



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

Community Services Block Grant Program

Delaware State Assessment

On-Site Review

Final

July 8-10, 2008

Delaware State Assessment

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Delaware Community Services Block Grant

Executive Summary

The Community Services Block Grant (CSBG) program provides assistance to States and local communities, working through a network of Community Action Agencies (CAA) 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 Delaware CSBG program provides funding, technical assistance and support to one multipurpose Statewide eligible entity or CAA¹ serving three counties. The CAA provides 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, money management, and micro-business development. The information contained in this report was compiled from a State Assessment (SA) of the Delaware Community Services Block Grant program and its eligible entity as evaluated by Federal staff of the Division of State Assistance (DSA), 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 2008-2010. Federal staff conducted an on-site review of the Delaware CSBG program and its eligible entity from July 8-10, 2008. The evaluation included interviews and data collection. As per the statute, the SA examines the State and its CAA' 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, and migrant and seasonal workers, and youth;
2. Coordination of service delivery to ensure linkages among services, including as it relates to employment and training activities, the Low Income Home Energy Assistance Program (LIHEAP), and 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;

¹ The terms eligible entity and CAA are used interchangeably – Delaware has one CAA.

6. Adequate and appropriate composition of Tripartite Board and CAA rules;
7. Appropriate fiscal and programmatic procedures to include a Community Action Plan from the CAA 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 SA also examines the fiscal and governance issues of the eligible entity that provide CSBG-funded services in local communities, the CAA, as well as the State's oversight procedures for this entity. Fiscal and governance issues examined include:

1. Distribution methodology for disbursement of CSBG funds to the sub-State eligible entity;
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 State Assessment consists of two levels of evaluation by Federal staff:

1. Federal staff examined the State-level assurances and fiscal and administrative governance issues regarding the CSBG program in interviews and data collection with State officials.
2. Federal staff also conducted desk assessments of the State's monitoring of the CAA to determine compliance with assurances and governance requirements by gathering information from local agencies, engaging in additional interviews and data collection.

State-level interviews included the following Delaware Division of State Services (DDSS) staff: Gloria Upshur, Director, DDSS; Melody Lasana, Controller; Robert Bubacz, Sr., Fiscal Administrative Officer; Maureen G. Tucker, Social Services Administrator, Office of Community Services; and Sonya Battle, Social Services Senior Administration.

One eligible entity was assessed: First State Community Action Agency, Inc. (First State), located in Georgetown, Delaware.

Office of Community Services reviewers included: Frances Harley, Auditor, Financial Operations Team Leader; Isaac Davis, Program Specialist; James Henry, Program Specialist; Michael Pope, Auditor; Emmanuel Djokou, Auditor; and Chad Sawyer, Intern.

² Some assurances have been combined where appropriate.

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 State's programs, including:

- Administrative, program and financial operations for the State and the CAA visited;
- Brochures and literature on services provided;
- The most recent CSBG Financial Summary Report;
- SF 269 report for Fiscal Year (FY) 2006 showing total funds authorized;³
- Audited Financial Statements; and
- The Delaware State CSBG Plan.

Fiscal and Governance Operations

The CSBG statute requires that each State designate a lead agency to administer the CSBG program, and that the lead agency provide oversight of the local entity that administers programs in the communities. The lead agency operating the CSBG program is the Delaware Office of Community Services (DOCS) within the Division of State Service Centers (DSSC), Delaware Department of Health and Social Services (DHSS). One CAA is designated to receive CSBG funds in Delaware and deliver CSBG program activities and services. In FY 2006, the State allocated 90 percent of Community Services Block Grant funds to the local eligible entity. The State used five percent of the CSBG funding for their administrative expenditures in FY 2006, and five percent for training and technical assistance and funding to an eligible entity to address non-traditional community needs. Table 1 illustrates how the funds allocated to Delaware were utilized.

OCS reviewers found that the State served individuals at 125 percent of poverty. OCS reviewers requested all supporting documentation. The State provided adequate documentation for review.

Table 1

Use of FY 2006 Funds: Delaware		
Uses of Funds	Amount Expended	Percentage of Expenditures
Grants to Local Eligible Entity	\$2,991,332	90%
Administrative and Monitoring Costs	\$166,185	5%
Discretionary Projects	\$166,185	5%
Total Used in FY 2006	\$3,323,702	100%

Administrative expenditures of the grant were used for the management and monitoring oversight of the program. Priority areas for discretionary spending were identified by local faith and community-based organizations, in collaboration with the State.

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

In FY 2006 discretionary funds were spent for critical activities to address improvements to agency systems, program development, personnel management, fiscal operations, board training, and strategic planning. The funds⁴ were spent on the following services:

- Food Bank of Delaware to stock state service center emergency food sites from July 1, 2006 – June 30, 2007,
- Neighborhood House to provide emergency services and housing counseling/case management in southern New Castle County,
- La Esperanza to provide family development resource services to Hispanic immigrants in Sussex County, and
- First State CAA (Registration for six staff /board members to attend a CAA Region III Rural Family Economic Success (RuFES) Conference sponsored by the Annie E. Casey Foundation and Region III Community Action Associations and information technology services to help First State CAA implement an agency wide data base)

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 the CAA has a system of governance, financial and human resource management, program and service delivery, and community relations. The State requires the CAA to submit applications to receive their CSBG allotments annually. The application becomes the grant agreement between the State and the CAA and includes assurances, goals, plans, agency budgets, and procedures for developing and implementing services. The process requires the CAA to submit an application to Delaware for approval based on: 1) standard forms; 2) governing board approval; and 3) information about how the entity will provide services in their communities.

According to an internal memorandum dated May 18, 2006, the State requested a sole source waiver for First State based on a May 18, 1994 letter from former Governor Carper. However, a sole source contract implies that there is only one person or company that can provide the contractual services needed and that any attempt to obtain bids would only result in one person or company being available to meet the need. The OCS reviewers found that while First State provided direct services to Kent and Sussex counties, First State has also provided comprehensive case management services to New Castle County residents through several subcontracts (i.e., Latin American Community Center, the Ministry of Caring, Sojourner's Place, West End Neighborhood House and the YWCA of New Castle). The OCS reviewers provided suggestions to the State so that other counties and/or eligible entities could receive consideration in the award process in order to better serve the State's low income population.

States are required by Federal statute to perform monitoring duties in a full comprehensive on-site review at least once every three years (1998, 2001, 2004, and 2007). A draft monitoring report should be 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. A final report is sent to the Board Chairperson and the Executive Director of the agency. Follow-up visits should be coordinated with the CAA if deficiencies were noted during the on-site visit. OCS

⁴ Detail funding totals are filed in the OCS support document(s).

reviewers found that the State did not conduct on-site visit in accordance with the CSBG statute, and the last comprehensive report was issued by the State in 1998. The State issued a case management monitoring report on June 10, 2005. As noted in both the CSBG statute and IM #102, the State should fulfill the reporting requirements for program operations, administrative operations, and financial management.)

Section 678B(a) states, In order to determine whether eligible entities meet the performance goals, administrative standards, financial management requirements, and other requirements of the State, 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 3-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.

Financial Monitoring and Accountability

The State is required to perform full on-site monitoring reviews at least once every three years. Not all site visits require a focus on the entire CSBG program but may focus on specific areas during the State’s assessment the review of the agency’s administration of other Federal grant programs such as Low Income Home Energy Assistance Program (LIHEAP); Results Oriented Management and Accountability (ROMA); board issues; or training and technical assistance. The State’s visits are listed in Table 2.

Table 2

Delaware Visits⁵		
Agency Name	On-site Visit	Counties Served
First State Community Action Agency, Inc	June 7, 2005 ⁶ September 14, 2005 ⁷	Kent and Sussex

OCS reviewed financial reports for information on allowable costs and activities associated with annual financial training and technical assistance. Annual financial training includes training on the completion of financial forms, OMB Circulars, and other related topics.

The State’s CSBG program year is from July 1 through June 30. The last quarter of the State’s fiscal year, April 1 through June 30, is the third quarter of the new Federal fiscal year. Delaware’s eligible entity grant agreement covers nine months and is later amended to cover the entire 12 months once the State receives its first quarter Federal CSBG grant award. Any costs incurred by the entity prior to that first quarter are reimbursable subject to the State’s receipt of Federal fiscal year funds.

⁵ The State was unable to provide the required support documentations for the First State monitoring visits. As a result, OCS reviewers could not fully examine the results of the State’s review.

⁶ Based on interviews this was not a comprehensive report – the visits focused on case management only.

⁷ First State Fiscal Monitoring Visit - The documentation provided by the State lacked adequate support to the State’s conclusion(s).

OCS reviewers were only able to review hard copy data from the Delaware Financial Management System (DFMS), the primary financial information system for the State. DFMS facilitates State budget planning and long-range financial programming. OCS reviewers were not provided the necessary access to the State's financial system in order to validate the system's operational and financial reporting capabilities. As a result, OCS was unable to validate that fiscal internal controls and adequate accounting practices were in place, and were limited in their examination of financial transactions and monthly reporting of CSBG funds.

The State operates on a reimbursement system, and monthly reports are the primary tools for evaluating allowable expenditures and tracking budget line items. According to the State, all monthly reports were reviewed and approved for payment by the CSBG Program Manager prior to the subsequent reviews in the division's fiscal office. Eligible entities are encouraged to use an electronic transfer system for fund reimbursements. OCS reviewers examined the monthly reports approval process and a sampling of the subsequent CSBG disbursement to the State's eligible entity from hard copies only.

Administrative costs include salaries and benefits for 1.7 full time equivalencies (FTEs)⁸ paid through CSBG. Hours charged to the CSBG program varies weekly based upon the amount of time spent working on CSBG-related projects. OCS reviewers examined a sampling of the hours charged for CSBG-related projects and how the recorded time is processed through payroll. The State issues credit cards for employee's approved travel. The State uses direct billing for all employee-related expenses, including travel.

OCS reviewers were unable to obtain the State's policies and procedures related to staff allocation, timekeeping, payroll, and procurement transactions charged to CSBG related projects. As a result, OCS was unable to verify allowability, allocability, and reasonableness of the financial transactions in accordance with OMB Circular A-122.

In accordance with Section 678D, a State that receives 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 items.

According to 45 CFR §92.42 (4)(ii)(e), "The awarding agency and the Comptroller General of the United States, or any of their authorized representatives, shall have the right of access to any pertinent books, documents, papers, or other records of grantees and sub-grantees which are pertinent to the grant, in order to make audits, examinations, excerpts, and transcripts."

OCS reviewers examined the State's internal audit process. Audits are performed by the Operations Division, Audit Office staff. State auditors examined all State funding made to the eligible entity dating back to the previous State audit. Audit findings were 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 Corrective Action Plan (CAP) which addresses the findings. Audit Office staff must review and approve the CAP. The CAA's failure to respond

⁸ The percentages of employees supported are detailed in each CSBG State Plan in the section describing administrative expenses.

within the allotted timeframe 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 the eligible entity with audit findings. The OCS reviewers had no findings for technical assistance.

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 (FACH) with reportable findings. The State CSBG Plan submitted to OCS states 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. The State’s auditing firm also considers the government auditing standards promulgated by the Comptroller General, U.S. Government Accountability Office, in the performance of their duties.

The Office of the State Auditor has completed their most current audit of selected accounts included on the financial statements of the State for the year ended December 31, 2005. The State Auditor concluded that no matters involving State internal control over financial reporting and its operations were considered to be material. The results of their tests disclosed no instances of noncompliance or other matters required to be reported under *Government Auditing Standards*. A copy of the audit report was provided to OCS reviewers.

OCS reviewers examined the FACH Data Collection Form for reporting on Audits of States, Local Governments, and Non-Profit Organizations found on the FACH 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 concluded that the audit procedures currently being used by the State were in accordance with generally accepted auditing principles.

Recapture and Redistribution

According to State officials, “There has never been 20 percent or more of CSBG funds allocated that were not expended. Therefore, there has never been an instance where funds have been recaptured and redistributed. It is not anticipated that this situation will occur in Delaware. It is the State’s responsibility to ensure the redistribution of funds will be reprogrammed to the eligible entity.” OCS reviewers were unable to review the State’s internal policies and procedures pertaining to recapture and redistribution.

OCS reviewers recommend that the State develop written procedures that affirm the intent of the State approved language, which is included in the State's CSBG Plan.

Carryover Balance

States may recapture and redistribute funds distributed to an eligible entity that are unobligated at the end of a fiscal year if such unobligated funds exceed 20 percent of the amount distributed to the eligible entity. States must redistribute such funds to an eligible entity, or require the original recipient of the funds to redistribute the funds to a private, nonprofit organization, located within the community served by the original recipient of the funds, for activities consistent with the purposes of the CSBG Act.

According to State officials, for the last several years, the State has contracted with the eligible entity for 13 month funding periods, in which the final month of one contract overlaps with the beginning of the next fiscal year. This procedure has served to enable any balance of funds to be completely expended by the extra month, thereby avoiding contract amendments for the purpose of adding carryover monies.

In accordance with 45 CFR 92.40 and 45 CFR 92.41, respectively, the grantee must submit annual program progress and financial status reports using Short Form, SF-269A. The first report is due 90 days after the end of first year (i.e. December 30, 2006). Financial Status Reports (FSRs) were due December 30, 2007. Failure to submit reports on time may be the basis for withholding financial assistance payments, suspension or termination of funding.

Grantees are required to adhere to a provision of law under the Consolidated Appropriations Act of 2005 which requires that to the extent FY 2006 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.

Public Hearings

According to Section 676(a)(2)(B), of the CSBG, 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 State Clearinghouse Committee on behalf of the State General Assembly, 14 State service center sites and the Food Bank of Delaware's two sites for review. In conjunction with the development of the State Plan, the State holds at least one public hearing. For FY 2005-2006, a public hearing was held on Tuesday, August 16, 2005, at the University of Delaware's Paradee Building located in Dover, DE. Notice of the public hearing was published by several Delaware newspapers on August 1, 5, and 6, 2005, as a boxed ad including the department's logo in the legal section. In addition, notices were distributed via fax or email to public and private agencies and recipient agencies.

A Legislative Public Hearing was held for the 2005 CSBG State Plan on February 24, 2005, in the Joint Finance Committee Conference Room at Legislative Hall, Dover, Delaware. The State's Clearinghouse Committee holds public hearings on behalf of the Delaware General Assembly in compliance with provisions of Title 29, Chapter 76, Section 7604, as amended, Delaware Code. The State's Clearinghouse Committee's review and approval of each CSBG State Plan is mandatory in order to authorize the expenditure of federal funds received through any grant award. OCS

reviewers determined that the State's public hearing process adhered to the CSBG Statute regarding hearings.

Tripartite Boards

The State requires the CAA to submit a listing of their Tripartite Board membership prior to being approved to administer the CSBG program. CAA 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, 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 CAA 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, dates(s) of the training, and meeting attendees. Additionally, certification must include an annual audit of services and expenditures and reporting requirements for State, Federal, and other funding sources. These requirements are included in the contract signed between the CAA 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 bylaws consistent with the agency's mission;
- Establishing accounting systems and fiscal controls consistent with general 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 law, each CSBG grantee, in order to be in full compliance, is required to adhere to the composition, documentation, bylaws, board manual and board meeting minutes as detailed in the CSBG Act of 1998, Section 676B. The State CSBG office monitors board composition and follows up with the agency when representation needs to be adjusted. The State assures that First State is in compliance with the Federal law regarding Tripartite Boards by providing information regarding the requirements of a Tripartite Board to each eligible entity in three documents: CSBG Operations Manual, the CSBG Grant Agreement, and the CSBG assurances submitted with the State Plan each year.

After reviewing the documentation, OCS reviewers determined that First State was not fully in compliance with Section 676B. For example, First State's Board minutes did not adequately document the meetings, attendance requirements, or financial transactions in accordance with the Federal and State laws. The State needs to review the minutes and provide guidance to the Tripartite Board. To improve the recordkeeping process, the State needs to provide First State with additional training.

Additional Administrative or Fiscal Operations Findings

Fiscal controls for the eligible entities are mandated by the State's policies and procedures. Financial policies and procedures for the eligible entities must be approved by the Boards of Directors and reviewed by the State. The State requires a series of financial reports from the eligible entity. 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 determines compliance to specific areas including financial compliance. Failure to comply with State reporting requirements may result in corrective action including suspension of grant awards.

An in-depth analysis of the information received during interviews, and documentation received prior to and during the assessment of the Delaware CSBG program, indicates that the State should have an adequate procedures in place to oversee CSBG funds. OCS reviewers were unable to adequately validate the following: 1) all requested documents; 2) statistical sampling of the State's General Ledger to determine if expenditures were allowable, allocable and supported by documentation; and 3) the State's accounting system which was not fully capable of generating accounting reports when requested.

The OCS reviewers analyses of the State's records and procedures, which included administrative, financial, and programmatic operations, determined that the State's policies and procedures should be revised to be in compliance with the CSBG statute and Federal records retention regulations.

Program Operations

The State reported demographic information on individuals who received services using CSBG funds in FY 2006. The CAA operates numerous programs through sub-grantees designed to meet the needs identified in their respective service areas. Due to different local needs, not all Sub-grantees provide services in all priority areas. During this State Assessment, agency records were reviewed to assess actual services provided. The assessment instrument addresses 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, T&TA grants, T&TA grant review, and agency postings (i.e., worker's compensation, client appeals).

The eligible entity is operating numerous programs designed to meet the needs identified in the subgrantees' respective service areas. Because the demographic data show different local needs, not all sub-grantees can provide extensive services in all priority areas. The CAA in Delaware has mobilized and coordinated community resources to integrate immigrants into the local economy. The State and CAA 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.

Table 3 shows the reported characteristics of individuals and families served throughout the State.

Table 3

CSBG Client Characteristics and Statistics Reported by State	
Race/Ethnicity By Number of Persons:	
Hispanic or Latino	2,432
African American	6,835
White	3,136
Other	1,779
Multi-race	8
Education: Years of Schooling by Number of Persons:	
0-8 years	719
9-12, non graduates	1,159
High school graduate/GED	1,734
12+ some postsecondary	694
2 or 4 year college graduates	379
Insured/Disabled:	
No Health Insurance	1,083
Disabled	236
Surveyed About Insurance	3051
Surveyed About Disability	3095
Households Headed By Single Parent:	
Female	1,664
Male	186
Two Parent Household	861
Single Person	1,219
Two Adults, No Children	289
Family Housing by Number of Families:	
Own	1,047
Rent	2,036
Homeless	722
Level of Family Income as Percentage of Federal Poverty Guideline by Number of Families:	
Up to 50%	1,305
51% to 75%	1,721
76% to 100%	527
101% to 125%	356
126% to 150%	68
151% or more	36

The State requires the agency receiving CSBG funds to prepare and submit an application referred to as a “Community Action Plan” to the State. The process requires the CAA to submit an application to Delaware for approval based on: 1) standard forms; 2) governing board approval; 3) information based on priority needs; and 4) information about how the sub-grantees will provide services in their communities. The sub-grantee requires contractors to submit a Contract Work Plan for Comprehensive Case Management. Upon selection the sub-grantee enter a series of agreements

with First State, the Subcontract for Comprehensive Case Management Service, and several Contract Assurances.

Based on the Results Oriented Management and Accountability process, the grant agreement outlines the following requirements for the State's CAA:

- 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 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 Delaware community revitalization.

Detailed below are the program activities associated with CSBG funds as used by the CAA in Delaware for FY 2006.

Employment Programs

The State reported spending \$179,696 in CSBG funds to support a range of services designed to assist low-income individuals in obtaining and maintaining employment. These services 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.
 - Computer repair technician training program;
 - Culinary arts for high school students

Education Programs

The State reported spending \$224,620 in CSBG funds to provide education services such as:

- 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 about 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 \$333,498 for CSBG-coordinated housing programs to improve living environment of low-income individuals and families. CSBG-funded activities 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 \$248,614 for emergency services and crisis intervention. Crisis management services may include:

- Emergency temporary housing;
- Rental or mortgage assistance, 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 longer-term support; and
- Natural disaster response and assistance.

Nutrition Programs

The State reported spending \$135,171 in CSBG funds to support nutrition programs. Specific nutritional services provided by the State’s CAA are:

- Organizing and operating food banks;
- Supporting food banks of faith-based and civic organization partners with food supplies and/or management support;
- Counseling regarding family and 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;
- Information/referral/counseling;
- Hot meals such as breakfasts, lunches, or dinners for congregate or home delivery meals;
- Neighborhood and community gardens, community canneries and projects to help families and individuals preserve fruit and vegetables; and
- Nutritional training in home economics, child and baby nutrition, diets, and available federal or State programs.

Self-Sufficiency Programs

The State reported spending \$1,361,148 on self-sufficiency programs. Self-sufficiency programs offer a continuum of services to assist families in becoming more financially independent. Such programs generally 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 \$67,386 on CSBG-funded health initiatives. CSBG funds may be used to address gaps in the care and coverage available in the community. The eligible entity may use CSBG funds for health initiatives that 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, and HIV infection, and for mental health disorders;
- Health screening of all children;
- Treatment for substance abuse;
- Other health services including dental care, health insurance advocacy, CPR training, and education about wellness, obesity, and first-aid; and
- Transportation to health care facilities and medical appointments.

Income Management Programs

The State reported spending \$157,234 on income management programs using CSBG grant funds. Services supported 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.
- Financial Services

Linkages

The State reported spending \$586,907 on linkage initiatives. Linkage programs can involve any or all of a variety of local activities which CSBG supports because of the block grant's statutory mandate to mobilize and coordinate community responses to poverty. These 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, programs that bring services to the participants, such as mobile clinics or recreational programs, and management of continuum-of-care initiatives;
- The removal of the barriers such as transportation problems, that keep the poor from jobs or from vital everyday activities; and
- Finally, support for other groups of low-income community residents who are working for the same goals as the CAA.

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. The State's eligible entity will coordinate with other service providers and act as a focal point for information on services in their local area. They identify gaps in services and work with other providers to fill those gaps. The entity has organized meetings and participated in task forces with local service provider groups.

Programs for Youth and Seniors

The State reported spending, \$170,711 on programs serving youth and \$106,468 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. Seniors' programs help seniors to avoid or

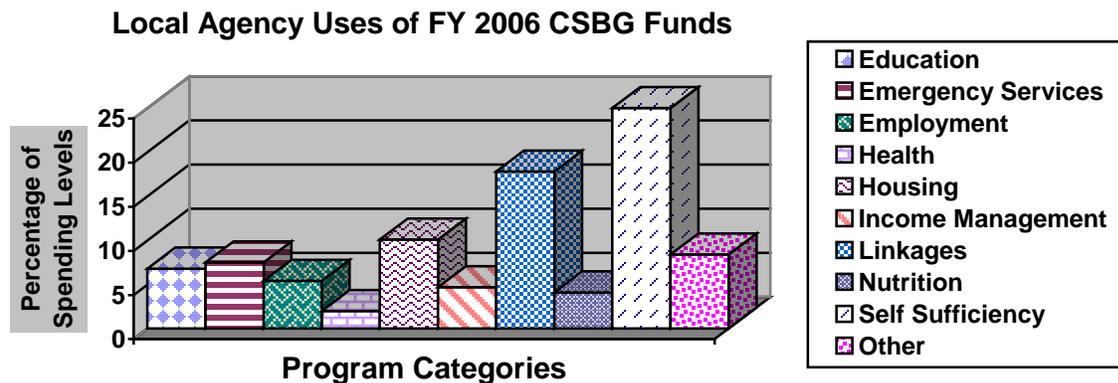
address illness, incapacity, absence of a caretaker or relative, prevent abuse and neglect, and promote wellness. They include:

- 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.
- Senior community service employment program

Youth programs, in many cases, include such services as:

- Recreational facilities and programs;
- Educational services;
- Health services and prevention of risky behavior;
- Delinquency prevention; and
- Employment and mentoring projects.
- Training and development,
- Youth entrepreneurs in action;
- Career Closet

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



Results Oriented Management and Accountability (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 Office of Community Services in consultation with the CSBG network called the Results Oriented Management and Accountability System, or ROMA. Alternatively, States may design their own similar system. States are to report to OCS their progress on the implementation of performance measurement practices.

Based on interviews and analyses of the 2006 ROMA reports, OCS reviewers identified:

1. Discrepancies in the ROMA data.
2. Inconsistencies by some subgrantees in submitting the required performance data.

The OCS reviewers recommended that the State provide further assistance specific to case management and data discrepancies.

In Information Memorandum Number 49, OCS encourages the States to submit complete, accurate, and timely annual reports to OCS on the “measured performance of the State and the eligible entity in the State.”

CAA On-Site Review Summary

First State Community Action Agency

First State Community Action Agency (First State) is a private nonprofit organization that began operating in Sussex County, Delaware in 1965 as the Sussex County Community Action Agency. Since 1965, First State has evolved and expanded to a statewide agency, however, in FY 2006, First State only provided services in Kent and Sussex counties. First State implements a variety of services that increase the self-sufficiency, stability and success of individuals, families and communities. Their services are organized into five programmatic categories: Community Based, Community Development, Employment and Training, Family Resource Development, and Housing.

With offices located in New Castle, Dover, and Georgetown, First State serves about 10,000 Delaware citizens a year. In fiscal year 2006-2007, First State operated on a budget of \$6,220,460, which contained \$3,157,517 of CSBG funds. First State utilizes CSBG monies to fund management positions and direct services. First State is required to maintain current financial policies and procedures to meet fiscal standards set forth by State policies. In addition to directly implementing services, First State subcontracts out a portion of CSBG funds to other local agencies to provide comprehensive case management services.

During the review, the OCS reviewers determined that First State failed to have:

1. A current CSBG Operations Manual.
2. Policies and procedures for the administration of the CSBG program for its subgrantees.
3. A process in place to inform and/or refer eligible parents to the Child Support services as required by CSBG statute.

OCS reviewers examined a random selection of case files at First State and determined that First State did not inform and/or refer eligible parents to the Office of Child Support. Referrals are required by CSBG law.

Sec. 678G (b) requires that during each fiscal year for which an eligible entity receives a grant under CSBG, such entity shall-

- (1) inform custodial parents in single parent families that participate in programs, activities, or services carried out or provided under this subtitle about the availability of child support services; and*
- (2) refer eligible parents to the child support offices of State and local governments.*

The State should ensure that First State incorporates many of the separate documents into a comprehensive operations manual.

Assessment Findings and Recommendations

Finding 1 – The State did not adhere to their internal policies and procedures for conducting and reporting on full on-site monitoring reviews that include administrative, programmatic, and financial components for each eligible entity.

Recommendation(s):

We recommend the State:

- 1.1 Adhere to Delaware’s internal policies and procedures for monitoring eligible entities in accordance with State and Federal requirements.
- 1.2 Provide further assistance to the CSBG staff, First State, and subgrantees on comprehensive on-site monitoring and the reporting requirements.

State’s Comments(s)

Delaware has adhered to its policies and procedures to a much greater degree than indicated by the draft report. We plan to more formally document reviews and results in the future.

A new financial reporting system to be adopted by the State should make financial reporting by program category possible in 2009. We continue to review, analyze, and correct program data received from all organizations receiving CSBG support. We anticipate significant improvement when First State Community Action Agency completes its agency wide computerized database in 2009.

DSA Comments(s)

At the time of the review, OCS reviewers were unable to review the State’s policies and procedures for conducting and documenting comprehensive on-site monitoring visits during FY 2006. To close Findings 1.1 and 1.2, the State should provide copies of the policies and procedures that were in place in FY 2006, and the framework for training the CSBG staff, First State, and subgrantees on comprehensive on-site monitoring and the reporting requirements.

Finding 2 - The State failed to provide policies and procedures related to staff allocation, timekeeping, and payroll charged to CSBG related programs in accordance with CSBG statute and OMB Circular A-122.

Recommendation(s):

We recommend the State:

- 2.1 Develop and implement policies and procedures pertaining to staff allocations.

State's Comment(s)

The Division is developing policy and procedures to accompany the form which is used for documenting staff allocations charged to federal grants.

DSA's Comment(s)

After developing the policies and procedures, the State should forward copies to the OCS reviewers for verification, and to certify and close Finding 2.1, which pertains to staff allocation, timekeeping, and payroll charged to CSBG related programs.

Finding 3 – The State failed to provide OCS reviewers with the documentation initially requested in the OCS Engagement Letter, and access to the DFMS in order to verify monthly administrative costs and expenditures charged to CSBG related programs. In addition, and the State failed to administer federal records retention policy according to OMB A-110, section 215.53(c).

Recommendation(s):

We recommend the State:

- 3.1 Revise policies and procedures to be in compliance with CSBG statute, Section 678D (a)(1)(D).
- 3.2 Implement policies and procedures to ensure that financial records are accessible to Federal reviewers in accordance with 45 CFR §92.42 (4)(ii)(e).
- 3.3 Revise the State policies, procedures, and guidance on record retention to be in compliance with OMB Circular A-110, Section 215.53(c).

State's Comment(s)

The Division and Department's fiscal units have the required policies and procedures in place; but will review them for potential revisions based upon the finding.

The Department's representative for the Controller met with and addressed all items presented; and answered questions put forth by OCS, and was under the impression that the meeting ended with OCS satisfaction.

The Division follows the records retention guidance established by the State Archives, which is based upon regulations as outlined in the referenced OMB Circular.

DSA’s Comment(s)

The OCS reviewers were not provided with the necessary access to DFMS in order to verify the flow of CSBG funds. The State received written notification 60 days prior to the assessment date, however, the State’s representatives were scheduled for meetings, training sessions, and/or other commitments at the scheduled time of the State Assessment which resulted in delays throughout the interview process. As a result, the OCS reviewers were unable to adequately review the financial systems in order to validate the financial transactions of the Federal funds to and from the eligible entity.

Finding 4 - The State does not have policies and procedures in place for the recapture and redistribution of CSBG funds.

Recommendation(s):

We recommend the State:

4.1 Develop and implement policies and procedures to address recapture, redistribution and carryover balances of CSBG funds.

State’s Comment(s)

We will formalize our current procedure of thirteen month overlapping contracts that enable Delaware’s eligible entity to spend out funds without amendments to the next year’s contract. We will develop a policy and procedure to recapture and redistribute CSBG funds in the unlikely event that unobligated funds exceed twenty percent of the amount distributed to the eligible entity for the fiscal year in accordance with the provisions of the CSBG Act.

DSA’s Comment(s)

OCS concurs with the State’s actions and will review the procedure(s) during the corrective actions process in order to close Finding 4.1.

Finding 5 – The State does not have policies or procedures in place for verifying the ROMA data entered by the CAA’s Case Management staff.

Recommendation(s):

We recommend the State:

5.1 Implement policies and procedures for verifying the accuracy and completeness of the ROMA data.

5.2 Provide training to all eligible entities including subcontractors on collecting, reporting and verifying ROMA data.

State's Comment's

This is an ongoing process that has been enhanced by the repetitive review of program logic models. It will be further enhanced when First State's agency wide computerized database is in place. The State and First State will develop procedures to flag inaccurate data in the data base.

Again, this is an ongoing process. First State's Director of Programs has consistently reviewed reported data with subcontractors during on-site monitoring and during annual orientation meetings and one or more quarterly training sessions with both in-house and subcontracted case management staff. The State's CSBG Program Manager has conducted training sessions on ROMA/CSBG IS Reports with all First State staff responsible for various parts of the report. These trainings and efforts will be continued. The State's new financial reporting system, to be implemented in 2009 or 2010 is designed to comply with federal reporting requirements that show CSBG expenditures specifically by program category defined by the CSBG IS Report, Section E.

DSA's Comment(s)

OCS concurs with the State's actions and will provide assistance during the corrective action process. OCS will review the policies and procedures with the State to ensure that First State's database accurately collects, reports and verifies the ROMA data.

Finding 6 – The State does not have 1) an approved monitoring schedule, 2) policies and procedures for preparing comprehensive monitoring reports, and 3) a CSBG Operations Manual for the overall administration of the CSBG program.

Recommendation(s):

We recommend the State:

- 6.1 Develop a CSBG Operations Manual specific to policies and procedures governing the CSBG program, and procedures for monitoring subcontracts for Comprehensive Case Management Services that will incorporate the Contract Assurances.
- 6.2 Provide training to all State employees who allocate time to the CSBG program.
- 6.3 Provide adequate training on Tripartite Board reporting responsibilities (i.e., Robert's Rules of Order, bylaw composition) as set forth in the State Plan and CSBG statute.
- 6.4 Develop and implement a monitoring schedule for the eligible entity and all subgrantees that adhere to Federal monitoring requirements established in Sec. 678B of the CSBG statute.

State's Comment(s)

The State concurred with the findings and recommendations. The State explained the following:

The State has most policies and procedures in place, but has not put them into a comprehensive manual. We would appreciate assistance from the Federal OCS in developing such a manual.

We would like guidance from Federal OCS regarding the type of training deemed necessary.

We agree that board members should be identified by board sector represented in meeting minutes. Beyond that, we will need further guidance from Federal OCS regarding the type of training required.

The State will develop and implement a monitoring schedule that adheres to Section 678B of the CSBG statute.

DSA Comments:

DSA concurs and requests the State provide copies of the newly incorporated procedures of both for Finding 6.4. OCS staff can review and provide comments in the draft manuals and training plans as requested.

Finding 7 – The State does not have a process in place to ensure that First State informs and/or refers eligible parents to the Child Support services as required by CSBG statute.

Recommendation(s):

We recommend the State

7.1 Develop and implement procedures for referrals to the local child support office to determine eligibility for support.

7.2 Develop and implement procedures that require eligible entities and sub-grantees conducting case management to document referrals to local child support offices.

State’s Comment(s)

The State will incorporate procedures into its contract with the eligible, and First State CAA will include such procedures in its subcontracts with subgrantees in the next contract period. In the meantime, procedures will be sent to First State and its subcontractors and reviewed at the next training session for in-house and subcontracted case management programs.

DSA Comment(s)

DSA concurs and requests the State provide copies of the newly incorporated procedures of both First State and its subcontracts during the next contract period to close Finding 7.2.

These are recommendations for the management and administration of the program that should be noted to continue the operations and administration of the CSBG program. The comments received from the State of Delaware have been incorporated into the report, and this report is now considered final. If you have any questions or comments, contact:

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**DELAWARE'S RESPONSES TO THE
DRAFT REPORT**