

Department of Public Health and Human Services	SECTION: MONITORING
COMMUNITY SERVICES BLOCK GRANT	SUBJECT: Montana Monitoring Process

The Department of Human Services (DPHHS) Intergovernmental Human Services Bureau (IHSB) Program Specialists review all HRDCs annually using a monitoring template (see Section 400-3) to determine risk level (low to high) which will inform how monitoring is configured.

42 U.S.C. 9914(a) states that eligible entities will be monitored on performance goals, administrative standards, financial management requirements, and other requirements of a State. The template has three areas of analysis:

- General Agency, including factors such as management staff turnover, unresolved monitoring findings, agency systems, and board function.
- Fiscal Operations, including Audit findings, unresolved monitoring findings, systems and procedures, and accurate reporting.
- Program Operations, including compliance and reporting issues and quality of programs based on monitoring.

The monitoring template allows IHSB to determine if an HRDC needs immediate attention, follow-up monitoring or can receive on-site monitoring as part of the regular annual rotation. The regular monitoring rotation ensures that HRDCs are monitored at least once annually. The focus of monitoring will include any risk areas identified.

Desk monitoring is provided throughout the grant period. Desk monitoring includes communication and problem solving with HRDCs, technical assistance, analysis of monthly fiscal and program reports, annual audits, and may include program participant file review.

On-site monitoring looks at the overall agency systems in place to deliver services and random selection of participant files. Agency systems are determined through a guided discussion with program managers and staff. Participant files are reviewed for required documentation, follow-up and supportive services. Program regulations, number of participants served and timeliness of grant expenditures are also verified and technical assistance is provided as appropriate. HRDCs receive a written monitoring report after each on-site visit.

IHSB conducts trainings, including ROMA to HRDC staff and board members, and periodic meetings as needed. On-going communication, training, and meetings provide HRDCs with a variety of opportunities to raise questions and provide feedback.

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Appendix C of Community Action Partnership's and CAPLAW's "Monitoring Map for CAAs: A Guide for Navigating the CSBG Review Process" details these parameters:

Below are the four parameters set forth in the CSBG Act and under each parameter is a reference to some of the federal laws, regulations and guidance that flesh out the standards by which a state may monitor a CAA. *Please note that this list of laws is not all-inclusive but, rather, is intended to give CAA's a deeper understanding of many of the laws that the state is working with throughout the monitoring process.* If a state CSBG office applies a law during a monitoring that a CAA is not aware of and/or is not included in this list, the CAA should ask the state CSBG office for additional information about the law and its authority to apply it to the CSBG program, as discussed in Section 3 in Part II; Section 2 in Part III and Appendix D:

PERFORMANCE GOALS

The following provisions of the federal CSBG Act and federal grant regulations set forth the performance goals a CAA is required to meet and a state is required to assess when monitoring a CAA:

- **Purposes and Goals** (42 U.S.C. § 9901(2)): Describes the goals of the federal CSBG Act to provide assistance to states and local communities by working through a network of CAAs and other neighborhood-based organizations to reduce poverty, revitalize low-income communities, and empower low-income families and individuals in rural and urban areas to become fully self-sufficient.
- **State Assurances** (42 U.S.C. § 9908(b)): Sets forth the assurances a state is required to make in its state plan regarding the types of programs and activities CSBG monies fund and the ways in which CAAs meet the needs of the community served. See also OCS's listing of the state assurances from the federal CSBG Act.
- **Performance Measurement System** (42 U.S.C. § 9908(b)(12)): Requires states to participate in some type of a performance measurement system, such as the Results Oriented Management and Accountability System (ROMA).
- **Drug and Child Support Services and Referrals** (42 U.S.C. § 9919): Requires CAAs to either inform custodial parents from single-parent families who are clients about the availability of child support services or refer the parents to state and local government child support offices. Also allows state to implement drug testing of program participants and referral to rehabilitation services at a state's expense.
- **Performance Reporting Requirements for Subgrantees** (45 C.F.R. § 92.40(b)(4)): Instructs states to compare actual accomplishments with goals and objectives established for the period. States must be prepared to explain why established goals were not met and to address other information, when appropriate, such as an explanation of cost overruns or high unit costs.

ADMINISTRATIVE STANDARDS

The following provisions of the federal CSBG Act and guidance from the Office of Community Services (OCS) set forth many of the administrative requirements that govern a CAA and the standards by which a state monitors a CAA:

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- **Board Composition** (42 U.S.C. § 9910): Establishes the tripartite structure of the governing board and the responsibility of board members to fully participate in the development, planning, implementation, and evaluation of the program to serve low-income communities.
- **Board Composition and Governance Guidance** (IM 82): Offers non-binding guidance on board composition and the role and responsibilities of board members.
- **Limitations on Use of CSBG Funds** (42 U.S.C. § 9918): Lists restrictions on how CSBG funds may be used such as, prohibiting use of CSBG funds to pay for political activities. Also incorporates by reference the application of the federal nondiscrimination laws relating to race, sex, age, disabilities, etc.
- **2012 CSBG Terms and Conditions**: Incorporates by reference the application of federal laws and regulations noted in the list above which generally ensure that federally funded programs do not discriminate basis of age, handicap, faith, and sex and that certain federal grant laws are followed.

FINANCIAL MANAGEMENT REQUIREMENTS

The following provisions of the federal CSBG Act and federal grant regulations set forth many of the financial management requirements a CAA is required to meet and a state is required to assess when monitoring a CAA.

- **Fiscal Controls and Audits** (42 U.S.C. § 9916): Sets forth the fiscal controls, procedures, audits, and inspections that a state is required to ensure CAAs follow.
- **Corrective Action, Termination or Reduction of Funding Guidance**: Offers non-binding guidance that state CSBG offices are expected to fully investigate any instances of whistleblower complaints or allegations of fraud or abuse of CSBG funds or funds from closely-related programs.
- **Cost Principles** OMB Circular A-122, 2 C.F.R. Part 230 (for nonprofit CAAs), OMB Circular A-87, 2 C.F.R. Part 225 (for government CAAs): Describes cost principles that are used to determine which costs may be paid with federal funds and discusses cost allocation.
- **Single Audit** (45 C.F.R. § 96.31; OMB A-133): Requires recipients of CSBG funds to undergo an external audit.¹

STATE REQUIREMENTS

The following is a list of where a state's monitoring requirements may be found. A state is permitted to develop more detailed state requirements to implement the federal CSBG Act as long as the state's requirements do not conflict with federal or state law and comply with the state laws for adopting legally-binding requirements.

- State CSBG Act and regulations;
- State CSBG plan State; and

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- State CSBG contract with CAA (including any other state or federal laws and regulations incorporated by reference in the state contract; for example Uniform Administrative Requirements for Grants with Non-Profit Organizations, OMB Circular A-110, 2 C.F.R. Part 215 is one of the federal laws that is often incorporated by reference in state CSBG contracts with CAAs.²

FOOT NOTES

1. A state CSBG office may review a CAA's audit as part of the monitoring process. Thus, it is very important for a CAA to pursue and document any disagreement it has with audit findings.
2. The application of OMB Circular A-110, 2 C.F.R. Part 215, to entities receiving CSBG funds is unclear. The federal CSBG Act requires states to "ensure that cost and accounting standards of the Office of Management and Budget apply to a recipient of [CSBG] funds" but does not explicitly state which OMB circulars will apply. OMB Circular A-110 does not fit within the description of the type of OMB circulars described in the CSBG Act since OMB Circular A-110 sets forth administrative requirements and not cost and accounting standards. Moreover, the 2012 OCS CSBG terms and conditions incorporate by reference the application of OMB Circular A-122 (2 C.F.R. Part 230) and OMB Circular A-133 but make no mention of OMB Circular A-110. However, because many states incorporate OMB Circular A-110 by reference in their CSBG contracts with CAAs, we include the circular as one of the legal requirements that a state may apply to CAAs as part of the monitoring process.

There is a complaint process available for an HRDC. Community Action Partnership's and CAPLAW's "Monitoring Map for CAAs: A Guide for Navigating the CSBG Review Process" and 45 CFR 96.50 explains when and how to file a complaint.

45 CFR, Section 96.50(e) states that, "The Department recognizes that under the block grant programs the States are primarily responsible for interpreting the governing statutory provisions. As a result, various States may reach different interpretations of the same statutory provisions. This circumstance is consistent with the intent of and statutory authority for the block grant programs. In resolving any issue raised by a complaint or a Federal audit the Department will defer to a State's interpretation of its assurances and of the provisions of the block grant statutes unless the interpretation is clearly erroneous. In any event, the Department will provide copies of complaints to the independent entity responsible for auditing the State's activities under the block grant program involved. Any determination by the Department that a State's interpretation is not clearly erroneous shall not preclude or otherwise prejudice the State auditors' consideration of the question.