



DEPARTMENT OF HEALTH & HUMAN SERVICES
Administration for Children and Families
Office of Community Services

Community Services Block Grant Program

Minnesota State Assessment

On-Site Review

Final

August 16 - 20, 2010

Minnesota State Assessment

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Minnesota Community Services Block Grant

I. Executive Summary

The Community Services Block Grant (CSBG) program provides assistance to States and local communities, working through a network of Community Action Agencies (CAAs) and other neighborhood-based organizations, for the reduction of poverty, the revitalization of low-income communities, and the empowerment of low-income families and individuals to become fully self-sufficient. CSBG-funded programs create, coordinate, and deliver a broad array of programs and services to low-income Americans. The grant's purpose is to fund initiatives to change conditions that perpetuate poverty, especially unemployment, inadequate housing, poor nutrition, and lack of educational opportunity.

The Governor of Minnesota designated the Department of Human Services (DHS) as the appropriate lead agency for the administration of the CSBG program. Within DHS, the Office of Economic Opportunity (OEO) has responsibility for operating the state's anti-poverty activity. The Minnesota CSBG program provides funding, technical assistance, and support to 28 eligible entities and 11 tribal organizations serving 87 counties. The CAAs provide an array of services according to the Community Action Plan (CAP) formulated to address local needs. Services may include housing, energy assistance, nutrition, employment and training, as well as transportation, family development, child care, health care, emergency food and shelter, domestic violence prevention services, and money management. The information contained in this report was compiled during a State Assessment (SA) of the Minnesota CSBG program and its eligible entities as evaluated by Federal staff of the Division of State Assistance (DSA) in the Office of Community Services (OCS), an office within the Administration for Children and Families (ACF), U.S. Department of Health and Human Services (HHS).

State Assessment Authority

State Assessments (SAs) are conducted to examine the implementation, performance, compliance, and outcomes of a State's CSBG program to certify that the State is adhering to the provisions set forth in Sections 678B and 676(b) of the Coats Human Services Reauthorization Act, Public Law 105-285. On December 21, 2007, OCS issued Information Memorandum 105, explaining that DSA would conduct both on-site and desk monitoring visits during Federal Fiscal Years (FFYs) 2008-2010. Federal staff conducted an on-site review of the Minnesota CSBG program and its eligible entities from August 16 to August 20, 2010. The evaluation included interviews and analyses of the data collected. As per the statute, the SA examines the States and its eligible entities' assurances of program operations including:

1. Activities designed to assist and coordinate services to low-income families and individuals, including those receiving assistance under the Temporary Assistance to Needy Families (TANF) program, the elderly, homeless, migrant and seasonal workers, and youth;
2. Coordination of service delivery to ensure linkages among services, such as employment and training activities, with the Low-Income Home Energy Assistance Program (LIHEAP), with faith-based and other community-based charitable organizations, and other social services programs;
3. Innovative approaches for community and neighborhood-based service provision;
4. Ability to provide emergency food and nutrition to populations served;

5. Adherence to statutory procedures governing the termination and reduction of funding for the local entity administering the program;
6. Adequate and appropriate composition of Tripartite Board and CAA rules;
7. Appropriate fiscal and programmatic procedures to include a CAP from the CAAs that identifies how the needs of communities will be met with CSBG funds; and
8. Participation in the performance measurement system, the Results Oriented Management and Accountability (ROMA) initiative.¹

The SA also examines the fiscal and governance issues of the eligible entities that provide CSBG funded services in local communities, as well as the State's oversight procedures for the eligible entities. Fiscal and governance issues examined include:

1. Methodology for distribution and disbursement of CSBG funds to the eligible entities;
2. Fiscal controls and accounting procedures;
3. State administrative expenses;
4. Mandatory public hearings conducted by the State Legislature; and
5. General procedures for governing the administration of the CSBG program, including board governance, non-discrimination provisions, and political activities prohibitions.

Methodology

The SA consisted of two levels of evaluation by OCS reviewers:

1. OCS reviewers examined the State-level assurances, fiscal and administrative governance issues through data collection and interviews with State officials.
2. OCS reviewers assessed the State's monitoring procedures and results to determine CAAs compliance with assurances and governance requirements by gathering information and engaging in data collection and interviews.

State-level interviews included the following OEO staff: Connie Greer, Director; Francie Mathes, Supervisor; Daniel DuHamel, Community Action Program Administrator; Kadra Bade, Contract Manager; Dave Adams, Fiscal Officer.

OCS reviewers assessed the following entities: Community Action of Minneapolis, Minneapolis, MN; Tri-County Action Programs, Inc., Waite Park, MN; and Scott-Carver-Dakota CAP Agency, Inc., Shakopee, MN.

OCS reviewers were comprised of Michael Pope (Financial Analyst/Lead), Emmanuel Djokou (Auditor), and Marie Madzy (Auditor).

¹ Some assurances have been combined where appropriate.

II. Assessment and Findings

The OCS reviewers collected information pertaining to the fiscal and programmatic procedures of the State agency, as well as other general information about the State’s CSBG program including:

- Administrative, programmatic, and financial operations for the State and the CAAs assessed;
- Brochures and literature on services provided;
- Most recent CSBG financial summary reports;
- Standard Form (SF) 269 Financial Status Report(FSR) for Fiscal Year (FY) 2007 showing total funds authorized;²
- Audited Financial Statements;
- Minnesota State CSBG Plan; and
- Minnesota CSBG Contractual Agreements, Terms and Conditions.

Fiscal and Governance Operations

The CSBG statute requires each State to designate a lead agency to administer the CSBG program and for the lead agency to provide oversight of the eligible entities that administer programs in the communities. The Governor of Minnesota designated the DHS as the lead agency to administer the CSBG program. The State allocated 90 percent of the 2007 CSBG fund to its eligible entities and used the remaining ten percent for administrative expenditures and discretionary funding to eligible entities to address non-traditional community needs.

Table 1 illustrates the distribution of Federal CSBG funds allocated in Minnesota.

Table 1

Use of FY 2007 Funds: Minnesota		
Uses of Funds	Amount Allocated	Percentage of Allocations
Grants to Local Eligible Entities	\$6,794,250	90%
Administrative Costs	\$377,458	5%
Discretionary Projects	\$377.459	5%
Total Used in FY 2007	\$7,549,167	100%

According to the State, the administrative fund was used for the management and monitoring oversight of the program while the discretionary fund was distributed to the state community action association and to the Indian Affairs Council for Statewide training on relevant topics to support information systems.

45 CFR §92.41, grantees will use Standard Form 269 or 269A, FSR, to report the status of funds for all non-construction grants and for construction grants when required in accordance with §92.41(e)(2)(iii).

² The SF 269—Short Form is used to report the amount of program income earned and the amount expended.

Administrative Monitoring and Accountability

The CSBG statute requires States to monitor local agencies to determine whether they meet performance goals, administrative standards, and financial management standards, as well as other State-defined criteria. The State has procedures in place to ensure CAAs have a system of governance, financial and human resource management, program and service delivery, and community relations. The State requires the CAAs to submit applications to receive their CSBG allotments annually. The process of approval is based on: 1) standard forms; 2) governing board approval; and 3) information about how the entity will provide services in their communities.

OCS reviewers noted that the State monitoring tool looks at the overall agency capacity and systems in place to deliver services determined through a guided discussion with program managers and direct service staff. Areas include an overview of the strengths and challenges facing the community and participants, coordination and collaboration efforts, major staff or board changes, information systems, outcomes, fiscal systems, supportive service referral, and board function. A random selection of participant files is reviewed for specific programmatic documentation, data privacy, disability status, case management, follow-up, and supportive services. In addition, there is a verification of program regulations, ensuring that the expected numbers of participants are being served and timeliness of grant expenditures.

Financial Monitoring and Accountability

States are required by Federal statute to perform monitoring duties in a full on-site review at least once every three years for each eligible entity. A draft monitoring report is developed and issued within 30 days of the on-site visit. The report identifies deficiencies, issues, and concerns requiring corrective action(s), as approved by the board. Follow-up visits are coordinated with the CAAs if deficiencies were noted during the on-site visit. A final report is sent to the Board Chairperson and the Executive Director of the agency. Not all site visits require a focus on the entire CSBG program. Some may focus on specific areas during the State's monitoring review of other Federal grant programs such as the Low-Income Home Energy Assistance Program (LIHEAP), the Results Oriented Management and Accountability (ROMA) performance measurement system, board issues, or Training and Technical Assistance(T&T/A).

Section 678B(a)(1) requires that the State shall conduct the following reviews of eligible entities:

- (1) A full on-site review of each such entity at least once during each three-year period.
- (2) An on-site review of each newly designated entity immediately after the completion of the first year in which such entity receives funds through the CSBG program.

The OEO in DHS uses a monitoring checklist when they conduct their biennial site visit of grantees. Included on the checklist are things such as: (1) reviewing program files to verify that program participants are eligible for the services; (2) reviewing program documentation to ensure that the grantee is providing appropriate services to the clients; (3) verifying that a sample of reported expenditures are supported by appropriate documentation, such as invoices and receipts; and (4) verifying that expenditures are eligible.

On-site monitoring reviews are conducted to meet the following objectives: 1) review of sub-recipient performance; 2) review of compliance to applicable State and Federal regulations and statutes to prevent fraud and abuse, and 3) identification of technical assistance needs. The CAAs and eligible entities are identified in Table 2 below.

Table 2

Minnesota Monitoring Schedule		
Agency Name	On-site Visits	Counties Served
Anoka County Community Action Programs, Inc.	April 12, 2007	Anoka
Arrowhead Economic Opportunity Agency, Inc.	September 19, 2006	Aitkin, Carlton, Cook, Itasca, Koochiching, Lake and St. Louis
Bi-County Community Action Programs, Inc.	June 26, 2007	Beltrami, Cass
Bois Forte	November 7, 2007	Tribal Council
Community Action Duluth	October 19, 2006	City of Duluth
Community Action of Minneapolis	May 14, 2007	City of Minneapolis
Community Action Ramsey & Washington Counties	January 2, 2007	Ramsey, and Washington
Community Action Suburban Hennepin	March 22, 2007	Suburban Hennepin
Fond du Lac	July 11, 2007	Tribal Government
Grand Portage	August 15, 2006	Tribal Government
Heartland Community Action Agency, Inc.	June 29, 2007	Kandiyohi, McLeod, Meeker, and Renville
Inter-County Community Council, Inc.	May 10, 2007	Clearwater, Pennington, Polk, and Red Lake
Kootasca Community Action, Inc.	June 4, 2007	Itasca, and Koochiching
Lakes & Pines Community Action Council, Inc.	October 18, 2006	Aitkin, Carlton, Chisago, Isanti, Kanabec, Mille Lacs, and Pine
Lakes & Prairies Community Action Partnership, Inc.	March 29, 2007	Barnes, Becker, Cass, Clay, Dickey, Douglas, Foster, Griggs, Grant, LaMoure, Logan, McIntosh, Otter Tail, Pope, Ransom, Richland, Sargent, Steele, Stevens, Stutsman, Traill, Traverse, Wells, and Wilkin
Leech Lake	October 25, 2006	Tribal Council
Lower Sioux Indian Community	November 2, 2006	Tribal Council
Mahube Community Council, Inc.	July 17, 2007	Becker, Hubbard, and Mahnomen
Mille Lacs Band	December 5, 2005	Tribal Government
Minnesota Valley Action Council, Inc.	March 19, 2007	Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Waseca, and Watonwan
Northwest Community Action, Inc.	August 17, 2006	Kittson, Lake of the Woods, Marshall, and Roseau

Olmsted Community Action Program	May 23, 2006	Olmsted
Ottertail-Wadena Community Action Council	April 16, 2007	Otter Tail, and Wadena
Prairie Island Indian Community	No funding	N/A
Prairie Five Community Action Council, Inc.	June 18, 2007	Big Stone, Chippewa, Lac qui Parle, Swift, and Yellow Medicine
Red Lake Band	October 24, 2006	Tribal Council
Scott-Carver-Dakota CAP Agency, Inc.	February 13, 2007	Carver, Dakota, and Scott
SEMCAC	June 12, 2007	Dodge, Fillmore, Freeborn, Houston, Mower, Steele, and Winona
Shakopee Mdewakanton Sioux	No funding	N/A
Southwestern Minnesota Opportunity Council, Inc.	April 23, 2007	Murray, Nobles, Pipestone, and Rock
Three Rivers Community Action, Inc.	November 28, 2006	Goohue, Rice, and Wabasha
Tri-County Action Programs, Inc. (Tri-CAP)	January 18, 2007	Benton, Stearns, and Sherburne
Tri-County Community Action Program, Inc.	March 16, 2006	Crow Wing, Morrison, and Todd
Tri-Valley Opportunity Council	August 15, 2006	Marshall, Norman, and Polk
Upper Sioux Community	November 1, 2006	Tribal Council
West Central Minnesota Communities Action Inc.	June 26, 2007	Douglas, Grant, Pope, Stevens, and Traverse
Western Community Action, Inc.	February 8, 2007	Cottonwood, Jackson, Lyon, Lincoln, and Redwood
White Earth Reservation	August 17, 2006	Tribal Council
Wright County Community Action	June 20, 2007	Wright

OCS reviewers examined the State's monitoring procedures and a representative sample of completed monitoring tools, reports, backup documentation, and corrective action letters. Through documentation reviews and interviews with State staff responsible for monitoring, OCS reviewers determined that the State has reasonable and responsible internal controls for conducting monitoring reviews for its eligible entities.

The State's CSBG program year is from July 1 through June 30. In the last quarter of the State's calendar year, any costs incurred by the entities prior to that first quarter are reimbursable, but subject to the State's receipt of Federal fiscal year funds.

The State operates on a cost reimbursement basis with its eligible entities, and monthly financial status reports are the primary tools for evaluating allowable expenditures and tracking budget line items. Monthly expenditure reports from eligible entities are reviewed by fiscal staff before payments are processed. The contract includes all funding sources and follows the State's fiscal year of July-June. The contract is amended each year to reflect the new fiscal year's allocation. The State tracks the disbursements to its eligible entities through the Minnesota Accounting & Procurement System (MAPS), a computerized payment and accounting system developed for the purpose of tracking grants.

OCS reviewers examined the State's internal audit process. State auditors are required to examine all State funding made to the eligible entities dating back to the previous State audit. Any audit finding(s) are reported to the CAA Executive Director and Board of Directors. The CAA Board of Directors are required to respond to the notification letter within 30 days with a written CAP that addresses the findings. Audit Office staff must review and approve the CAP. The CAA's failure to respond within the allotted time frame may result in disciplinary actions being taken by the State, up to and including funds de-obligation. The lead auditor is the State official responsible for audit follow-up activities, including resolution and corrective action monitoring. Technical assistance is available through the State on a case-by-case basis for eligible entities with audit findings.

OMB Circular A-133, Single Audit Act of 1997

According to 45 CFR §96.31, grantees and subgrantees are responsible for obtaining audits in accordance with OMB Circular A-133, "*Audits of State, Local Governments, and Non-Profit Organizations.*" Agencies expending \$500,000 or more in any year must contract with an independent auditor to review their financial statements and Federal expenditures. The auditing firm for the State conducts the fieldwork, issues the audit report, and submits the required reporting forms to the Federal Audit Clearinghouse (FAC) with reportable findings. The State CSBG Plan submitted to OCS requires that an audit report is prepared annually.

State audits are performed to determine whether: 1) costs and program income activities were properly summarized and reported; 2) internal controls meet the State's standards; 3) costs charged to the grant were allowable; and 4) the State is in full financial compliance.

The State audits are conducted under the standards of the Institute of Internal Auditors. In the performance of their duties, the State's auditing firm also considers the government auditing standards promulgated by the Comptroller General, U.S. Government Accountability Office.

The State's independent external auditor, which is the Office of the Auditor General, has completed its audit of the State for the fiscal year ended June 30, 2008 and issued an unqualified opinion. The audit included an audit of financial statements and Federal programs. The independent auditor found no areas of noncompliance, reportable conditions, including material weaknesses, questioned costs, fraud, or other reportable items for CSBG. The audit report for the fiscal year that ended June 30, 2008 was reviewed, in addition to the fiscal year that ended June 30, 2007, because it covers the end of the two-year Federal program period for expending the 2007 CSBG funds.

OCS reviewers examined the SF-SAC Form - Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations and the Single Audit Report found on the Federal FAC website. OCS reviewers found that the eligible entities were in compliance with the requirements set forth in OMB Circular A-133. OCS reviewers also recognized that the State adheres to the accounting principles and financial reporting standards established by the Governmental Accounting Standards Board.³

³ The authoritative bodies of establishing accounting principles and financial reporting standards are the Governmental Accounting Standards Board (State and local governments), and the Financial Accounting Standards Board (nongovernmental entities).

Recapture and Redistribution

Language in Section 675(C)(3) of the CSBG Act permits States the discretion to recapture and redistribute unobligated funds in excess of 20 percent of the amount distributed to an eligible entity to another eligible entity or to a private nonprofit organization. However, the Appropriation Act (H.R. 3061) contains new language which supersedes the language in Section 675(C)(3) of the enabling legislation. States are now required to continue to recapture and/or redistribute FY 2001 CSBG funds to eligible entities in accordance with the requirement in Section 675(C)(a)(1) of the CSBG Act which require that, “to the extent Community Services Block Grant funds are distributed as grants by a State to eligible entities provided under the Act, and have not been expended by such entity, the funds shall remain with such entity for carryover into the next fiscal year for expenditure by such entity for program purposes.”

Carryover Balance

In accordance with 45 CFR §92.40, §92.41, and §96.30(b)(4), respectively, the grantee shall submit annual program progress and financial status reports using OMB Standard Form 269A FSR (short form). The FSRs are due within 90 days of the close of the applicable statutory grant periods. The FSRs were due December 30, 2007 and December 30, 2008. Failure to submit reports on time may be the basis for withholding financial assistance payments, suspension, or termination of funding. During the assessment, OCS reviewers noted that the State submitted its FSR in accordance with 45 CFR §92.40, §92.41, and §96.30(b) (4).

Grantees are required to adhere to a provision of the law under the Consolidated Appropriations Act of 2005, which requires that to the extent FY 2007 CSBG funds are distributed by a State to an eligible entity, and have not been expended by such eligible entity, they shall remain with such eligible entity for carryover and expenditure into the next fiscal year.

The State reported no carryover balance. Minnesota’s policy on carryover funds states that the eligible entities shall retain any carryover to the next program year. When a CAA has determined that it will not utilize all of the current program year funds it will notify the State, which will re-contract the carryover funds. According to the State Terms of Payment, CSBG 2006 funding must be expended by September 30, 2007, or returned to the State.

Public Hearings

According to Section 676(a)(2)(B), at the beginning of each fiscal year, a State must prepare and submit an application and State Plan covering a period of one year and no more than two fiscal years. Each year, the State’s CSBG State Plan is sent to the CSBG Advisory Committee, the State General Assembly, and all eligible entities. In conjunction with the development of the State Plan, the State holds at least one public hearing.

Minnesota’s State Plan 2006-2007, indicated that the Public hearing was held on August 2, 2005 at 9 a.m. at the MCIT Building in St. Paul. A copy of the press release was attached to the FY 2007 State Plan. According to the State Plan the Legislative Hearing was held on March 23, 2005 before the House Jobs and Economic Opportunity Policy and Finance Committee of the Minnesota Legislature. The State noted that there was Public Inspections process, where the State Plan was distribute to and made

available by request for public review and comment at CSBG grantee offices. The plan was also posted on the Minnesota Community Action Association web site.

Tripartite Boards

The State requires CAAs to submit a listing of their Tripartite Board membership prior to being approved to administer the CSBG program. CAAs must comply with Section 676B of the CSBG Statute, which requires that members are chosen in accordance with democratic selection procedures to assure that not less than one-third of its members are representatives of low-income individuals and families who reside in the neighborhoods served. The remaining members are public officials or members of business, industry, labor, religious organizations, law enforcement, education, or other major groups interested in the community serviced. Members must actively participate in the planning, implementation, and evaluation of the program that services their low-income communities.

The CAAs must have their Tripartite Board certified annually to ensure the board has received orientation and/or training, which outlines and describes their responsibilities and liabilities. The certification of the Tripartite Board training must be documented in the Board minutes. The approved minutes must include the type of training, date(s) of the training, and meeting attendees. Additionally, certification must include an annual audit of services, expenditures, and reporting requirements for State, Federal, and other funding sources. These requirements are included in the contract signed between the CAAs and the State, the CSBG manual, the State Plan, and the CSBG statute. The State-outlined responsibilities of the Tripartite Board include:

- Ensuring that all administrative requirements are met;
- Establishing policies, rules, regulations and by-laws consistent with the agency's mission;
- Establishing accounting systems and fiscal controls consistent with generally accepted accounting principles;
- Establishing policies prohibiting nepotism;
- Avoiding conflict of interest;
- Involvement in directing the agency's operation through regular board meetings; and
- Acceptance of liability for and resolving any questioned costs identified by audits.

In accordance with Federal and State law, in order to be in full compliance, each CSBG grantee is required to adhere to the composition, documentation, by-laws, board manual, and Board meeting minutes as detailed in the CSBG Act of 1998, Section 676B. The State CSBG office is required to monitor board composition and follow-up with the CAAs when representation needs to be adjusted. The State assured OCS that the CAAs adhere to the statute regarding Tripartite Boards by providing information regarding the requirements of a Tripartite Board to each eligible entity in three documents: the CSBG Contractual Agreement, the CSBG Terms and Conditions, and the CSBG assurances submitted with the State Plan each year.

The State has specific policies on the three part Community Action Board requirement. These policies are found in the Minnesota's Act, State Plan, and the State's Rule. The State monitors grantees to ensure that there is compliance with not only the Federal CSBG Act, but State rule and law. The State also provided information OCS reviewers determined that the State did not monitor eligible entities for required board composition in FY 2007.

OCS reviewers determined that in FY 2007 the State did not demonstrated reasonable internal controls for monitoring and approving the Tripartite Board certifications.

Additional Administrative or Fiscal Operations Findings

The State is required to maintain a current financial procedure manual in order to meet fiscal standards set forth by Federal regulations. Financial reports are required monthly. Quarterly financial reports are due within 30 days of the end of each quarter and annual fiscal reports are required at the end of the State's fiscal year. The annual on-site compliance review conducted by the State should determine compliance to specific areas including financial compliance. Failure to comply with State and Federal reporting requirements may result in corrective action including suspension of grant awards.

According to 45 CFR § 96.30, fiscal and administrative operations requirements (a) fiscal control and accounting procedures, except where otherwise required by Federal law or regulation, a State shall obligate and expend block grant funds in accordance with the laws and procedures applicable to the obligation and expenditure of its own funds. Fiscal control and accounting procedures must be sufficient to... (b) permit the tracing of funds to a level of expenditure adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of the statute authorizing the block grant.

According to the CSBG statute, the State is required to have processes in place to provide oversight of CSBG funds. The OCS reviewers' analyses of the State's records and procedures that included administrative, financial, and programmatic operations, determined that the State demonstrated disputable internal controls to administer the CSBG Program. OCS reviewers conducted an analysis of the State's records and procedures, which included administrative, financial, and programmatic operations and determined that the State's written policies and procedures are in compliance with the CSBG statute. However, the State did not adhere to its own policy on Records Retention. OCS reviewers were not able to adequately review and validate the following: (1) all requested documents (2) financial statements or accounting reports, and (3) sampling of general ledger transactions and source documents, when requested.

Program Operations

The State reported demographic information on individuals who received services using CSBG funds in FY 2007. The CAAs operate numerous programs designed to meet the needs identified in their respective service areas. Due to different local needs, not all CAAs provide services in all priority areas. During this SA, agency records were reviewed to assess actual services provided. The assessment instrument addressed the following areas: client services received, expenditures, staff responsibility, board governance, by-laws, board meeting minutes, board manual, personnel, planning and operations, CSBG assurances, fiscal operations, T&T/A grants, T&T/A grant reviews, and agency postings (i.e., worker's compensation, client appeals, etc.).

The CAAs operate numerous programs designed to meet the needs identified in their respective service areas. Because the demographic data show different local needs, not all eligible entities can provide

extensive services in all priority areas. Supportive services and community outreach projects provided by the entities respond to low-income workers' health care.

The State and CAAs categorize their expenditures of CSBG funds according to the statutory list of program purposes. The categories are as follows:

- Securing and maintaining employment;
- Securing adequate education;
- Improving income management;
- Securing adequate housing;
- Providing emergency services;
- Improving nutrition;
- Creating linkages among anti-poverty initiatives;
- Achieving self-sufficiency; and
- Obtaining health care.

The State requires agencies receiving CSBG funds to prepare and submit an application referred to as a "Community Action Plan" to the State. The process requires CAAs to submit an application to the State for approval based on: 1) standard forms; 2) governing board approval; 3) information based on priority needs; and 4) information about how the entities will provide services in their communities. Table 3 shows the reported characteristics of individuals and families served throughout the State.

Based on the ROMA process, the grant agreement outlines the following requirements for the State's CAAs:

- A community needs assessment;
- A description of the service delivery system for low-income individuals and families in the service area;
- A description of linkages that will be developed to fill gaps in services through information, referral, case management, and follow-up consultations;
- A description of how funding will be coordinated with other public and private resources; and
- A description of outcome measures for providing services and promoting self-sufficiency and Minnesota community revitalization.

The CSBG Client Characteristics and Statistics reported by the State are found in Table 3 on the following page.

Table 3

CSBG Client Characteristics and Statistics Reported by State	
Race/Ethnicity By Number of Persons:	
Hispanic or Latino	33,455
African American	60,940
White	253,352
Other	13,486
Multi-race	3,969
Education: Years of Schooling by Number of Persons:	
0-8 years	22,995
9-12, non graduates	29,160
High school graduates/GED	73,827
12+ some postsecondary	24,613
2 or 4 year college graduates	15,267
Insured/Disabled:	
No Health Insurance	20,508
Disabled	38,699
Surveyed About Insurance	138,027
Surveyed About Disability	230,645
Household Structure by Number of Families:	
Female/Single Parent	30,061
Male/Single Parent	4,448
Two Parent Household	33,048
Single Person	25,120
Two Adults, No Children	14,270
Family Housing by Number of Families:	
Own	64,975
Rent	62,277
Homeless	1,326
Level of Family Income as Percentage of Federal Poverty Guideline by Number of Families:	
Up to 50%	24,755
51% to 75%	9,484
76% to 100%	15,519
101% to 125%	22,796
126% to 150%	17,171
151% or more	16,160

The program activities associated with CSBG funds as used by the CAAs in Minnesota for FY 2007 are detailed below:

Employment Programs

The State reported spending \$674,679 in CSBG funds to support a range of services designed to assist low-income individuals in obtaining and maintaining employment. These services may include:

- Support for TANF recipients who are preparing to transition to self-sufficiency or for former TANF recipients who need additional support to find or maintain employment;

- Support for job retention, including counseling, training, and supportive services, such as transportation, child care, and the purchase of uniforms or work clothing;
- Skills training, job application assistance, resume writing, and job placement;
- On-the-job training and opportunities for work;
- Job development, including finding employers willing to recruit through the agency, facilitating interviews, creating job banks, providing counseling to employees, and developing new employment opportunities in the community;
- Vocational training for high school students and the creation of internships and summer jobs; and
- Other specialized adult employment training.

Education Programs

The State reported spending \$364,172 in CSBG funds to provide education services. These services may include:

- Adult education, including courses in English Second Language (ESL) and General Equivalency Diploma (GED) preparation with flexible scheduling for working students;
- Supplemental support to improve the educational quality of Head Start programs;
- Child care classes, providing both child development instruction and support for working parents or for home childcare providers;
- Alternative opportunities for school dropouts and those at risk of dropping out;
- Scholarships for college or technical school;
- Guidance regarding adult education opportunities in the community;
- Programs to enhance academic achievement of students in grades K–12, while combating drug or alcohol use and preventing violence; and
- Computer-based courses to help train participants for the modern day workforce.

Housing Programs

The State reported spending \$976,334 in CSBG funds to provide housing programs to improve the living environment of low-income individuals and families. These services may include:

- Homeownership counseling and loan assistance;
- Affordable housing development and construction;
- Counseling and advocacy about landlord/tenant relations and fair housing concerns;
- Assistance in locating affordable housing and applying for rent subsidies and other housing assistance;
- Transitional shelters and services for the homeless;
- Home repair and rehabilitation services;
- Support for management of group homes; and
- Rural housing and infrastructure development.

Emergency Services Programs

The State reported spending \$861,493 in CSBG funds for emergency services and crisis intervention. These services may include:

- Emergency temporary housing;
- Rental or mortgage assistance and intervention with landlords;
- Cash assistance/short-term loans;
- Energy crisis assistance and utility shut-off prevention;
- Emergency food, clothing, and furniture;
- Crisis intervention in response to child or spousal abuse;
- Emergency heating system repair;
- Crisis intervention telephone hotlines;
- Linkages with other services and organizations to assemble a combination of short-term resources and long-term support; and
- Natural disaster response and assistance.

Nutrition Programs

The State reported spending \$392,303 in CSBG funds to support nutrition programs. These services may include:

- Organizing and operating food banks;
- Supporting food banks of faith-based and civic organization partners with food supplies and/or management support;
- Counseling families on children's nutrition and food preparation;
- Distributing surplus USDA commodities and other food supplies;
- Administering the Women, Infants, and Children (WIC) nutrition program;
- Preparing and delivering meals, especially to the homebound elderly;
- Providing meals in group settings;
- Initiating self-help projects, such as community gardens, community canneries, and food buying groups to help families and individuals preserve fruit and vegetables;
- Nutrition information/referral/counseling;
- Hot meals, such as breakfasts, lunches, or dinners for congregate or home delivery meals; and
- Nutritional training in home economics, child and baby nutrition, diets, and available Federal or State programs.

Self-Sufficiency Programs

The State reported spending \$1,209,321 in CSBG funds on self-sufficiency programs to offer a continuum of services to assist families in becoming more financially independent. These services may include:

- An assessment of the issues facing the family or family members, and the resources the family brings to address these issues;
- A written plan for becoming more financially independent and self-supporting; and

- Services that are selected to help the participants implement the programs (i.e. clothing, bus passes, emergency food assistance, career counseling, family guidance counseling, referrals to the Social Security Administration for disability benefits, assistance with locating possible jobs, assistance in finding long-term housing, etc.).

Health Programs

The State reported spending \$48,669 in CSBG funds on health initiatives, which are used to address gaps in the care and coverage available in the community. These services may include:

- Recruitment of uninsured children to a State insurance group or State Children’s Health Insurance Program (SCHIP);
- Recruitment of volunteer medical personnel to assist uninsured low-income families;
- Prenatal care, maternal health, and infant health screening;
- Assistance with pharmaceutical donation programs;
- Health-related information for all ages, including Medicare/Medicaid enrollment and claims filing;
- Immunization;
- Periodic screening for serious health problems, such as tuberculosis, breast cancer, HIV infection, and mental health disorders;
- Health screening of all children;
- Treatment for substance abuse;
- Other health services including dental care, health insurance advocacy, CPR training, education about wellness, obesity, and first-aid; and
- Transportation to health care facilities and medical appointments.

Income Management Programs

The State reported spending \$548,070 in CSBG funds income management programs. These services may include:

- Development of household assets, including savings;
- Assistance with budgeting techniques;
- Consumer credit counseling;
- Business development support;
- Homeownership assistance;
- Energy conservation and energy consumer education programs, including weatherization;
- Tax counseling and tax preparation assistance; and
- Assistance for the elderly with claims for medical and other benefits.

Linkages

The State reported spending \$1,578,168 in CSBG funds on linkage initiatives that involve a variety of local activities because of the CSBG's statutory mandate to mobilize and coordinate community responses to poverty. These services may include:

- Coordination among programs, facilities, and shared resources through information systems, communication systems, and shared procedures;
- Community needs assessments, followed by community planning, organization, and advocacy to meet these needs;
- Creation of coalitions for community changes, such as reducing crime or partnering businesses with low-income neighborhoods in order to plan long-term development;
- Efforts to establish links between resources, such as transportation and medical care or other needed services and programs that bring services to the participants, for example, mobile clinics or recreational programs, and management of continuum-of-care initiatives;
- The removal of the barriers such as transportation problems, that keep the low-income population from jobs or from vital everyday activities; and
- Support for other groups of low-income community residents who are working towards the same goals as the CAAs.

At the local level, the CSBG program coordinates with labor programs, transportation programs, educational programs, elderly programs, energy programs, community organizations, private businesses, churches, the United Way, and various youth organizations and programs. A State's eligible entity will coordinate with other service providers and act as a focal point for information on services in their local area. The CAA identifies gaps in services and works with other providers to fill those gaps. The entity has organized meetings and participates in task forces with local service provider groups.

Programs for Youth and Seniors⁴

The State reported spending \$309,433 in CSBG funds on the programs serving youth and spending \$628,404 on programs serving seniors. Services noted under these categories were targeted exclusively to children and youth from ages 6 – 17 or persons over 55 years of age.

Youth programs may include:

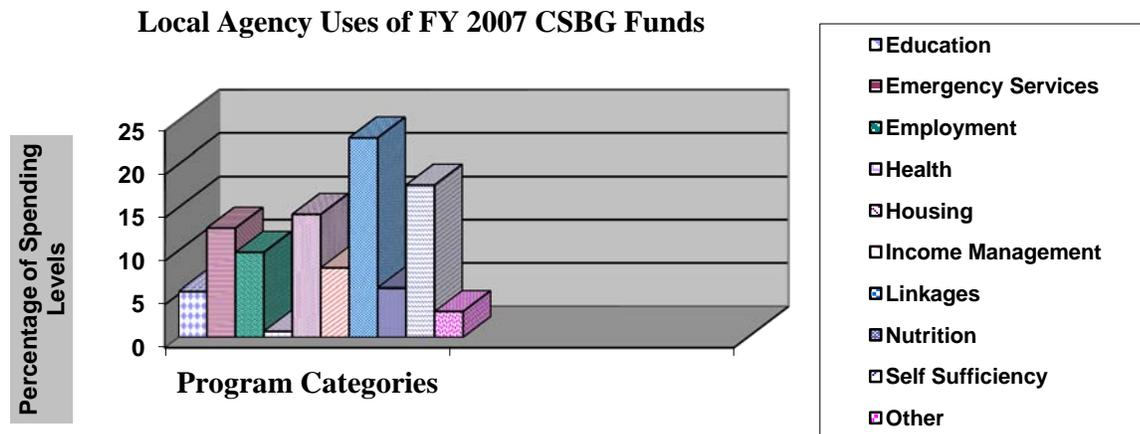
- Recreational facilities and programs;
- Educational services;
- Health services and prevention of risky behavior;
- Delinquency prevention; and
- Employment and mentoring projects.

⁴ Programs for Youth and Seniors are recorded separately in ROMA System, and therefore not listed on the local agency use of funds chart.

Seniors' programs help seniors to avoid or address illness, incapacity, absence of a caretaker or relative, prevent abuse and neglect, and promote wellness. These services may include:

- Home-based services, including household or personal care activities that improve or maintain well-being;
- Assistance in locating or obtaining alternative living arrangements;
- In-home emergency services or day care;
- Group meals and recreational activities;
- Special arrangements for transportation and coordination with other resources;
- Case management and family support coordination; and
- Home delivery of meals to insure adequate nutrition.

The chart below identifies the proportion of CSBG local expenditures devoted to the operational purposes noted above.



ROMA System

Beginning in FY 2001, States were required to participate in a system to measure the extent to which programs are implemented in a manner that achieves positive results for the communities served. States may participate in the model evaluation system designed by the OCS in consultation with the CSBG network called the ROMA System. Alternatively, States may design their own similar system. States are to report to OCS their progress on the implementation of performance measurement practices.

The Minnesota State Plan and Scope of Work included in contractual agreement between the State and eligible entities outline the accountability and reporting requirements for its eligible entities. According to State policies all eligible entities are required to participate in a performance measurement system which satisfies CSBG statute. ROMA data is collected through the Electronic Filing System, implemented in July 1, 2007, that is used by the States eligible entities. ROMA training is provided through the NASCSP conferences on the State level, and through the local CAP conferences held for the eligible entities.

III. CAA Onsite Review Summaries

Community Action of Minneapolis

Community Action of Minneapolis is a public, nonprofit organization incorporated in 1994. The organization administers services including Emergency Assistance, Food and Nutrition, Medical Prescriptions and Supplies, Rental/Mortgage Assistance, Special Needs, Support Services, Utility Assistance, and Emergency Assistance Hotlines. The Ben & Jerry's Employment Training Program is offered for young adults ages 14-19. Youth are trained in customer service skills and then have the opportunity to gain hands-on experience by working at the Ben & Jerry's Ice Cream shop located on the University of Minnesota Campus. The Home Electric Savings Program provides home energy conservation education tailored to each individual household's energy needs and usage. In 2007, Community Action of Minneapolis had an annual CSBG budget of \$994,671 and provided assistance to 31,537 clients.

Tri-County Action Program, Inc. (Tri-CAP)

Tri-County Action Program, Inc. is a private nonprofit organization incorporated in 1965, under the provisions of the Minnesota Nonprofit Corporations Act, Minnesota Statutes Chapter 317. The area served by the Agency comprises the Minnesota Counties of Benton, Stearns and Sherburne. Membership in the corporation is available to any interested resident of the above named counties. The organization administers services including Emergency Assistance, Rental/Mortgage Assistance, Special Needs, Support Services, Utilities Assistance, and Transportation. Tri-CAP works with clients that agree to attend a Renting 101 class as well as an appointment with a financial counselor. In 2007, Tri-CAP had an annual CSBG budget of \$213,407, and employed about 54 individuals. A shift has happened where Transportation, as a department, now employs the greater work force.

Scott-Carver-Dakota CAP Agency, Inc.

Scott-Carver-Dakota CAP Agency, Inc. is a private, non-profit organization established in 1965. The agency began as the Scott-Carver Economic Council providing co-op farming programs, Head Start and Senior Citizen Centers to residents of Scott and Carter Counties then, expended its service area in 1985 to include residents of Dakota County. The organization administers services including Emergency Assistance, Food and Nutrition, Medical Prescriptions and Supplies, Rental/Mortgage Assistance, Special Needs, Support Services, Utility Assistance, and Emergency Assistance Hotlines. The agency offers the Conservation Improvement Program (CIP) in partnership with local utility companies to help low income residents of Scott, Carver, and Dakota Counties conserve energy. In 2007, Scott-Carver-Dakota had an annual CSBG budget of \$300,785 and served 31,604 clients.

IV. Assessment Findings and Recommendations

Through a review of State of Minnesota's policies, procedures and documentation, in most cases, OCS reviewers determined that the State was in compliance with CSBG statute, and other applicable policies. Internal controls for eligible entities are mandated by the Minnesota CSBG Manual. The State utilizes a comprehensive monitoring tool and maintains a monitoring schedule that assures all eligible entities are monitored for compliance with State and Federal statutes. However, through a review of the accounting processes and procedures, OCS reviewers determined that the State was not in compliance with the following criteria:

According to 45 CFR §92.41, Grantees will use Standard Form 269 or 269A, Financial Status Report, to report the status of funds for all non-construction grants and for construction grants when required in accordance with §92.41(e)(2)(iii).

According to CFR 96.30, Subpart C- Financial Management: (4) Submission of Information- grantees shall submit the required information on OMB Standard Form 269 A, Financial Status Report (FSR). Grantees are to provide the requested information within 90 days of the close of the applicable statutory grant periods.

Finding No.1

The State did not submit OMB Standard Form 269A, FSRs within 90 days of the close of the applicable statutory grant period. The ACF, Office of Grants Management (OGM) did not have a record of submission from the State for FYs 2006 - 2008.

Recommendation

OCS recommends the State:

- 1.1 Immediately file the outstanding FSRs for FY 2006 - 2008. Additionally, the State should contact OGM to determine whether there are any financial penalties imposed on the State due to the outstanding SF 269s.
- 1.2 Provide additional technical training and assistance to ensure timely submission of SF 269 Financial Status Report.

State Comment:

Prior to the visit, the State told OCS that we discovered the tardy submission of 269's. This was corrected prior to the visit and steps have been taken to review policies so that this does not occur again. Minnesota requests that the fact that this was corrected before the site visit be noted in the report.

OCS Comment:

OCS agrees that the State discovered and corrected the error. However, for the record, OCS must note that the FSRs for 2006 – 2009, were submitted in FY 2010. The State must file all financial documents in accordance with the Federal regulations and the State must also adhere to the Terms and Conditions of the grant award. OCS considers this finding closed.

Finding No.2

OCS reviewers were unable to verify whether the State was in full compliance with Federal cost principles. OCS reviewers were unable to adequately reconcile payroll transactions against the timesheets since they were not readily available for Federal reconciliation.

The State’s record retention policy for timesheets is two years. The timesheets were destroyed in July 2010.

Therefore, the State was unable to comply with Section 678D(a)(1)(D), which requires the State to make appropriate books, documents, papers, and records available to the Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, for examination, copying, or mechanical reproduction on or off the premises of the appropriate entity upon a reasonable request for the items.

Recommendation

2.1 The State should review its existing policies on records retention to assure compliance with Section 678D(a)(1)(D). It is recommended that the State consider a record retention period of three to five years, or examine other methods to retain information (e.g. microfiche, electronic copies, etc.) for future Federal reviews.

State Comment:

The State did comply with its own policy. Original timesheets were held for two years and even held one additional year, for three years in total. General time record and payment information were then and continue to be available today.

It is not reasonable for the State to retain backup documents for more than two years.

OCS Comment:

OCS sustains the finding. OCS reviewers were unable to properly reconcile payroll without using backup documents (e.g. original timesheets). In order to close this finding, OCS will work with the State in obtaining a small sample of payroll documents to reconcile using a current grant period. (Open)

The State should comment on this report within 30 days. If no comments are provided on the text and substance of the report within 30 days, the report will be considered final. If you have any questions or comments, please contact:

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