



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

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# **Community Services Block Grant Program**

*Colorado State Assessment*

*On-Site Review*

*Final*

October 22 – 26, 2012

# Colorado State Assessment

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# Colorado Community Services Block Grant

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## I. Executive Summary

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The Community Services Block Grant (CSBG) provides assistance to States and local communities working through a network of Community Action Agencies (CAAs) and other neighborhood-based organizations for the reduction of poverty, the revitalization of low-income communities, and the empowerment of low-income families and individuals to become fully self-sufficient. CSBG-funded activities 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 Colorado designated Colorado Department of Local Affairs (CDLA), as the appropriate lead agency for the administration of CSBG. Colorado CSBG provides funding, technical assistance, and support to 44 eligible entities<sup>1</sup> serving 64 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 micro-business development. The information contained in this report was compiled during a State Assessment (SA) of the Colorado 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

SAs 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 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 Colorado CSBG and its eligible entities from October 22 – 26, 2012. The evaluation included interviews and analyses of the data collected. As per the CSBG statute, the SA examines the State's and its eligible entities' assurances of program operations including:

1. Activities designed to assist and coordinate services to low-income families and individuals, including those receiving assistance under the Temporary Assistance to Needy Families (TANF) program, the elderly, homeless, migrant and seasonal workers, and youth;
2. Coordination of service delivery to ensure linkages among services, such as 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;
5. Adherence to statutory procedures governing the termination and reduction of funding for the local entity administering the program;

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<sup>1</sup> 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 and other eligible nonprofit and public agencies designated by the State.

6. Adequate and appropriate composition of Tripartite 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.<sup>2</sup>

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

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

## **Methodology**

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

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

State-level interviews included the following CDLA officials: Teri Davis, Director; Bruce Eisenhower, Deputy Executive Director; Barbara Casey, Controller; Yingtse Cha, Assistant Controller; Kim Hernandez, Financial Administration; Susan Gantt, Accountant; Tony Hernandez, DLG; Stephanie Morey, CSBG Grants Manager; and Joseiah Massingale, Executive Director, Colorado State Community Action Partnership (CSCAP).

OCS reviewers assessed the following eligible entities: El Paso County Department of Human Services in El Paso County, Colorado; Adams County Community Development in Adams County, Colorado; and Denver Department of Human Services in Denver, Colorado.

OCS reviewers included: Isaac Davis, State Assessment Coordinator; Michael Pope, Auditor; Emmanuel Djokou, Auditor; and Renee Harris, Auditor.

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<sup>2</sup> Some assurances have been combined where appropriate.

## II. Assessment and Findings

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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 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;
- Standard Form (SF) 269 Financial Status Report for FY 2010 showing total funds authorized;<sup>3</sup>
- Audited Financial Statements;
- Colorado State CSBG Plan; and
- The State of Colorado's 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 CDLA as the lead agency to administer CSBG. In FY 2010, the State allocated 90 percent of CSBG funds to eligible entities.

To verify that fiscal controls and adequate accounting practices were in place, OCS reviewers examined various transactions and monthly financial reports with the State accounting system. During our review of the States' CSBG documents, OCS reviewers noted the State has provided guidance for fiscal policy and procedures to eligible entities. However, the State did not provide a detailed fiscal operations manual for the States' financial controls. The State is not in compliance with CSBG 678D for Fiscal Controls and Audits and CFR 96.30 for Fiscal Controls and accounting procedures.

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

**Table 1**

<b>Use of FY 2010 Funds: Colorado</b>		
<b>Uses of Funds</b>	<b>Amount Expended</b>	<b>Percentage of Expenditures</b>
Grants to Local Eligible Entities	\$5,439,434	90%
Administrative Costs	\$289,742	5%
Discretionary Projects	\$314,640	5%
<b>Total Used in FY 2010</b>	<b>\$6,043,816</b>	<b>100%</b>

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

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

Per our review of fiscal year 2010, OCS reviewers verified, through the State's General Ledger, the allocation, expenditures, and how the State used their discretionary funds. OCS reviewers determined the State's use of Discretionary Funds were in accordance with Section 675(b)(1) of the CSBG statute.

### **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. States must have procedures in place to ensure eligible entities have a system of governance, financial and human resource management, program and service delivery, and community relations. Eligible Entities are required 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.

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.

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.

State policies and procedures manual Sections 410 through 414 outline the State monitoring procedures including onsite monitoring tri-annual requirements, quarterly performance reports, reimbursement request, independent audit reports, governing board and corrective action requirements. The State provided records of their monitoring tool and monitoring reports for 2010-2011.

State policies and procedures were not implemented until 2012. OIG conducted an ARRA review in March 2010 and recommended the State develop policies for CSBG. A copy of the OIG report was requested. The State developed the policy manual and allowed a comment period for eligible entities to have input before the new policies were adopted.

Colorado's Policies and Procedures Manual for the Community Services Block Grant was effective as of January 1, 2012.

### **Financial Monitoring and Accountability**

OCS verified whether on-site 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**

<b>Colorado Monitoring Schedule</b>		
<b>Agency Name</b>	<b>On-site Visits</b>	<b>Counties Served</b>
Adams County	3/10/2010	Adams
Arapahoe County	2/03/2011	Arapahoe
Baca County	12/13/2010	Baca
Bent County	12/15/2010	Bent
Colorado East Community Action Agency (CECAA)	12/09/2010	Cheyenne, Elbert, Kit Carson and Lincoln
Crowley County	12/16/2010	Crowley
Delta County	10/06/2010	Delta
Denver – City and County	11/10/2011	Denver
Eagle County	11/04/2010	Eagle
El Paso County	11/14/2011	El Paso
Garfield County	11/03/2010	Garfield
Grand County	10/21/2010	Grand
Gunnison County	10/07/2010	Gunnison and Hinsdale
Housing Solutions for the Southwest	10/05/2010	Archuleta, Dolores, La Plata, Montezuma, and San Juan
Jackson County	10/20/2010	Jackson
Jefferson County	12/22/2011	Jefferson
Kiowa County	12/13/2010	Kiowa
Larimer County	10/19/2011	Larimer
Mexican American Development Association (MADA)	10/6/2010	Montrose, Ouray, and San Miguel
Mesa County	8/24/2011	Mesa
Moffat County	10/19/2010	Moffat
Northeast Co Assn of Local Government (NECALG)	12/1/2010	Logan, Morgan, Phillips, Sedgwick, Washington, and Yuma
Otero County	12/16/2010	Otero
Park County	6/16/2011	Park
Pitkin County	8/19/2011	Pitkin
Prowers County	12/14/2010	Prowers
Pueblo County	11/16/2010	Pueblo
Rio Blanco County	10/18/2010	Rio Blanco
Routt County	10/19/2010	Routt
South Central Council of Governments (SCCOG)	11/22/2010	Huerfano and Las Animas
San Luis Valley Community Action Agency (SLVCAA)	11/23/2010	Alamosa, Conejos, Costilla, Mineral, Reo Grande, and Saguache
Summit County	11/5/2010	Summit
Upper Arkansas Area Council of Governments (UAACOG)	10/25/2011	Chaffee, Custer, Fremont, and Lake

States are required to adhere 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 determined that the State has reasonable and reliable internal controls for conducting programmatic monitoring reviews of its eligible entities. Through a review of State monitoring reports OCS reviewers determined CDLA was in compliance with programmatic monitoring. However, fiscal monitoring of eligible entities was not conducted within the three year required time period.

The State's CSBG fiscal year is from March 1 through February 28. Therefore, in the last quarter of the State's calendar year, any costs incurred by the eligible entities prior to the first quarter are reimbursable subject to the State's receipt of Federal fiscal year funds.

### **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 an audit report is prepared annually.

State audits are required 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.

During the interview with State staff and review of the documents provided, it was determined that the State has not established procedures for incorporating audit findings into its decision making process. The State does not have detailed policy and procedures for the auditing process. OCS reviewers determined there were no written procedures in place to follow up on eligible entities A-133 audits. The State did not establish fiscal controls and fund accounting procedures necessary to assure the proper accounting of Federal funds, including procedures for monitoring the funds provided. OCS reviewers note that the State is not in compliance with CSBG 678D for Fiscal Controls and Audits and CFR 93.30 for Fiscal Controls and accounting procedures.

We recommend the State include audit policy and procedures with the State's fiscal policy and procedures. OCS reviewers also determined the State adheres to the accounting principles and financial reporting standards established by the Governmental Accounting Standards Board.<sup>4</sup>

### **Recapture and Redistribution**

Language in Section 675(C)(3) of the CSBG Act permits States the discretion to recapture and redistribute unobligated funds in excess of 20 percent of the amount distributed to an eligible entity to another eligible entity or to a private nonprofit organization. However, 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 continue recapture and/or redistribute to eligible entities in accordance 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."

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<sup>4</sup> 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).

After reviewing State policies, OCS determined the State does not have policies covering recapture and redistribution. The State should update its policies to include the 2001 Congressional Appropriations language.

### **Carryover Balance**

In accordance with 45 CFR 92.40, 92.41, and 96.30(b)(4), respectively, the grantee shall submit annual program progress and financial status reports using OMB Standard Form 269A Financial Status Report (short form). 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 did not submit its FSR in accordance with 45 CFR 92.40, 92.41, and 96.30(b)(4). Grantees are required to adhere to a provision of the law under the Consolidated Appropriations Act of 2005, which requires that to the extent FY 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 no carryover balance for FYs 2009 and 2010. Colorado's State policy Section 550 on carryover funds states that CSBG grant contract period is March 1<sup>st</sup> through September 30<sup>th</sup> and funds that are not obligated by an eligible entity at the conclusion of the grant period shall be recaptured. The State should update its policy to adhere to the Consolidated Appropriations Act of 2005.

### **Public Hearings**

According to Section 676(a)(2)(B), at the beginning of each fiscal year, a State must prepare and submit an application and State Plan covering a period of one year and no more than two fiscal years.

The State did not provide documentation to support the public hearing was conducted according to CSBG Statutes. Therefore, OCS reviewers determined that the State was not in compliance with CSBG statute.

### **Tripartite Boards**

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 represent business, industry, labor, religious, law enforcement, education, or other major groups interested in the community served. Members must actively participate in the planning, implementation, and evaluation of the program that services their low-income communities.

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 CSBG grantee, in order to be in full compliance, is required to adhere to the tri-partite board composition requirements 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 according to the State Policy. The majority of eligible entities in Colorado were local government agencies. The State required each local government agency to have an advisory board to satisfy the CSBG Tripartite Board requirement. OCS reviewers determined that the State demonstrated reasonable internal controls for monitoring and approving the Tripartite Board certifications.

### **Administrative Operations Findings**

According to the CSBG statute, 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. States are required to comply with IM #116 to assure compliance to corrective action guidance in effect as of 2009. States are required to adhere to Section 678G Drug and Child Support Services and Referrals.

OCS noted the State policies on corrective action did not include the procedures outlined in IM#116. The State should update its procedures to comply with IM #116 and CSBG guidance on child support referrals.

OCS reviewers also noted administrative deficiencies in the several policies areas. The State should revise its policies and procedures to include requirements for the following:

- Section 676A Designation and Redesignation of Eligible Entities in Unserved Areas
- Section 678A Training, Technical Assistance, and Other Activities
- Section 678B Monitoring of Eligible Entities
- Section 678C Corrective Action; Termination and Reduction of Funding (should be updated in accordance to (IM #116)
- Section 678G Drug and Child Support Services and Referrals
- Section 676(a)(2)(B) Public Hearings

### **Fiscal Operations Findings**

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.

The OCS reviewers' analyses of the State's records and procedures that included administrative, financial, and programmatic operations, determined that the State demonstrated reasonable internal controls to administer CSBG. OCS reviewers conducted an analysis of the state's records and procedures, which included administrative, financial, and programmatic operations and determined that the State's written policies and procedures are in compliance with the CSBG statute. OCS reviewers were able to adequately review and validate the following; (1) all requested documents (2) financial statements or accounting reports, and (3) sampling of general ledger transactions and source documents, when requested.

## **Program Operations**

The eligible entities operate numerous programs designed to meet the needs identified in their respective service areas. Because the demographic data shows different local needs, not all eligible entities provide extensive services in all priority areas. Supportive services and community outreach projects provided by the entities respond to low-income workers' health care.

The State and 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.

States require 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 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;
- 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 Colorado community revitalization.

Through a review of program services and interviews with staff at three local eligible entities, OCS reviewers determined a wide range of services were being provided to low-income individuals and families.

In order to receive CSBG funding, the state requires each eligible entity to submit a Community Action Plan which includes: a community-needs assessment (including food needs); a description of the service delivery system targeted to low-income individuals and families in the service area; a description of how linkages will be developed to fill identified gaps in services through information, referral, case management, and follow-up consultations; a description of how CSBG funds will be coordinated with other public and private resources; and a description of outcome measures to be used for monitoring success in promoting self-sufficiency, family stability, and 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 2010 are detailed below:

### **Employment Programs<sup>5</sup>**

The State reported spending \$99,416 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 \$80,015 in CSBG funds to provide education services. These services may include:

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<sup>5</sup> Program funding information is extracted from the State CSBG-IS Report.

- 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 \$304,849 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 \$1,418,666 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 \$306,036 in CSBG funds to support nutrition programs. These services may include:

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

### **Self-Sufficiency Programs**

The State reported spending \$400,793 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 \$201,850 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 \$14,679 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 \$2,274,865 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 eligible entity 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<sup>6</sup>

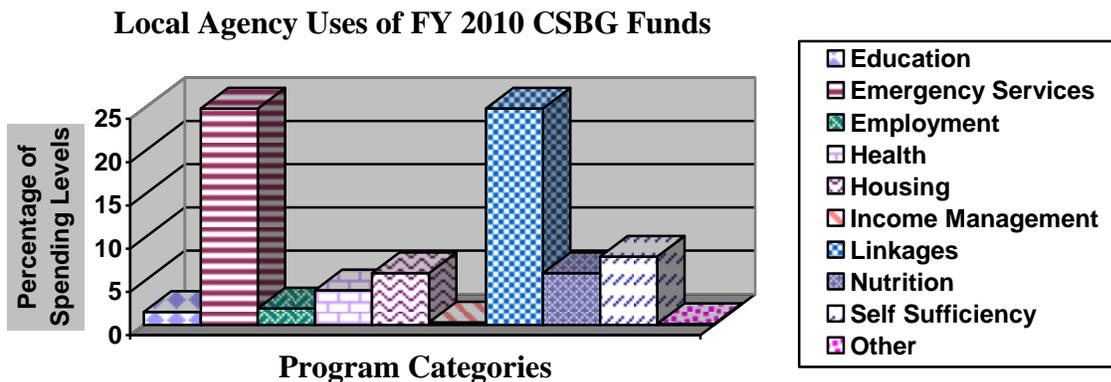
The State reported spending \$0 in CSBG funds on the programs serving youth and spending \$6,534,252 on programs serving seniors. Services noted under these categories were targeted exclusively to children and youth from ages 6–17 or persons over 55 years of age. Seniors' programs help seniors to avoid or address illness, incapacity, absence of a caretaker or relative, prevent abuse and neglect, and promote wellness. These services may include:

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

Youth services may include:

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

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.

<sup>6</sup> Programs for Youth and Seniors are recorded separately in the ROMA and therefore not listed on the local agency use of funds chart.

OCS reviewers found that the State, as well as the Colorado State Community Action Partnership (CSCAP) and eligible entities, have adopted the ROMA principles. CSCAP is contracted by the State of Colorado to provide ROMA training as well as prepare reports for submission to NASCSP. Staff at the State and eligible entities confirmed that training has been provided to eligible entities.

### **III. Eligible Entity On-site Review Summaries**

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#### **El Paso County Department of Human Services**

El Paso County government administers CSBG. El Paso subgrantees include two local non-profit agencies, Pikes Peak Community Action Agency and the Salvation Army. Pike Peak Community Action was established in 1964 with a mission to increase the capacity of low-income individuals and families to be self-sufficient. The Salvation Army arrived in El Paso County in 1889 and continues to help those in need through various programs and services. The Salvation Army's pledge is to "Do the Most Good" with the community's contributions of money, time and resources. The total operating budget for El Paso County in 2010 was \$1,640,004 which included \$548,292 in CSBG funding. El Paso County CSBG provided services to 13,902 area residents. CSBG provided services for emergency services and self-sufficiency activities.

#### **Adams County Community Action**

Adams County Community Development (ACCD) is a County Government agency that provides services through 14 satellite agencies throughout Adams County, Colorado. The mission of ACCD is to actively support and build the capacity of citizen groups and community organizations in Adams County so they may enhance the economic, social, environmental and cultural well-being of their communities. ACCD operating budget for 2010 was \$1,702,767 that included \$428,333 in CSBG funding. CSBG provided a range of services and activities having a measurable and potentially major impact on the causes of poverty in the community, or those areas of the community where poverty is a particularly acute problem. ACCD provided services to 34,588 residents through its CSBG, in a service area that includes both rural and urban populations. Funding awards were made to community organizations for emergency assistance, homeless and emergency shelter activities, mortgage help, respite and in-home support for seniors, nutrition programs for seniors, shelter and counseling for victims of domestic violence, and utility assistance.

#### **Denver Department of Human Services**

Denver Department of Human Services (DHS) is the local government agency that provides CSBG services to the city and county of Denver. Denver Human Services provides both assistance services and protection and prevention services to Denver's most vulnerable residents. Assistance programs are provided to eligible Denver residents in financial need and include federal food, cash and medical benefits, as well as child care, child support, energy, rental and burial assistance, all designed to help families and individuals toward financial self-sufficiency. DHS is committed to working with community partners to provide resources and services to people in need and those adults and children who need protection. DHS collaborates with resource centers, agencies, programs, and organizations to meet the needs of Denver residents. In 2010, DHS operated from an annual budget of \$139,692,239 that includes \$1,058,194 in CSBG funds, providing CSBG services for 19,906 residents of the city and county.

## **IV. Assessment Findings and Recommendations**

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OCS reviewers determined that there were four findings of noncompliance and have four recommendations for the State.

### **Finding 1**

The State did not perform the required fiscal monitoring of all eligible entities within the three years required by Section 678B.

#### **Recommendation:**

#### **OCS recommends the State:**

**1.1** Implement procedures to ensure compliance with Federal policy on subrecipient monitoring which includes fiscal monitoring.

#### **State Response:**

DOLA staff who work with the CSBG program now has all of our sub-recipients on a two-year monitoring schedule, going above and beyond the three year requirement in Section 678B. This monitoring is done on-site and is very comprehensive, followed up with a detailed written report to the entity that was monitored, offering an opportunity for comments and deploying training and technical assistance where needed. I accompanied staff on a monitoring trip in June of last year and saw firsthand how professionally the monitoring and training were handled. Excellent customer service is a hallmark of DOLA's CSBG staff in their interface with their sub-recipients. Also, high performing sub-recipients are recognized during statewide CSBG conferences.

#### **OCS Response:**

OCS will review the State monitoring procedures put in place to assure compliance with Sec. 678B.

### **Finding 2**

During our review, we noted the State did not have audit policies and procedures pertaining to CSBG for fiscal year 2010.

#### **Recommendation:**

#### **OCS recommends the State:**

**2.1** Develop and implement audit policies and procedures to ensure that eligible entity A-133 audit findings, deficiencies, and/or weaknesses are properly addressed.

#### **State Response:**

After fiscal year 2010, we implemented audit-related procedures that are now in practice with how we review our sub-recipients' financials, but not to the level of sophistication as would be preferable, and not necessarily in codified form. This is an area we need to work on to come into full compliance. I suspect that the new "Super Circular" will give us additional direction on the

audit policies and procedures with which we will need to comply. We are committed to doing so by the end of the current year.

**OCS Response:**

OCS acknowledges the State’s response, however it is not clear in the response what audit –related procedures are in place, what needs to be done to come into full compliance with Sec 678D, and what significance the “Super Circular” have on providing direction on audit policies and procedures. In order to assist with full compliance of Sec 678D, OCS request Colorado elaborate on the specific audit – related procedures in place and provide planned target dates for completing the corrective action.

**Finding 3**

The State did not submit OMB SF 269A FSRs within 90 days of the close of the applicable statutory grant period in accordance with 45 CFR 96.30(b)(4). The Office of Grants Management (OGM) FY 2009 State of Colorado submission was received on 2/29/2012.

**Recommendation:**

**OCS recommends the State:**

**3.1** Provide additional T&TA to ensure timely submission of SF269.

**3.2** Strengthen internal controls to ensure adequate review and verification of amounts reported on the SF269. In addition to the review of supporting documentation, the amount reported should be reviewed for accuracy based on program management expectations.

**State Response:**

This information is, unfortunately, correct for the FY 2010-funded program year. DOLA has met the submittal deadline in the last two years, 2012 and 2013, with accurate financial information that has been thoroughly vetted. We will continue to meet the annual deadline with sound financial reporting that is complete and accurate.

**OCS Response:**

OCS will review the State submission of the required financial report forms to assure compliance with requirements set forth by the Code of Federal regulations.

**Finding 4**

The State does not demonstrate the internal controls needed to support performance based management, safeguard assets or prevent and detect errors and fraud.

OCS reviewers noted deficiencies in State policies in the following areas:

- Section 676A Designation and Redesignation of Eligible Entities in Unserved Areas
- Section 678A Training, Technical Assistance, and Other Activities
- Section 678B Monitoring of Eligible Entities

Section 678C Corrective Action; Termination and Reduction of Funding (should be updated in accordance to (IM #116)  
Section 678G Drug and Child Support Services and Referrals  
Section 676(a)(2)(B) Public Hearings

**Recommendation:**

OCS recommends the State:

**4.1** Strengthen internal controls to include revising and strengthening comprehensive policies and procedures for CSBG.

**State Response:**

DOLA will work to “strengthen internal controls to include revising and strengthening comprehensive policies for CSBG”, per OCS’ written recommendation in the draft report. We may call upon OCS and our national partner, NASCSP, for technical assistance and training to accomplish these by the end of this current year.

**OCS Response:**

OCS Program Specialist and NASCSP are available to provide the technical assistance needed to assist the State in developing comprehensive policies and procedures to administer the CSBG. We recommend the State establish specific target dates for completing task associated to the development of internal controls. OCS will continue to monitor the progress of the state’s internal control development.

## **Other Concerns- State Policy Updates**

The State should make sure policies and practices are in place to assure funds distributed by the 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 as long as annual federal appropriations law requires such action.

This report is now considered as final. The State is responsible for providing a corrective action plan for all findings within 30 days of receiving this report. If you have any questions or comments, please contact:

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Washington D.C. 20447

**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