Office on Volunteerism and Community Services CSBG Monitoring Practices and Procedures

1.0 Policy

It is the requirement of the Virginia Department of Social Services CSBG Office to perform monitoring functions of federal and state funds, in a consistent manner that is compliant with CSBG source requirements. The CSBG program manager oversees the monitoring of Virginia CSBG Agencies.

2.0 Purpose

2.1 The Monitoring Practices and procedures describes CSBG's methodology for monitoring CSBG Entities.
2.2 To Comply with Department rules on the administration of program funds
2.3 To comply with Federal Funding source requirements for administering program funds
2.4 To establish consistent processes and procedures when monitoring CSBG Programs
2.5 Monitoring activities are planned to focus on areas of highest risk and to help ensure the most effective use of monitoring resources
2.6 To ensure CSBG Monitors complete monitoring reports and responses within a designated time frame to ensure entities address any corrective actions in a timely manner
2.7 To ensure monitoring responses are reviewed to ensure corrective actions were completed

3.0 Responsibilities
3.1 The CSBG Program Manager is responsible for ensuring CSBG programs are administered and funds are expended in accordance with contract provisions and applicable State and Federal rules, regulations, policies and related statutes.
3.2 The CSBG program staff will develop a monitoring schedule that identities the entities that are to be monitored.
3.3 OVCS will require a corrective action plan from agencies with Findings and Concerns. Agencies that do not resolve Findings and/or Concerns in a timely manner can be placed on a Quality Improvement Plan. **As per the State Accountability Measures,** *OVCS must notify OCS if an entity has "serious deficiencies".* "Serious deficiency" means a finding that the Eligible Entity is not in compliance with Federal or State laws or eligible entity bylaws; or that the Eligible Entity has committed fraud, is in financial difficulty, or is not able to provide services.
3.4 OVCS will issue to the entity a Final CSBG Report for all onsite monitoring visits.
3.5 The CSBG Staff will address the entities response to the report and/or close out the monitoring process.
3.6 The CSBG staff will address any findings and provide training and technical assistance where necessary

4.0 Monitoring Principles

4.1 Monitoring guidelines are set forth by the following:

1. The Coats Human Services Reauthorization Act of 1998, Public Law 105-285
2. The Community Action Act, §§ 2.2-5400 et seq.
3. The CSBG Contracts
4. OMB Super Circular
5. Other relevant legislation, regulations, and requirements as amended or incorporated by state or federal government.

4.2 The CSBG Act of 1998 requires the State CSBG office to monitor local community action agencies at least once every three years. OVCS will monitor all entities at least once every three years. OVCS will conduct an annual risk assessment, and may develop a monitoring schedule for medium- and high-risk entities that allows for annual or bi-annual monitoring.

4.3 OVCS extends this practice to the public and state-wide community agencies.

4.4 Complete and concise monitoring is considered a good business practice as it can assist grantees in continually improving their operations, services, and outcomes as they strive to end poverty in their community.

4.5 The Virginia Office on Volunteerism and Community Services believes that it is important to maintain a strong partnership between its office, the Virginia Community Action Partnership, and local community action agencies. This partnership helps to build capacity at the local level and provides a framework for training and technical assistance to enable the network to excel in its work.

4.6 Monitoring is one of many tools available to strengthen agencies' capacity and outcomes. Local agency self-assessments, the national Community Action Partnership's Standards of Excellence, training and technical assistance, peer-to-peer exchanges are all tools that are essential to maintaining and strengthening agency capacity.

5.0 Guiding Principles to Monitoring

5.1 Mutual Respect
In working with local boards, staff, and consultants, we will value and recognize the unique knowledge, ability, and independences of each person. We are committed to treating all persons fairly and maintaining credibility by matching actions with words.

5.2 Open Communication
Effective communication is key in facilitating good working relationships with partners, and we are committed to keeping lines of communication open. The purpose of our communication is to assist in developing solutions to problems, to share program improvement ideas, and provide information on new developments in the anti-poverty field. We intend to communicate frequently through a variety of tools and media. We are open to agencies contacting us and are committed to listening to them and to gain an understanding of their operations and to assist them in pursuing their priorities.

5.3 Joint Problem Solving
We operate under the basic belief that a team approach to problem solving is in the best interest of all parties involved. We sincerely believe that collectively we can arrive at the best solution to any situation. Through a team approach to problem solving, we are forced to think outside our traditional ways and come up with the best strategies for program development, conflict resolution, or compliance issues. We want to promote an environment in which all parties will be open to change and can work together in exploring options and developing mutually agreeable solutions. Our goal is to have agencies function independently with our support in an effort to meet the needs of local communities within the parameters set by legislation.

6.0 Monitoring Practices

6.1 Practice 1
State Monitors will look at more than compliance with program rules and regulations.
State monitors cannot look solely at compliance with particular program standards rather they need to take a systems view of each agency, and note the quality of service delivery and program operations

throughout the agency. In order for an agency to be truly "healthy", it must be continually striving to find better ways to use programmatic resources to help people move out of poverty.

6.2 Practice 2

State Monitors will assess the effectiveness of the board of directors.

An effective board is critical to the overall health of an agency. A board that does not clearly understand the mission of the agency cannot offer the kind of community-based leadership that is critical to the health of an agency. A board that is not evaluating agency programs and operations fails to ensure agency resources are used most effectively to produce the outcomes necessary to fight poverty within the community. A board that is not comfortable in honestly evaluating the executive director is not ensuring that the agency has effective leadership. A board that does not regularly review its own by-laws places the agency at risk of failing to operate within legal guidelines. A board that does not comprehend the financial status of the organization places the agency and themselves at the mercy of management staff.

6.3 Practice 3

State Monitors will assess the level of administrative and leadership skills of agency management.

An effective agency is flexible and responsive to the needs of individuals and the community it serves, as well as committed to its employees. We understand the complexity of managing dozens of programs, each with its own guidelines and budget. Monitors will therefore assess the agency's many management systems and how those systems are applied to multiple programs and activities. Monitors will seek to assess the degree to which the management of an agency is leading the organization towards more effective and responsive service delivery.

6.4 Practice 4

Monitoring Community Action Agencies is part of a process to strengthen CAAs and the entire community action network. Information garnered from a systematic monitoring approach serves several purposes. First, it provides the local community action agency with feedback about its programs, going beyond compliance to include an assessment of the agency's ability to change lives. Secondly, it should assist leaders in making changes that will improve their organization. It can provide agencies with both an "early warning system" and a "best practices catalog". By highlighting organizational systems that are under-performing or showing signs of stress, an agency-wide monitoring can help managers to take proactive steps to strengthen their organizations, before problems or crises arise. Third, monitoring can provide the state with data that can be used to assess the statewide community action network thereby providing the opportunity to provide training and/or technical assistance that will build network-wide capacity and improve its effectiveness.

7.0 Staff Assigned to Monitoring

- Matt Fitzgerald, Program Manager
- Kia Holder, Program Consultant Senior
- Donalda Avalon, Program Consultant Senior
- Abby Hanks, Program Consultant Senior

8.0 Monitoring Selection

8.1 A Monitoring review schedule will be completed every 2 years, the schedule will identify the month or quarter in which the entity will be monitored.

8.2 Monitoring is an on-going process conducted throughout the year and includes the review and evaluation of annual budgets and work plans; quarterly reports; board of director minutes; OMB Circular A-133 Financial and Compliance audit reports; agency policies including its Personnel Policies, Financial Management Policies and Procedures, and By-Laws; and year-end reports that outline outcomes achieved.

8.3 At least once every three years OVCS conducts a comprehensive on-site review of all entities. Medium- and high-risk entities will receive annual or bi-annual onsite visits.

8.4 An annual risk assessment will be completed by CSBG Staff and entities may be monitored more frequently depending on the results of the risk assessment.

9.0 Monitoring Procedures

9.1 Overview

Federal guidelines require that the Virginia Office on Volunteerism and Community Services monitor each local community action agency at least once every three years to ensure performance goals, administrative standards, financial management requirements, and other state requirements are met. As a result, OVCS monitoring team members will look at far more than compliance with program rules and regulations. Rather, OVCS monitors will take a systems view of each agency, noting the quality of service delivery and program operations throughout the agency. OVCS views its monitoring activities as part of a process to strengthen local agencies and the entire community action network. OVCS will use the results of its on-site monitoring reviews to identify training and technical assistance needs unique to each agency, to provide the agency with both an early warning system and best practices catalog, and to identify areas where training and/or technical assistance might increase the capacity and performance of the entire network. OVCS has also set a goal of completing on-site monitoring visits at each local community action agency every two years rather than the three-year minimum. This goal is contingent on available OVCS staffing.

The monitoring team will usually consist of either one or two OVCS staff members depending mostly on the size of your agency. The on-site visit will occur over a two and a half day period. We anticipate beginning each day at 9:00 a.m. If you desire it, we can end the review with an informal exit conference to briefly outline our findings. You will receive a written monitoring report whether or not an exit conference is held.

OVCS will use a standard monitoring instrument to ensure each review is consistent with other reviews and comprehensive in examining all of the agency's management and governance systems. See attached copy of instrument. On-site monitoring reviews include a Desk Review, a Financial Management Review Instrument, a Board of Directors Interview, a Management Team Interview, and a Staff Focus Group for private CAA's.

OVCS will complete the Desk Review portion of the monitoring instrument prior to the on-site visit. The Document and File Review Checklist will be sent by email prior to the visit. It includes items that will be reviewed as a part of your monitoring. Some items are already submitted with your application, some will be requested in advance of the visit, and some will be reviewed onsite. For the items listed as "not received" on the checklist, you will be required to submit those within 2 weeks of receipt of the checklist to csbg@dss.virginia.gov.

The Financial Management Review Instrument will be completed by interviewing the Chief Financial Officer and examining a number of financial records. *If possible, we recommend that the Treasurer of the Board of Directors participate in this interview*. The Board of Directors interview examines governance functions and operations. Completion of that portion of the review requires that we interview at least three members of your Board, including the Board Chair and two other members. The Board of Directors interview can take place anytime during the first two days or evenings of our visit. The Management Team Interview should include the Executive Director, Finance Director, Chief Planner, Human Resources Manager or Director, operations directors, or managers, and/or other management level personnel able to address questions related to your agency's various management systems. Finally, our on-site review will include a Staff Focus Group that consists of a series of open-ended questions directed to no more than eight direct services staff members.

The on-site monitoring review will also involve the examination of agency documentation and records. As a result, we will need to have access to your financial files, personnel files, and client files. Review of any sub-grantee contracts and files will be completed as well.

9.2 Financial Management Review
In the area of financial management, we will randomly select one month's Federal CSBG, State CSBG, and TANF reimbursements for review of documentation supporting those expenditures. If problems are found during that examination, we may need to request documentation for additional months' expenditures. We will also need to see any contracts the agency has executed for professional services and documentation that shows agency policies governing the procurement of non-expendable property, goods, and services have been correctly implemented. We also need to see documentation of liability, bonding, and vehicle insurance coverage. We will review your documentation demonstrating that a physical inventory has been completed and that the physical inventory has been reconciled with agency inventory records. If there were any findings or recommendations in your last A-133 audit, we will review your documentation pertaining to whatever corrective action has occurred.

9.3 General and Program Review
In the area of general and program administration, we will randomly select some client files and personnel files to review. We will need to see documentation of your needs assessment and any public hearing or meetings that were held to solicit input pertaining to the needs assessment. If you administer a Head Start program, we will need a copy of your latest Head Start PRISM, and if applicable, corrective action plans, and documentation that your corrective action plan has been implemented. We also need copies of monitoring reports issued by any other public funding source. If you are experiencing any problems, findings, and/or disputes with funding sources other than CSBG, we will need to see all correspondence and/or reports pertaining to those issues.

9.4 Issuance of Monitoring Report
Within 10 days of the completion of the monitoring, the staff will develop a detailed e-mail to the Executive Director, outlining the items discussed in the exit interview, and anticipated to be included in the CSBG Report. The entity will have 10 days to supply any additional information relevant to the formal e-mail. Within at most 60 days, but in most cases 30 days, OVCS will submit a Final CSBG Report to the agency. A hard copy will be mailed to the Board Chair, and a courtesy copy will be e-mailed to the Executive Director.

The Final Monitoring Report may include the following: "Findings", "Concerns", and "Recommendations". "Findings" will include "serious deficiencies", defined in the OCS State Accountability Measures as a finding that the Eligible Entity is not in compliance with Federal or State laws or eligible entity bylaws; or that the Eligible Entity has committed fraud, is in financial difficulty, or is not able to provide services. "Concerns" will include conditions that have the potential to lead to problems for the agency including deficiencies in agency management, outcome achievement, and governance systems. "Recommendations" will include "best practices" that can contribute to increased agency effectiveness.

9.5 Corrective Action Response and Plans

Agencies will be required to submit a draft Corrective Action Plan no later than 30 days after issuance of the Final Report. For completion of an approved Final Corrective Action Plan no later than 60 days after issuance of a Final Report, agencies are required to share copies of the Final Monitoring Report with all members of the Board of Directors. Likewise, the agency's Corrective Action Plan shall also be shared with and approved by the Board. If it is impossible for the entire Board to approve the Corrective Action Plan within the 60-day period because of its meeting schedule, the Executive Committee can approve it subject to Board review and approval later. OVCS will screen agency Board Meeting minutes to confirm that the Board reviewed the monitoring report and approved the corrective action plan. The agency's Corrective Action Plan should respond to each finding, concern, or recommendation contained in the Monitoring Report. Corrective action plans shall include a description of the action to be taken and a date for completion of each corrective action. A progress report on each action taken would accompany each quarterly report until all issues are resolved.

9.6 Follow-Up Reviews

The nature of follow-up reviews depends on the number and seriousness of the findings and concerns identified in the monitoring report. When findings and concerns are few and/or minor, the follow-up review may be accomplished by mail (i.e. – submission of a document or written policy). When findings and concerns are numerous and/or major, a follow-up on-site visit will be conducted to verify and document implementation of the corrective action plan. In these instances, OVCS may also determine that increasing the frequency of monitoring reviews to annual on-site visits is justified. If a follow-up is needed, a progress report on each cited issue would accompany each quarterly report until all issues are resolved.

9.7 Plan for Inadequate Responses

If an agency is determined to be out of compliance in any area, OVCS is required by federal law to provide technical assistance to correct the problem. If an agency is unable or unwilling to correct identified deficiencies, OVCS implements a process outlined in federal and state law that can result in the suspension of CSBG funds, or even the Governor rescinding an agency's designation as a community action agency.

9.8 Summary

While The CSBG Act of 1998 requires the State CSBG office to monitor local community action agencies, the fact is, it is also a good business practice because it can help you to continually improve your operations, services, and outcomes as you strive to end poverty in your community. Monitoring is but one of many tools available to strengthen agencies' capacity and outcomes. Local agency self-assessments, the national Community Action Partnership's Standards of Excellence, Virtual CAP, training and technical assistance, peer-to-peer exchanges are all tools that are essential to maintaining and strengthening agency capacity. The Virginia Office on Volunteerism and Community Services believes

that it is important to maintain a strong partnership between our office, the Virginia Community Action Partnership, and local community action agencies; a partnership that builds capacity at the local level and that provides training and technical assistance so the network can excel in its work. To that end, we are committed to working with VACAP and the community action network to provide quality training and technical assistance that addresses whatever findings and concerns are identified by our monitoring reviews.