



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

Community Services Block Grant

Michigan State Assessment

On-Site Review

Final

October 24 - 28, 2011

Michigan State Assessment

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Michigan Community Services Block Grant

I. Executive Summary

The Community Services Block Grant (CSBG) provides assistance to States and local communities working through a network of eligible entities¹ 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 funds are used to create, coordinate, and deliver a broad array of 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 Michigan designated the Michigan Department of Human Services (MDHS), as the appropriate lead agency for the administration of CSBG. In Michigan, CSBG provides funding, technical assistance, and support to 30 eligible entities serving 83 counties. The eligible entities provide an array of services according to the Community Action Plan 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, money management, and microbusiness development. The information contained in this report was compiled during a State Assessment of the Michigan CSBG 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 are conducted to examine the implementation, performance, compliance, and outcomes of a State's CSBG and 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 August 25, 2010, OCS issued Information Memorandum (IM) 117, explaining that DSA would conduct both on-site and desk monitoring visits during Federal Fiscal Years (FFYs) 2011-2013. Federal staff conducted an on-site review of the Michigan CSBG and its eligible entities from October 24 – 28, 2011. The evaluation included interviews and analyses of the data collected. Per the CSBG statute, the State Assessments also examine the State and its eligible entities' assurances per the CSBG statute Section 676, including the following:

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 to employment and training activities, with the Low-Income Home Energy Assistance Program (LIHEAP), 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;

¹ The term "eligible entities" is used throughout this report to refer to non-profit or public agencies that meet the requirements of Section 673(1)(A) and Section 676B of the CSBG Act. Eligible entities include Community Action Agencies (eligible entities) and other eligible nonprofit and public agencies designated by the State.

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 (Board) and eligible entity rules;
7. Appropriate fiscal and programmatic procedures to include a Community Action Plan from the eligible entities 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.²

The State Assessment also examines the fiscal and governance requirements 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 requirements 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 CSBG, including Board governance, non-discrimination provisions, and political activities prohibitions.

Methodology

The State Assessment consisted of two levels of evaluation by OCS reviewers:

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

State-level interviews included the following MDHS officials: Stacie Gibson, Director; Kris Schoenow, Assistant Director; Robert Kefgen, Executive Assistant to the Deputy Director; Margo A. Yaklin, Accounting Division Director; Josh Larsen, Monitoring and Internal Control Director; Dudley N. Spade, Deputy Director Strategic Services; Stephen P. Listman, Program Monitor; Jeffery Wyman, Fiscal Monitor; Lilia Denney, Federal Reporting Accounting; and Bill Addison, CPA.

OCS reviewers assessed the following eligible entities: Wayne Metropolitan Community Action Agency in Wyandotte, Michigan; Mid-Michigan Community Action, Inc. in Clare, Michigan; and Area Community Service Employment and Training Council, Grand Rapids, Michigan.

OCS reviewers included: Isaac Davis, Program Specialist and Team Leader; Michael Pope, Auditor; Emmanuel Djokou, Auditor; and Renee Harris, Auditor.

² 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, program, and financial operations for the State and the eligible entities assessed;
- Brochures and literature on services provided;
- Most recent CSBG financial summary reports for the State and eligible entities;
- Standard Form (SF) 269 Financial Status Report for FY 2009 showing total funds authorized;³
- Audited Financial Statements for the State and eligible entities;
- Michigan State CSBG Plan; and
- Michigan CSBG Operations Manual.

Fiscal and Governance Operations

The CSBG statute requires each State to designate a lead agency to administer CSBG, and for the lead agency to provide oversight of the eligible entities that administer CSBG in the communities. The Governor designated the MDHS as the lead agency to administer CSBG. In FY 2009 the State allocated 90 percent of CSBG funds to eligible entities.

In order to verify that fiscal controls and adequate accounting practices were in place, OCS reviewers examined various transactions and monthly financial reports with the new Advantage ME Accounting System. The State operates on a reimbursement system, and monthly reports are the primary tools for evaluating allowable expenditures and tracking budget line items. Monthly reports are reviewed by State fiscal staff and subsequently reviewed by the Fiscal Manager before payments are processed. OCS reviewers examined the monthly reports approval process and a sampling of the subsequent CSBG disbursement to entities on-site. The OCS reviewers found the State to be in compliance and had no findings for technical assistance.

Table 1 illustrates the distribution of Federal funds allocated in Michigan.

Table 1

Use of FY 2009 Funds: Michigan ⁴		
Uses of Funds	Amount Expended	Percentage of Expenditures
Grants to Local Eligible Entities	\$23,074,113	90%
Administrative Costs	\$1,281,895	5%
Discretionary Projects	\$1,281,895	5%
Total Used in FY 2009	\$25,637,903	100%

³ The SF 269—Short Form is used to report the amount of program income earned and the amount expended.

⁴ The amount expended was reported in the State's general ledger.

According to the State, administrative expenditures were used for the management and monitoring of CSBG. Discretionary funds were disbursed to the eligible entities for their use based on their community needs assessment.

In 2009, the State utilized five percent of CSBG for various discretionary purposes including the following: (1) allocation to bring eligible entity funding levels up to a minimum of \$150,000; (2) Native American projects; (3) Migrant Services projects; (4) Eligible Entity Training and Technical Assistance (T/TA) Allocation; (5) Eligible Entity Projects and Other T/TA; (6) Statewide Earned Income Tax Credit Outreach & Tax Preparation Assistance; and (7) Statewide Community Poverty Forums.

OCS reviewers verified, the State's General Ledger, allocations and expenditures. OCS reviewers determined the State's use of discretionary funds were in accordance with Section 675(b)(1) of the CSBG statute.

Administrative and Financial 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 eligible entities have a system of governance, financial and human resource management, program and service delivery, and community relations. The State requires the eligible entities 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.

Through a review of information, interviews with state employees and observation of the use of the State's financial systems, OCS reviewers were able to determine that certain forms of controls such as input authorization, missing data tests, error resubmission, centralized policies and procedures, systems training, and access control and authorization, do exist.

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. In Michigan 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 were coordinated with the eligible entities 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. In the State, not all on-site reviews require a focus on the entire CSBG.

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 CSBG.

OCS reviewers reviewed records to determine that monitoring reviews were conducted to meet the following objectives: 1) review of sub-recipient performance; 2) review of compliance to applicable State and Federal regulations, policies and statutes; 3) assist in the prevention of fraud and abuse; and 4) identification of technical assistance needs. A

comprehensive CSBG monitoring tool is required to be used in eligible entity monitoring visits. Each applicable area of this document is designed to be completed with all supporting documentation retained in the State office files.

Table 2 illustrates the State’s monitoring schedule indicating the eligible entities visited.

Table 2

Michigan Monitoring Schedule		
Agency Name	On-site Visits	Counties Served
Alger-Marquette Community Action Board	7/14-7/15/09	Alger, Marquette
Allegan County Resource Development Committee	5/27-5/29/09	Allegan
Area Community Services Employment and Training	5/5-7/29/09	Kent
Baraga-Houghton-Keweenaw Community Action Agency	6/14-6/16/10	Baraga, Houghton, Keweenaw
Capital Area Community Services	3/25-3/27/09	Clinton, Eaton, Ingram, Shiawassee
Chippewa-Luce-Mackinac Community Action	7/27/09	Chippewa, Luce, Mackmac
City of Detroit Department of Human Services	8/9/09	City of Detroit
Community Action Agency-JHL	1/26-1/28/09	Jackson, Hilldale, Lenawee
Community Action Agency of South Central Michigan, Inc.	6/29-7/1/09	Calhoun, Barry, Branch, St. Joseph
Dickinson-Iron County Community Services Agency	6/17/10	Dickinson, Iron
Economic Opportunity Committee of St. Clair County, Inc.	6/4/09	St. Clair
EightCAP, Inc.	6/23-7/13/09	Isabella, Montcalm, Gratiot, Ionia
FiveCAP, Inc.	11/23-11/25/09	Manistee, Mason, Lake, Newaygo
Genesee County Community Action Resource Department	7/16/09	Genesee
Gogebic-Ontonagon Community Action Agency	6/2-6/3/09	Gogebic, Ontonagon
Human Development Commission	8/24-8/26/10	Tuscola, Huron, Sanilac, Lapeer
Intertribal Council of Michigan		Statewide
Kalamazoo County Human Services: Community Action Bureau	7/20-7/22/10	Kalamazoo
Macomb County Community Services Agency	6/8-6/10/09	Macomb
Menominee-Delta-Schoolcraft Community Action	6/4/09	Menominee, Delta, Schoolcraft
Mid-Michigan Community Action Agency	2/9-2/11/09	Bay, Clare, Gladwin, Mecosta, Midland, Osceola
Monroe County Opportunity Program	3/2-3/4/10	Monroe
Muskegon-Oceana Community Action Partnership	4/13-4/15/10	Muskegon, Oceana
Northeast Michigan Community Service Agency, Inc.	5/11-5/13/10	Alcona, Alpena, Arenac, Cheboygan, Crawford, Iosco, Montmorency, Oscoda, Ogemaw, Otsego, Presque Isle
Northwest Michigan Human Services Agency, Inc.	6/15-6/17/09	Antrim, Charlevoix, Emmet, Benzie, Kalkaska, Wexford, Grand Traverse, Missaukee, Leelanau, Roscommon
Oakland-Livingston Human Service Agency	1/26-1/27/10	Oakland, Livingston
Ottawa County Community Action Agency	8/4/09	Ottawa
Saginaw County Community Action Committee, Inc.	11/30-12/2/09	Saginaw
Southwest Michigan Community Action Agency	2/23-2/25/10	Van Buren, Cass, Berrien
Washtenaw County Employment Training and Community Services Group	8/4-8/6/09	Washtenaw
Wayne Metropolitan Community Action Agency	8/12-8/14/09	Wayne County other than City of Detroit

OCS reviewers determined the State adhered to Section 678B that requires States to monitor eligible entities at least once every three years. OCS reviewers examined the State’s monitoring procedures and a representative sample of completed monitoring tools, reports, backup documentation, and corrective action letters. OCS reviewers noted weaknesses in the State and eligible entities’ retention of support documentation and follow-up activities. Through documentation reviews and interviews with State staff responsible for monitoring eligible entities staff, OCS reviewers determined that the State has apparent weaknesses in the internal controls for documenting monitoring reviews of eligible entities. We noted that the State failed to secure from eligible entities documentation verifying the corrective action process had been resolved.

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

The State operates on a cost reimbursement with its eligible entities. The eligible entities are required to submit monthly statements of expenditures 30 days from the end of the monthly billing period, which are reviewed by the CSBG Program Coordinator before they are sent to the financial department for processing and payment. OCS examined the monthly reports approval process and a sampling of disbursements to eligible entities. The Michigan Accounting Information Network (MAIN) provides a budgetary control structure, independent from appropriations, which is tailored to grant requirements. In addition, it provides an automated mechanism for recording both direct and indirect grant costs and associated revenues.

In accordance with Section 678D, States that receive funds shall 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 item(s). The State provided the documentation upon request.

Office of Management and Budget (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 of Federal funds 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 a State audit report is prepared annually.

Eligible entities are required to submit copies of their A-133 audits to the MDHS Office of Internal Audit. The State audit procedures include: (1) The Office of Internal Audit reviews and issues findings and administrative recommendations as necessary; (2) The Bureau (program office) requests and reviews relevant corrective action plans from the eligible entities; and (3) Prepares necessary MDHS Management Decision Letters and performs necessary follow-up.

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.

OCS reviewers noted no findings as it relates to CSBG in the State of Michigan Single Audit Report for FYs 2009 and 2010. As a result, the audit for the CSBG cluster warrants an unqualified opinion on compliance with Federal laws and regulations.

OCS reviewers examined the FAC Data Collection Form for reporting on Audits of States, Local Governments, and Non-Profit Organizations found on the FAC website. The OCS reviewers found

the State forms were written and submitted in accordance with the Federal requirements. The State Auditor found no areas of noncompliance, reportable conditions, including material weaknesses, questioned costs, fraud, or other reportable items for CSBG. OCS reviewers also recognized that the State adheres to the accounting principles and financial reporting standards established by the Governmental Accounting Standards Board.⁵ OCS reviewers examined the State's internal audit process. OCS reviewers noted that the Bureau is subject to periodic fiscal and program audits by the State Auditor General (AG) in accordance with the Single Agency Audit Act.

Recapture and Redistribution

Since 2001, Congressional Appropriation language has provided instruction that supersedes the language in Section 675(C)(3) of the enabling legislation. States are required to comply with annual appropriation instructions requiring 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." OCS reviewers noted that the State of Michigan provided State policies or procedures to address recapture and redistribution of funds.

Carryover Balance

In accordance with 45 CFR §96.30(b)(4), respectively, the grantee shall submit annual program progress and financial status reports using OMB Standard Form 269A Financial Status Report (FSR). The FSRs are due within 90 days of the close of the applicable statutory grant periods. Failure to submit reports on time may be the basis for withholding financial assistance payments, suspension, or termination of funding. During our assessment, OCS reviewers noted the State submitted its FSR in accordance with 45 CFR §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 2009 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 a carryover balance of \$4,300,930 for FY 2008. A carryover balance of \$1,911,032 was reported for FY 2009. The State's Community Services Policy Manual (CSPM 507) allows eligible entities to retain any carryover amount to the next program year. Recaptured funds will be distributed during the 2nd quarter of the following fiscal year when the fiscal year's final allocations are made (based on receipt of the final state allotment from HHS) and allowable carry-forward is returned to the agencies.

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 at minimum one year and no more than two fiscal years. In conjunction with the development of the State Plan, the State holds at least one public hearing. Notices were published in five newspapers Detroit Free Press/News, Michigan

⁵ 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).

Chronicle, Grand Rapids Press, Lansing State Journal and the Mining Journal on July 11, 2008 advertising (2) Public Hearings. The first Public Hearing was held on July 16, 2008, at 235 North Grand Avenue, Lansing, MI and the second on July 17, 2008, at 3040 West Grand Boulevard, Detroit, MI.

To meet Public Inspection requirements copies of the State Plan, including the public hearing notice, were distributed to the Michigan Legislature, the 30 eligible entities, the State Community Action Agency Association, and the Michigan American Indian Association office within the Department of Civil Rights.

OCS reviewers determined through a review of the Michigan State Plan and attachments that the State provided evidence of the notice of availability. CSBG Public Hearing documentations were available for review. OCS reviewers assessed the State Public Hearing procedures and determined that the State was in compliance with Section 676, which requires statewide distribution of notice.

Tripartite Boards

The State requires eligible entities to submit a listing of their Tripartite Board membership prior to being approved to administer CSBG funding. Eligible entities 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. One-third of its members are public officials and the remainder of its members represents business, industry, labor, religious, 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 State of Michigan requires eligible entities to 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 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 eligible entities 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 cost identified by audits.

In accordance with Federal and State laws, each eligible entity in order to be in full compliance, 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 eligible entities when representation needs to be adjusted. The State assured OCS that the eligible entities adhere to the statute regarding Tripartite Boards by providing information regarding the requirements of a Tripartite Board to each eligible entity in three documents: CSBG Operations Manual, CSBG Grant Agreement, and CSBG assurances submitted with the State Plan each year. OCS reviewers determined that the State demonstrated reasonable internal controls for monitoring and approving the Tripartite Board certifications.

Administrative or Fiscal Operations

The State is required to maintain current financial procedures in order to meet fiscal standards set forth by Federal regulations. In accordance with the Federal Terms and Conditions financial status reports are required annually. Failure to comply with State and Federal reporting requirements may result in corrective action including suspension of grant awards.

According to 45 C.F.R. § 96.30(a) Fiscal and administrative operations require: (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 Section 678D, the State is required to have processes in place to provide oversight of CSBG funds. OCS reviewers were able to adequately validate the following: (1) all requested documents, (2) sampling of the State's General Ledger transactions, and (3) the State's accounting reports, when requested.

OCS reviewers were provided by the State with the expenditure summaries listing programmatic, administrative and discretionary transactions. OCS reviewed a sample of these transactions in the State's accounting system. In addition, the sample of transactions were traced to source documents such as vendor invoices, travel reimbursement, and timesheets for the purpose of determining if expenditures are allowable, allocable and supported by appropriate documentation.

The OCS reviewers' analyses of the State's records and procedures that included administrative, financial, and programmatic operations, determined that the State has demonstrated reasonable internal controls to administer CSBG. OCS reviewers determined that the State's written policies and procedures are in compliance with CSBG guidance.

Corrective Action-Termination and Reduction policies are located in the Community Services Policy Manual. State policies were issued 12/99 effective 1/2000. The State should review the policies against IM 116 to assure compliance to guidance in effect as of 2009.

The State maintains a Corrective Action Tracking System which is outlined in the Monitoring Manual. Monitoring Reports are required to be entered into the system and the Department's Monitoring Webpage.

The monitoring unit is responsible for updating the monitoring tracking system. All activities that impact the status of the monitoring should be input into the system. This includes findings,

questioned cost, and the contractor's corrective action plan. OCS reviewers noted weaknesses in the State's retention of support documentation and follow-up activities for corrective action. The reviewers noted that the State did not provide documentation verifying the corrective action process had been completed.

Through a review of the State's policies and interviews with State staff responsible for the administration of CSBG, OCS reviewers determined that during FY 2009, the State has assurances within the Notice of Funds Award (NFA) that the CAA shall inform and refer custodial parents in single parent families that participate in programs, activities, or services carried out or provided for with CSBG to the child support offices of State and local governments. OCS determined the State adhered to Section 678G Drug and Child Support Services and Referrals.

Program Operations⁶

The State reported demographic information on individuals who received services using CSBG funds in FY 2009. During this State Assessment, 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/TA grants, T/TA grant reviews, and agency postings (i.e., worker's compensation, client appeals).

The State and eligible entities 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 eligible entities 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(Appendix 1) shows the reported characteristics of individuals and families served throughout the State.

Based on the CSBG statute, the grant agreement outlines the following requirements for the State's eligible entities:

- A community needs assessment;
- A description of the service delivery system for low-income individuals and families in the service area;

⁶ FY 2009 State CSBG IS Report

- A description of linkages that will be developed to fill gaps in service 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 Michigan community revitalization.

CSBG Client Characteristics and Statistics reported by the State using the CSBG Information Survey (IS) report is found in Table 3 refer to **Appendix 1**.

The program activities associated with CSBG funds as used by the eligible entities in FY 2008 are detailed below:

Employment Programs

The State reported spending \$1,752,049 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 \$1,886,935 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 child care 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 \$1,834,308 for 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 \$5,627,325 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 \$3,685,768 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 United States Department of Agriculture 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 \$2,447,312 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 participant implement the plan (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 \$791,401 in CSBG funds on health initiatives 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(s), 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 \$2,638,120 in CSBG grant funds on 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 \$3,918,109 in CSBG funds on linkage initiatives that involve a variety of local activities because of the CSBG statutory mandate to mobilize and coordinate community responses to poverty. These services may include:

- Coordination among programs, facilities, and shared resources through information systems, communications 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 for the same goals as the eligible entities.

At the local level, the eligible entities coordinate CSBG 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 Seniors

The State reported spending \$1,217,095 in CSBG funds on the programs serving youth and spending \$2,400,668 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, respectively. Seniors' programs help seniors to avoid or address illness, incapacity, absence of a caretaker or relative, prevent abuse and neglect, and promote wellness.

Youth services may include:

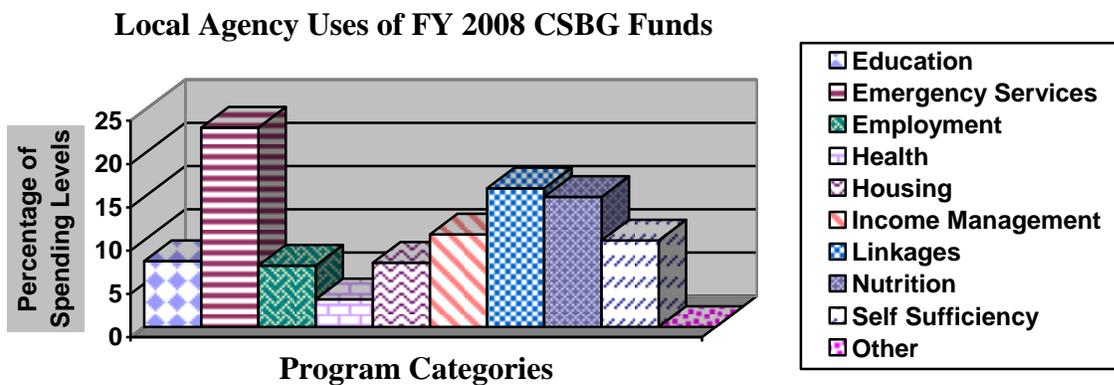
- Recreational facilities and programs;
- Educational services;
- Health services and prevention of risky behavior;
- Delinquency prevention; and

- Employment and mentoring projects.

Senior 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 also illustrates the proportion of CSBG local expenditures reported by the State.



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 ROMA. Alternatively, States may design their own similar system. States are to report to OCS their progress on the implementation of performance measurement practices.

The State has developed a set of instructions to support the collection and reporting of ROMA data from eligible entities. No formal data collection system was implemented statewide in FY 2009. Excel worksheets were developed for each eligible entity for data collection and data was manually entered for submission to the State. Some agencies used a client data collection system called Easy Track to submit ROMA data to the State. Due to the inconsistency with data collection, the State worked with the State Association for cross review of data received. OCS reviewed a cleaning memo which was received by the State from the National Association for State Community Services Programs (NASCSPP) noting errors to the Information Survey (IS) Report. Corrections were made as necessary and the IS Report was resubmitted. OCS reviewers noted that the State implemented a statewide data collection system called FACS Pro subsequent to FY 2009.

ROMA training is provided through NASCSPP conferences on the State level, and through the local Community Action Partnership (CAP) conferences held for Michigan's eligible entities.

III. Eligible Entity Onsite Review Summaries

Wayne Metropolitan Community Action Agency

Wayne Metropolitan Community Action Agency (WMCAA) is a private, non-profit organization incorporated in 1964 to administer programs that provide housing assistance, employment assistance, energy assistance, continuing education, nutrition education, and youth development, advocacy, elder outreach services and emergency assistance. The mission of WMCAA is to empower low-income people and strengthen communities through diverse services, leadership and collaboration. In 2009, WMCAA operated through 19 satellite offices providing 45 programs assisting residents of Wayne County (with the exception of the City of Detroit). WMCAA served 5,334 individuals representing 3,277 households with an annual budget of \$18,638,777 of which \$1,666,446 were CSBG funds.

Area Community Services Employment and Training

Area Community Services Employment and Training (ACSET) is a private non-profit organization that has been providing services in the Kent County service area for 35 years. In 2009, ACSET operated through 3 satellite offices with a total staff of 70 employees. The mission of ACSET is to create opportunities for economic self-sufficiency for low-income, economically disadvantaged, elderly, disabled, unemployed and underemployed individuals, and dislocated workers. ACSET administers nutrition programs, housing assistance programs, as well as job training and retention programs, family development and case management programs for low-income residents. The agency provided assistance to over 4,800 residences and had an annual budget of \$6,470,881 of which \$1,052,540 were CSBG funds.

Mid-Michigan Community Action

Mid-Michigan Community Action (MMCA) is a non-profit organization established in 1966. MMCA offers a range of support services that include Employment, education, housing, emergency services, nutrition, self-sufficiency, health and income management. The mission of MMCA is to support families and individuals by providing access to resources and opportunities. MMCA has six satellite offices and provides services to Bay, Clare, Gladwin, Mecosta, Midland and Osceola counties. In FY 2009, MMCA employed 127 staff that provided services to 16,021 individuals. MMCA operated from an annual budget of \$11,395,309 of which \$754,234 were CSBG funds.

IV. Assessment Findings and Recommendations

Through a review of the State policies, procedures, and documentation, OCS reviewers determined that the State was not in full compliance with the CSBG statute, the Terms and Conditions of the CSBG, and other applicable policies. Internal controls for eligible entities are mandated by the Michigan 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. Through a review of the accounting procedures, OCS reviewers determined that the State adheres to the accounting principles and financial reporting standards established by the Governmental Accounting Standards Board. However, OCS reviewers determined that there is one finding of noncompliance and two recommendations for the State.

Finding 1

OCS reviewers noted weaknesses in the State's and eligible entities' retention of support documentation and follow-up activities for corrective action resulting from monitoring reviews. We noted that the State did not secure from eligible entities documentation verifying the corrective action process had been completed.

Recommendation:

OCS recommends the State:

1.1 The State must document all corrective action procedures in accordance with IM 116. The State must retain copies of corrective action documentation from eligible entities to document that all issues identified in monitoring reviews have been resolved.

1.2 The State should review the policies against IM 116 to assure compliance to guidance in effect as of 2009

State Comments:

Information memorandum (IM) 116 provides background on statutory and regulatory requirements for terminating organizational eligibility or otherwise reducing the share of funding allocated to any CSBG eligible entity. BCAEO has reviewed internal programmatic and financial monitoring practices, corrective action procedures, contract language, community services policy manual items, and hearing procedures to assure compliance with the CSBG Act and applicable regulations cited in IM 116. In addition, BCAEO has developed tools, policies, and procedures for managing corrective action plans, reduction, or termination of funding to assure accountability and prevent waste, fraud, or abuse of CSBG funds.

1.1 The BCAEO retains a hard copy and an electronic copy of the source documentation and field notes from every monitoring visit and corrective action plan review. In addition, to the already established monitoring procedures, the BCAEO has developed a corrective action plan review tool in response to the finding. This tool requires a monitor to submit source documentation, records of correspondence and/or other communications related to the enforcement action against an eligible entity to management before sending a management decision letter. Documentation will be maintained in the monitoring records and follow the documentation retention policy. Upon resolution of all findings, the BCAEO will issue a closeout letter to the agency.

1.2 The BCAEO has reviewed the policies against IM 116 to assure compliance to guidance in effect as of 2009 and the revised April 2, 2010. In addition, the BCAEO has updated and submitted to the network Community Services Policy Manual Item 501, Corrective Action-Termination or Reduction in Funding.

OCS Comment:

During the corrective action process, OCS will review the State's corrective action procedures; OCS will also review the State's procedures for retention of support documentation as it pertains to monitoring.

Other Matters

OCS reviewers noted that the State implemented a statewide ROMA data collection system called FACS Pro subsequent to FY2009. OCS recommends the State continue the development and implementation of the FACS Pro data collection system to assure accurate reporting on CSBG activities and program expenditures.

This report is now considered final. If you have any questions or comments, please contact:

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Table 3

CSBG Client Characteristics and Statistics Reported by State	
Race/Ethnicity By Number of Persons:	
Hispanic or Latino	11,990
African American	79,298
White	180,584
Other	6,589
Multi-race	2,976
Education: Years of Schooling by Number of Persons:	
0-8 years	19,325
9-12, non graduates	32,106
High school graduate/GED	72,558
12+ some postsecondary	25,588
2 or 4 year college graduates	8,487
Insured/Disabled:	
No Health Insurance	98,393
Disabled	187,994
Surveyed About Insurance	233,574
Surveyed About Disability	233,489
Family Structure:	
Single parent/Female	30,602
Single parent/Male	4,328
Two Parent Household	26,718
Single Person	55,206
Two Adults, No Children	18,127
Family Housing by Number of Families:	
Own	54,552
Rent	64,375
Homeless	2,833
Level of Family Income as Percentage of Federal Poverty Guideline by Number of Families:	
Up to 50%	33,983
51% to 75%	23,844
76% to 100%	31,690
101% to 125%	23,728
126% to 150%	10,802
151% or more	13,052
Age	
0-5	35,104
6-11	30,565
12-17	30,952
18-23	20,790
24-44	65,860
45-54	35,881
55-69	43,581
70+	48,040
Totals	310,773
Gender	
Male	125,526
Female	182,044
Totals	307,570