Personnel, Membership, Public Relations/Resource Development and Program Planning/Evaluation. Committees meet monthly except the Executive committee which meets on an as needed basis. The minutes from committee meetings along with the report are then shared with the full board at the next meeting. The agency's board meeting minutes indicate which committees met and reported during that period. The board minutes are/are not fully in compliance with the expectations as per the Organizational Standards. Issues include:

New board members receive an orientation handbook which includes the Articles of Incorporation, Bylaws, personal policies, and fiscal policies. The agencies' Executive Director conducts orientation for all new board members. When feasible, a current Board Member helps with the orientation. New members also meet with program directors and managers to learn about the programs offered by the agency. All board members are invited to tour the many programs and timely information regarding individual programs is shared at each board meeting. Board members have many opportunities to stay informed about the current status of programs. The Board Chair expressed an interest in several trainings from OVCS, including

_____/

Board members interviewed indicated that they develop a strategic plan once every five years which is reviewed quarterly. Timely information regarding individual programs is shared at each committee meeting. Board members have many opportunities to stay informed about the current status of programs. The strategic plan becomes part of the Board Planning Tool. The agency's needs assessment and the prior strategic plan are used as a starting point to develop the strategic plan. Agency staff and members of the Executive Committee develop much of the plan before presenting it to the full Board for discussion.

Board members report that all agency programs are evaluated, at least, bi-annually. The Program Planning Committee takes the lead in program evaluation. Monthly program reports provided to the board include fiscal and outcome data by program. The monthly reports provide data that is an important part of the analysis. The Board also receives and reviews all monitoring reports from funding sources. Any findings are discussed and the members help construct an action plan. An effort is made to provide program services indicated in the area needs assessment while avoiding duplication of services offered by other providers.

The By-Laws were last amended in December, 2015. Board members indicated that the By-Laws are reviewed and amended annually or more often if necessary. The review/amended dates are documented in the By-Laws. It is recommended that the board also compare the Articles of Incorporation to the By-Laws to ensure there are no discrepancies.

_____’s Financial Policies and Accounting Procedures Manual was revised and approved by the Board in April, 2015. The agency’s Financial Policies and Accounting Procedures Manual is reviewed at least annually. The Finance Committee, with input from staff, conducts the review then reports recommendations to the full Board. The review/amended dates are documented in the policy.

The agency’s Personnel Policies were last updated in February, 2015. They are reviewed on an on-going basis by the Personnel Committee with input from staff. Each month a few pages of the manual are reviewed resulting in the entire manual being reviewed at least annually. The committee reports to the full Board and the Board approves all changes.

The Human Resources Committee reviews the agency’s salary scale/range once each year. The Human Resources Committee is also involved in setting the salary range when a new position is created. The review process begins with agency staff, who gathers salary information from other agencies and businesses. The compiled data is shared with committee members. Job descriptions are also reviewed and updated in this process. The committee then presents the report to the full Board for approval. The Board approved the last salary scale/range in September, 2015.

The Board reports that it completes an annual evaluation of the performance of its Executive Director. Part of the evaluation includes comparing the Executive Director’s performance to the goals stated in the agency strategic plan. Other areas of evaluation include how the Executive Director supervises staff, the extent to which the E.D. interacts with the community to form liaisons, and the effectiveness of the Executive Director’s communication with Board members and community partners. Direct report staff evaluates the Executive Director’s performance along with all Board members. The board chairperson compiles the results from the questionnaires and the information is presented to the Executive Committee. The committee shares the evaluation with the Executive Director. The Executive Director was last evaluated in June, 2015.

The Board Members evaluate their own performance annually using a self evaluation questionnaire.

Detailed financial reports are presented to the finance committee each month. Reports include data on current month and year to date actual and budgeted revenues and expenditures by program. The committee also receives a cash disbursement ledger and schedule of credit card charges. The agency budget is reviewed at each meeting and revisions are made as changes in the agency’s financial situation changes.

Needs Assessment

_____ management reports that it completes a needs assessment annually. The needs assessment process includes information gleaned from surveys, census data, online data gathering services, local partners, labor statistics, changes in employment and transportation in the service area and the Headstart needs assessment. There is a good mix of quantitative and qualitative data, but the qualitative information doesn't clearly demonstrate the involvement of the target community in the meetings/forums (Recommendation 1). The information is gathered and summarized by staff then shared with local community boards to prioritize. The report is then presented to the board for review and approval.

Agency Administration and General Operations

_____ 's programs are reviewed monthly. Both fiscal bench marks and outcomes are evaluated. The program directors and managers receive reports that include a comparison of their program budget with the actual amount spent to date. The Executive Director and the Board review all program monitoring reports. The agency is committed to identifying the needs of the clients and in referring them to other programs, both within the agency and outside, that might be helpful.

To safeguard the confidentiality of client records all client records are kept in locked file cabinets in locked rooms. Staff is provided with a copy of the confidentiality policy and a signed confirmation is included in the employee's file. Client confidentiality policies are contained in the agency's Personnel Policies and Procedures.

The agency maintains client records for a minimum of five (5) years or as dictated by the funding contract.

_____ uses a variety of methods and documentation to determine income eligibility for program services. These include, but are not limited to, pay stubs (or employer verification), social security statements, tax returns, Department of Social Service statements, and food stamp documentation along with federal guidelines. Examination of client records by OCS confirms this.

_____ uses its CSBG funds to support the operational costs (primarily salaries, fringe benefit costs, and administrative costs) of its programs and services. TANF funds, when available, are used primarily for emergency services.

_____ provided OVCS with a copy of the latest monitoring report of its Virginia CARES and Headstart Programs. The monitoring report for Headstart shows no findings. Findings in the report for Virginia Cares have been addressed and the funding sources have closed the findings. The Board worked with the Executive Director and staff to remedy each finding and bring the programs into compliance.

_____’s disaster recovery plan is documented in the Personnel Policies and Procedures Manual. The plan is comprehensive; providing for daily data backup, agreements with local companies to provide computer hardware and space, evacuation plans, and other contingencies.

_____’s written policies governing restrictions on political activities are contained in the Personnel Policies and Procedures Manual and staff is required to sign a statement confirming that they received and understood it. The policy is reviewed and re-communicated to staff often.

Human Resources Management

OVCS staff reviewed ten (10) personnel files including both staff paid all or in part by CSBG funding and randomly chosen files. The agency files I-9s separately from the personnel files which is in accordance with current Human Resource recommendations. All files were in order and contained all required information. Performance evaluations and job descriptions were current. Timesheets and salary confirmations were performed with no discrepancies.

Program Administration

_____ operates a variety of programs to help the economically disadvantaged in their service area. All program directors are provided with monthly management reports that include both revenue and expenditures by line item. The directors compare the program progress to the budgeted objectives. The Executive Director reviews program reports monthly and provides same to the Board. The Board is active in the on-going monitoring of program effectiveness, using the Needs Assessment as a guide.

The agency secures feedback from clients in a number of ways. Surveys, focus groups, volunteer questionnaires, and participant review of program effectiveness are all used. OVCS staff reviewed twenty (20) client files. There were no issues found.

Financial Management

While the financial management team is very small, the Executive Director and other staff contribute to making sure separation of duties is maintained. Separation of financial duties appears adequate to reduce the likelihood of fraud or theft. Because of the challenges inherent in maintaining adequate internal controls over _____’s financial management transactions with a limited financial staff, it is critically important that the Board Members (or Finance Committee) maintain a very active role in overseeing the agency’s Financial Management system and transactions.

_____ has an approved indirect cost rate. The indirect cost pool is identified and tracked. The agency uses a direct charge method whenever practical.

_____’s FY 2015 A-133 Audit report contained no findings or reportable conditions.

The audit’s “Statement of Financial Position” shows a healthy ratio of 1.5:1 in current assets to current liabilities (quick or current ratio).

The agency has an unrestricted cash reserve of approximately \$250,000. Estimated cost for three months of salary and fringe benefit costs is \$800,000. OVCS recommends a cash reserve equal to or greater than, three months of salary, tax, and fringe costs.

_____ has used the same auditing firm for 6 years. The agency puts the audit services contract out for bid every 3 years. Staff publishes an RFP. The Finance Committee, working with staff, reviews the proposals and makes recommendations. The limited number of firms submitting proposals along with the difference in price has resulted in the same firm being chosen twice in a row. OVCS recommends a change in audit firm every three years. When that is not possible OVCS recommends a change in the lead auditor and audit team. The agency should continue to find ways to encourage CPA firms to submit proposals.

The Financial Policies & Accounting Procedures Manual was revised and reviewed/approved by the Finance Committee in April of 2015. The manual is reviewed, at least, annually. The review is instigated by staff who then presents recommendations to the Finance Committee. The Board has authorized the Finance Committee to make changes to the Manual without Board approval.

_____ uses a sound budget preparation process in which a “management team” (made up of the program director, Executive Director, and the finance director) prepare a draft program budget. The finance director then compiles all program budgets into an agency-wide budget that is then reviewed by the finance committee and reviewed/approved by the board. A monthly budget analysis that includes both expenditure and revenue data is reviewed by the program managers/directors.

CONCLUSION

Board governance appears to be strong and complete. Board Members seem to be committed and well-qualified. During the last three years, the agency’s By-Laws, Personnel Manual, and Manual of Accounting Policies were all reviewed and updated.

The agency appears to be managed by experienced, dedicated, and professional staff.

OVCS staff found _____ to be in compliance with the majority of CSBG requirements.

FINDINGS: *OVCS defines “Findings” as instances of non-compliance with statutes, regulations, policies, or procedures established by the agency itself, the Commonwealth of Virginia, or federal agencies.*

Finding 1- The agency did not document the methods used to ensure that members of the board representing the low-income sector have been properly elected/approved. The agency must submit any documentation for current board members, and a plan/method for ensuring that this process will be documented moving forward. This plan is due within 30 days of the date of this letter.

CONCERNS: *OVCS defines “Concerns” as conditions that have the potential to lead to findings or problems for the agency including deficiencies in agency management, outcome achievement, and governance systems.*

Concern 1- The agency has longstanding vacancies on the board. This does not allow there to be full involvement by all required sectors in the planning, implementation, analysis, and evaluation of agency activities. A detailed plan for filling all board seats within 3 months must be submitted within 30 days of the date of this letter.

RECOMMENDATIONS: *OCS defines “Recommendations” as “best practices” that can contribute to increased agency effectiveness.*

1. Needs assessment data must reflect the involvement of low-income individuals in the process, particularly with regard to qualitative data acquired at community meetings and forums. Additional steps should be taken to ensure that low-income members will be able to participate (meeting time, refreshments, child care)
2. When writing the finance or accounting manual OVCS recommends “tabbing” sections or creating policies in a modular format in order to more efficiently search for and update new information.
3. OVCS recommends maintaining a cash reserve equal to or greater than, three months of salary, tax, and fringe costs. As a “best practice” _____ should work towards building additional cash reserves.
4. OVCS recommends a change in audit firm every three years. When that is not possible OCS recommends a change in the lead auditor and audit team.