Community Services Block Grant

DRAFT Information Memorandum | Transmittal No. 2015-3

To: West Virginia Community Services Block Grant Eligible Entities

Date: April 1, 2015

Subject: Implementation of Organizational Standards for CSBG Eligible Entities under 678B of the CSBG Act, 42 U.S.C § 9914

Purpose:

This information memorandum (IM) provides guidance and describes WV CSBG Eligible Entities' roles and responsibilities for the establishment of organizational standards as a component of a larger performance management and accountability system for CSBG. Consistent with the authority and responsibilities, the CSBG Act establishes for the Federal office and States, OEO is requiring WV CSBG Eligible Entities, no later than September 30, 2015, to report on their organizational standards for CSBG as part of an enhanced system for accountability and performance management across the CSGB Network.

WV will use the organizational standards developed by the OCS-supported CSBG Organizational Standards Center of Excellence (COE), which reflect the requirements of the CSBG Act, good management practices, and the values of Community Action. These standards will ensure CSBG eligible entities have appropriate organizational capacity to deliver services to low-income individuals and communities.

The guidance in this IM applies to the WV Office of Economic Opportunity (OEO), and WV CSBG eligible entities.

State Authority and Responsibility to Establish Organizational Standards

Under the block grant framework established in the CSBG Act, OEO has the authority and the responsibility for effective oversight of eligible entities that receive CSBG funds. Section 678B of the CSBG Act requires OEO to establish "performance goals, administrative standards, financial management requirements, and other requirements" that ensure an appropriate level of accountability and quality among the State's eligible entities. As part of OEO's oversight duties, this IM is to establish and communicate clear and comprehensive standards by which WV eligible entities will be held accountable according to the standards.

Organizational Standards for CSBG Eligible Entities – Background

In 2012, OCS funded a cooperative agreement for the CSBG Organizational Standards Center of Excellence (COE). The two-year cooperative agreement coordinated – with input from local, State, and national partners – the development and dissemination of a set of organizational standards for eligible entities for the purpose of ensuring that all CSBG eligible entities have the capacity to provide high-quality services to low-income individuals and communities.

To begin the project, the COE expanded an existing CSBG Working Group from its original 20 members to over 50 individuals. The expanded working group included a balanced representation from eligible entities, State CSBG Lead Agencies, Community Action State Associations, national partners, technical assistance providers, and external content experts.

The working group's first task was a thorough environmental scan and analysis of existing organizational oversight tools and resources, internal and external to the CSBG Network. The group found that while there are many similarities across States in how State CSBG Lead Agencies monitor eligible entities, substantial differences also exist.

The project continued through a nine-month development process that provided numerous opportunities for input by the CSBG Network, including financial and legal experts, on draft organizational standards. All together, the network invested over 3,500 documented hours in Working Group and committee meetings and in national and regional listening sessions. The final phase included a pilot that engaged a subset of State CSBG Lead Agencies and eligible entities in a field test of draft organizational standards and tools.

In March, 2014, OCS published a draft information memorandum with the draft organizational standards. OCS received 29 sets of comments (approximately 160 individual comments) from a broad range of individuals and organizations, including six CAAs; 12 states; five state associations; and six national organizations and individuals, and integrated all of this feedback into the final set of organizational standards.

The final result of the COE and OCS efforts is a comprehensive set of organizational standards developed by the CSBG Network for the CSBG Network. The CSBG Network is to be commended for its commitment to ongoing performance improvement and strengthening accountability.

The COE-developed Organizational Standards

The COE-developed standards are organized in three thematic groups comprising nine categories and totals of 58 standards for private, nonprofit eligible entities and 50 for public entities.

1. Maximum Feasible Participation
    - Consumer Input and Involvement
    - Community Engagement
    - Community Assessment
2. Vision and Direction
    - Organizational Leadership
    - Board Governance
    - Strategic Planning
3. Operations and Accountability
    - Human Resource Management
    - Financial Operations and Oversight
    - Data and Analysis

In order to be widely applicable across the CSBG Network, the standards are defined differently for private and public eligible entities. The complete description and list of private organizational standards is attached as Appendix A.

All of the COE-developed organizational standards work together to characterize an effective and healthy organization. Some of the standards have direct links to the CSBG Act, such as the standards on the tripartite board structure and the democratic selection process. Some standards link with U.S. Office of Management and Budget (OMB) guidance, such as the standards on audits. As a whole, the standards reflect many of the requirements of the CSBG Act, applicable Federal laws and regulations, good management practices, and the values of Community Action.

The purpose of the organizational standards is to ensure that all eligible entities have appropriate organizational capacity, not only in the critical financial and administrative areas important to all nonprofit and public human service agencies, but also in areas of unique importance for CSBG-funded eligible entities.

WV will benefit from COE-developed tools, training, and technical assistance, and from the collective wisdom and scale of having many States using common standards (detailed tools and materials on the standards are available on the COE web page on the Community Action Partnership website).

State Oversight

Section 678B of the CSBG Act requires State CSBG Lead Agencies to establish "performance goals, administrative standards, financial management requirements, and other requirements" that ensure an appropriate level of accountability and quality among the State's eligible entities. The purpose of OEO using the organizational standards is to ensure each eligible entity has appropriate organizational capacity to fulfill the purposes of the CSBG Act. This IM is to establish how organizational standards will be implemented as part of OEO's overall oversight strategy.

- *Assessment of Standards*

  OEO is responsible for assessing the status of standards among all of the eligible entities annually and for reporting to OCS on the standards in the CSBG Annual Report beginning in FY2016. Beginning in FY2015, eligible entities will complete an electronic self-assessment by September 30, 2015. This assessment will serve as a practice assessment and to evaluate potential training needs across the state to be the focus of state training in FY2016. OEO will work with the WV Community Action Partnership, Inc. to develop timely and effective trainings to address common training needs among all eligible entities.

  Beginning in FY2016, OEO will establish a schedule to review and verify eligible entities' electronic assessment of standards once per program year through an OEO desk review process. Eligible entities must update their electronic assessments no less than annually to ensure a fair desk review process by OEO.

  OEO is responsible for ensuring that all eligible entities meet all organizational standards. Some standards may take several years for eligible entities to meet, but every entity must make steady progress toward the goal of meeting all standards.

- *Corrective Action*

  During the assessment process, if OEO finds an eligible entity is not meeting a standard or set of standards, OEO's response will depend on the circumstances. In cases where the eligible entity may be able to meet the standard in a reasonable time frame contingent on some targeted technical assistance, OEO and the eligible entity may develop a technical assistance plan to target training and technical assistance resources and outline a time frame for the entity to meet the standard(s). If appropriate in other situations, OEO may initiate action in accordance with section 678C of the CSBG Act (42 U.S.C. § 9915), including the establishment of a Quality Improvement Plan (QIP) with clear timelines and benchmarks for progress.

  As long as OEO is confident that the eligible entity is moving toward meeting standards, under a technical assistance plan, QIP, or other oversight mechanism, OEO will not initiate action to terminate or reduce funding.

  The failure of an eligible entity to meet multiple standards may reflect deeper organizational challenges and risk. In those cases, OEO will determine whether it may be necessary to take additional actions, including reducing or terminating funding, in accordance with CSBG IM 116 (Corrective Action, Termination, or Reduction of Funding), issued May 1, 2012. OCS and States do not have the authority under the CSBG Act to bypass the process described in CSBG IM 116 in order to re-compete CSBG funding based on failure to meet organizational standards.

Implementation of Organizational Standards

The roll-out of organizational standards for eligible entities is a significant development in the history of CSBG and marks a new phase in our ability to strengthen accountability and results. OEO's goal is to move expeditiously in integrating organizational standards into the State Plan for FY 2016. OEO plans to manage

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this process thoughtfully so as to minimize unintended impact on its operations and those of the eligible entities.

- *Roll-out Process*
  OEO intends to follow a process that is as fair and reasonable as possible. OEO is allowing input from the boards and leadership of eligible entities on the timing and procedures for implementing, documenting, and reporting on the standards.
- *Process and Timing for an Effective Roll-out.*
  - **April 22, 2015**
    Webinar: "Organizational Standards (How to Complete Your Self-Assessment)"
    This webinar will provide eligible entities with the tools and information needed to complete an organizational standards electronic self-assessment in FACS Pro. A recording of this webinar will be available on OEO Website within 5 days.
  - **April 22, 2015**
    Electronic Self-Assessment Tool Release: The electronic Self-Assessment tool will be made available to eligible entities in DBA FACS Pro – OS Pro. Eligible entities are encouraged to begin their electronic self-assessment as soon as possible.
  - **April 22, 2015**
    Draft Document Release: "CSBG IM 2015-3 – Implementation of Organizational Standards for CSBG Eligible Entities"
  - **April 22, 2015 – May 29, 2015**
    Comment Period: OEO will be accepting comments in writing from boards and leadership of eligible entities on the Draft CSBG IM 2015-3. All comments will be considered and discussed among OEO staff to determine the best response and/or possible modifications to the Draft IM.
  - **June 30, 3015**
    Final Document Release: "CSBG IM 2015-3 – Implementation of Organizational Standards for CSBG Eligible Entities"
  - **September 30, 2015**
    Initial Self-Assessment Due: Eligible entities must have completed an initial electronic self-assessment in FACS Pro – OS Pro.
  - **September 1, 2015**
    FY 2016 CSBG Application and State Plan: States are expected to use organizational standards for assessing eligible entities starting in FY 2016. In order to do this, OEO must include information about organizational standards in their FY 2016 application and State plan.
  - **October 1, 2015 – March 31, 2016**
    Verification and Analysis Period: Together, the WV Community Action Partnership and OEO will evaluate the status of each organizational standard to determine common areas where improvement is needed. This will create areas of focus for planned training and technical assistance in FY 2016 including topics at the 2016 WVCAP Annual Training Conference. The initial self-assessment will not result in any QIPs for eligible entities.
  - **April 1, 2016 – September 30, 2016**
    Period to Complete Baseline Assessments: During this period, eligible entities will be required to complete an electronic self-assessment that will be verified by OEO or a third party. This assessment will be reported to OCS in the CSBG Annual Report as required in OCS IM 138. This assessment will establish a baseline by which all future activities and changes in the status of meeting each standard will be measured.

  Following the baseline assessment, eligible entities will update assessments no less than annually. Assessment will be verified by OEO or a third party

OEO Responsibilities

Responsibilities	Time Frame
Organizational Standards: Establish, communicate, and implement	2015
CSBG Model State Plan: Include organizational standards (OEO will submit State Plan through OLDC system)	Due by September 1, 2015
Organizational Standards: Assess through established oversight procedures	Starting Federal Fiscal Year 2016
Annual Report: Report performance on organizational standards (State accountability measures)	End of 2106 performance period, by March 2017, as appropriate

CSBG Eligible Entity Responsibilities

Responsibilities	Time Frame
Organizational Standards: Self-assessment and planning for adoption of standards	2015
Organizational Standards: Assess through established State oversight procedures; Address identified weaknesses and share exceptional practices, with OEO and technical assistance providers.	Starting Federal Fiscal Year 2016

Conclusion

Together we must insist upon accountability and performance management across the WV CSBG Network. The COE-developed organizational standards have the potential to protect and enhance the structural integrity of this national network by assuring that all entities that annually receive CSBG funds have the capacity to organize and support a comprehensive community response to the complex social problems that contribute to poverty.

Appendices:

Appendix A: COE-developed Organizational Standards for Private, Nonprofit CSBG Eligible Entities

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ORGANIZATIONAL STANDARDS FOR PRIVATE, NONPROFIT CSBG ELIGIBLE ENTITIES

MAXIMUM FEASIBLE PARTICIPATION

Category one: Consumer Input and Involvement

Community Action is rooted in the belief that people with low incomes are in the best position to express what they need to make a difference in their lives. CSBG eligible entities work in partnership with the people and communities they serve. Community Action works in a coordinated and comprehensive manner to develop programs and services that will make a critical difference in the lives of participants. Individuals and families are well attuned to what they need, and when Community Action taps into that knowledge, it informs our ability to implement high-impact programs and services.

Research shows that through engagement in community activities such as board governance, peer to peer leadership, advisory bodies, volunteering, and other participatory means, the poor build personal networks and increase their social capital so that they are able to move themselves and their families out of poverty. Community Action is grounded in helping families and communities build this social capital for movement to self-sufficiency.

Standard 1.1 • private The organization demonstrates low-income individuals' participation in its activities.

Standard 1.2 • private The organization analyzes information collected directly from low-income individuals as part of the community assessment.

Standard 1.3 • private The organization has a systematic approach for collecting, analyzing, and reporting customer satisfaction data to the governing board.

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Category two: Community Engagement

No CSBG eligible entity can meet all of a community's needs independently. Through formal and informal partnerships, ongoing community planning, advocacy, and engagement of people with low incomes, partners ranging from community and faith-based organizations, educational institutions, government, and business work together with Community Action Agencies and other CSBG eligible entities to successfully move families out of poverty and revitalize communities.

Community Action is often the backbone organization of community efforts to address poverty and community revitalization: leveraging funds, convening key partners, adding the voice of the underrepresented, and being the central coordinator of efforts. It is not an easy role to play, but a vital one for families and communities.

Standard 2.1 • private The organization has documented or demonstrated partnerships across the community, for specifically identified purposes; partnerships include other anti-poverty organizations in the area.

Standard 2.2 • private The organization utilizes information gathered from key sectors of the community in assessing needs and resources, during the community assessment process or other times. These sectors would include at minimum: community-based organizations, faith-based organizations, private sector, public sector, and educational institutions.

Standard 2.3 • private The organization communicates its activities and its results to the community.

Standard 2.4 • private The organization documents the number of volunteers and hours mobilized in support of its activities.

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Category three: Community Assessment

Local control of Federal CSBG resources is predicated on regular comprehensive community assessments that take into account the breadth of community needs as well as the partners and resources available in a community to meet these needs. Regular assessment of needs and resources at the community level is the foundation of Community Action and a vital management and leadership tool that is used across the organization and utilized by the community to set the course for both CSBG and all agency resources.

Standard 3.1 • private The organization conducted a community assessment and issued a report within the past 3 years.

Standard 3.2 • private As part of the community assessment, the organization collects and includes current data specific to poverty and its prevalence related to gender, age, and race/ethnicity for their service area(s).

Standard 3.3 • private The organization collects and analyzes both qualitative and quantitative data on its geographic service area(s) in the community assessment.

Standard 3.4 • private The community assessment includes key findings on the causes and conditions of poverty and the needs of the communities assessed.

Standard 3.5 • private The governing board formally accepts the completed community assessment.

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VISION AND DIRECTION

Category four: Organizational Leadership

Community Action leadership is exemplified at all levels across the organization and starts with a mission that clarifies Community Action's work on poverty. A well-functioning board, a focused chief executive officer (CEO)/executive director, well-trained and dedicated staff, and volunteers giving of themselves to help others will establish Community Action as the cornerstone and leverage point to address poverty across the community. Ensuring strong leadership both for today and into the future is critical.

This category addresses the foundational elements of mission as well as the implementation of the Network's model of good performance management (ROMA). It ensures CAAs have taken steps to plan thoughtfully for today's work and tomorrow's leadership.

Standard 4.1 • private The governing board has reviewed the organization's mission statement within the past 5 years and assured that:

1. The mission addresses poverty; and
2. The organization's programs and services are in alignment with the mission.

Standard 4.2 • private The organization's Community Action plan is outcome-based, anti-poverty focused, and ties directly to the community assessment.

Standard 4.3 • private The organization's Community Action plan and strategic plan document the continuous use of the full Results Oriented Management and Accountability (ROMA) cycle or comparable system (assessment, planning, implementation, achievement of results, and evaluation). In addition, the organization documents having used the services of a ROMA-certified trainer (or equivalent) to assist in implementation.

Standard 4.4 • private The governing board receives an annual update on the success of specific strategies included in the Community Action plan.

Standard 4.5 • private The organization has a written succession plan in place for the CEO/executive director, approved by the governing board, which contains procedures for covering an emergency/unplanned, short-term absence of 3 months or less, as well as outlines the process for filling a permanent vacancy.

Standard 4.6 • private An organization-wide, comprehensive risk assessment has been completed within the past 2 years and reported to the governing board.

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Category five: Board Governance

Community Action boards are uniquely structured to ensure maximum feasible participation by the entire community, including those the network serves. By law, Community Action boards are comprised of at least 1/3 low-income consumers (or their representatives), 1/3 elected officials (or their appointees), and the remainder private-sector community members. To make this structure work as intended, CAAs must recruit board members thoughtfully, work within communities to promote opportunities for board service, and orient, train, and support them in their oversight role. Boards are foundational to good organizational performance and the time invested to keep them healthy and active is significant, but necessary.

Standard 5.1 • private The organization's governing board is structured in compliance with the CSBG Act:

1. At least one third democratically-selected representatives of the low-income community;
2. One-third local elected officials (or their representatives); and
3. The remaining membership from major groups and interests in the community.

Standard 5.2 • private The organization's governing board has written procedures that document a democratic selection process for low-income board members adequate to assure that they are representative of the low-income community.

Standard 5.3 • private The organization's bylaws have been reviewed by an attorney within the past 5 years.

Standard 5.4 • private The organization documents that each governing board member has received a copy of the bylaws within the past 2 years.

Standard 5.5 • private The organization's governing board meets in accordance with the frequency and quorum requirements and fills board vacancies as set out in its bylaws.

Standard 5.6 • private Each governing board member has signed a conflict of interest policy within the past 2 years.

Standard 5.7 • private The organization has a process to provide a structured orientation for governing board members within 6 months of being seated.

Standard 5.8 • private Governing board members have been provided with training on their duties and responsibilities within the past 2 years.

Standard 5.9 • private The organization's governing board receives programmatic reports at each regular board meeting.

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Category six: Strategic Planning

Establishing the vision for a Community Action Agency is a big task and setting the course to reach it through strategic planning is serious business. CSBG eligible entities take on this task by looking both at internal functioning and at the community's needs. An efficient organization knows where it is headed, how the board and staff fit into that future, and how it will measure its success in achieving what it has set out to do. This agency-wide process is board-led and ongoing. A "living, breathing" strategic plan with measurable outcomes is the goal, rather than a plan that gets written but sits on a shelf and stagnates. Often set with an ambitious vision, strategic plans set the tone for the staff and board and are a key leadership and management tool for the organization.

Standard 6.1 • private The organization has an agency-wide strategic plan in place that has been approved by the governing board within the past 5 years.

Standard 6.2 • private The approved strategic plan addresses reduction of poverty, revitalization of low-income communities, and/or empowerment of people with low incomes to become more self-sufficient.

Standard 6.3 • private The approved strategic plan contains family, agency, and/or community goals.

Standard 6.4 • private Customer satisfaction data and customer input, collected as part of the community assessment, is included in the strategic planning process.

Standard 6.5 • private The governing board has received an update(s) on progress meeting the goals of the strategic plan within the past 12 months.

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OPERATIONS AND ACCOUNTABILITY

Category seven: Human Resource Management

The human element of Community Action's work is evident at all levels of the organization and the relationship an organization has with its staff often reflects the organization's values and mission. Oversight of the chief executive officer (CEO)/executive director and maintaining a strong human resources infrastructure are key responsibilities of board oversight. Attention to organizational elements such as policies and procedures, performance appraisals, and training lead to strong organizations with the capacity to deliver high-quality services in low-income communities.

Standard 7.1 • private The organization has written personnel policies that have been reviewed by an attorney and approved by the governing board within the past 5 years.

Standard 7.2 • private The organization makes available the employee handbook (or personnel policies in cases without a handbook) to all staff and notifies staff of any changes.

Standard 7.3 • private The organization has written job descriptions for all positions, which have been updated within the past 5 years.

Standard 7.4 • private The governing board conducts a performance appraisal of the CEO/executive director within each calendar year.

Standard 7.5 • private The governing board reviews and approves CEO/executive director compensation within every calendar year.

Standard 7.6 • private The organization has a policy in place for regular written evaluation of employees by their supervisors.

Standard 7.7 • private The organization has a whistleblower policy that has been approved by the governing board.

Standard 7.8 • private All staff participate in a new employee orientation within 60 days of hire.

Standard 7.9 • private The organization conducts or makes available staff development/training (including ROMA) on an ongoing basis.

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Category eight: Financial Operations and Oversight

The fiscal bottom line of Community Action is not isolated from the mission, it is a joint consideration. Community Action boards and staff maintain a high level of fiscal accountability through audits, monitoring by State and Federal agencies, and compliance with Federal Office of Management Budget circulars. The management of Federal funds is taken seriously by CSBG eligible entities and the Standards specifically reflect the board's oversight role as well as the day-to-day operational functions.

Standard 8.1 • private The organization's annual audit (or audited financial statements) is completed by a Certified Public Accountant on time in accordance with Title 2 of the Code of Federal Regulations, Uniform Administrative Requirements, Cost Principles, and Audit Requirement (if applicable) and/or State audit threshold requirements.

Standard 8.2 • private All findings from the prior year's annual audit have been assessed by the organization and addressed where the governing board has deemed it appropriate.

Standard 8.3 • private The organization's auditor presents the audit to the governing board.

Standard 8.4 • private The governing board formally receives and accepts the audit.

Standard 8.5 • private The organization has solicited bids for its audit within the past 5 years.

Standard 8.6 • private The IRS Form 990 is completed annually and made available to the governing board for review.

Standard 8.7 • private The governing board receives financial reports at each regular meeting that include the following:

1. Organization-wide report on revenue and expenditures that compares budget to actual, categorized by program; and
2. Balance sheet/statement of financial position.

Standard 8.8 • private All required filings and payments related to payroll withholdings are completed on time.

Standard 8.9 • private The governing board annually approves an organization-wide budget.

Standard 8.10 • private The fiscal policies have been reviewed by staff within the past 2 years, updated as necessary, with changes approved by the governing board.

Standard 8.11 • private A written procurement policy is in place and has been reviewed by the governing board within the past 5 years.

Standard 8.12 • private The organization documents how it allocates shared costs through an indirect cost rate or through a written cost allocation plan.

Standard 8.13 • private The organization has a written policy in place for record retention and destruction.

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Category nine: Data and Analysis

The Community Action Network moves families out of poverty every day across this country and needs to produce data that reflect the collective impact of these efforts. Individual stories are compelling when combined with quantitative data: *no data without stories and no stories without data*. Community Action needs to better document the outcomes families, agencies, and communities achieve. The Community Services Block Grant funding confers the obligation and opportunity to tell the story of agency-wide impact and community change, and in turn the impact of the Network as a whole.

Standard 9.1 • private The organization has a system or systems in place to track and report client demographics and services customers receive.

Standard 9.2 • private The organization has a system or systems in place to track family, agency, and/or community outcomes.

Standard 9.3 • private The organization has presented to the governing board for review or action, at least within the past 12 months, an analysis of the agency's outcomes and any operational or strategic program adjustments and improvements identified as necessary.

Standard 9.4 • private The organization submits its annual CSBG Information Survey data report and it reflects client demographics and organization-wide outcomes.

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