



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

Community Services Block Grant

New York State Assessment

On-Site Review

FINAL

(March 28 – April 1, 2016)

New York Community Services Block Grant

I. Executive Summary

BACKGROUND

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 – hereinafter referred to as eligible entities, 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 New York designated the New York Department of State (NYDOS) as the appropriate lead agency for the administration of CSBG. The CSBG provides funding, technical assistance, and support to 49 eligible entities, including a statewide organization that serves migrant and seasonal farm workers through regional sites, local government organizations. CSBG also provides funding to Native American tribes/tribal organizations; the State of New York uses discretionary funds to support anti-poverty efforts in Native American tribes/tribal organizations. Together the agencies provide an array of services within the State of New York to address local area 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 New York’s CSBG and its eligible entities as evaluated by federal staff of the Division of Community Assistance (DCA) 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

SA’s 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 Title II – Community Services, of the Coats Human Services Reauthorization Act, Public Law 105-285 (Section 678B(c)). As per the CSBG statute, the SA examines the state’s and its eligible entities’ assurances of program, fiscal and governance operations, as well as the state’s oversight procedures for its eligible entities.

SCOPE OF REVIEW

OCS federal staff conducted the on-site review of the New York CSBG and its eligible entities from March 28 – April 1, 2016. The scope of the review covered the Fiscal Year (FY) 2014 grant award, which includes expenditures from October 1, 2013 through September 30, 2015.

METHODOLOGY

OCS reviewed documented procedures and practices for administrative, fiscal, and program operations and interviewed the State of New York officials responsible for administering CSBG.

OCS reviewers:

- Evaluated compliance of state-level assurances, administrative, fiscal, program, and governance requirements.
- Evaluated the state's monitoring procedures and practices to determine eligible entities compliance with the state-level assurances.

II. New York State Assessment Finding and Required Actions

OCS identified an issue of non-compliance in New York's CSBG fiscal operations.

FISCAL OPERATIONS REQUIREMENTS

Section 678D and 45 C.F.R. § 96.30(a) require states to maintain 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; (a) permit preparation of reports required by the statute, and (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.

Issue(s) of Non-compliance

Under the terms and conditions of the block grant the deadline for liquidating federal funds is 90 days after the end of the grant period. For awards issued on a federal fiscal year basis, the deadline is December 30th – 90 days following the end of the federal fiscal year. By acceptance of the award, each grantee agrees to comply with the requirements.

Due to a reported financial system conversion, NYDOS was unable to finalize the liquidation and reporting of FY 2014 CSBG funds. On November 30, 2015, NYDOS requested and was granted an extension from the Office of Grants Management (OGM) to finalize the required financial expenditure report (SF-425) and drawdown of FY 2014 funds until January 31, 2016. NYDOS drew down FY 2014 funds totaling \$2.7 million from February 2016 through May 2016, beyond the extended deadline.

The final expenditure report was submitted to OGM February 29, 2016. On April 1, 2016, NYDOS requested a second extension to drawdown federal funds through April 30, 2016. NYDOS stated that the funds drawn were FY 2014 expenses that occurred on or before September 30, 2015. In July 2016, OGM extended NYDOS' FY 2014 liquidation period through April 30, 2016, with a warning that no more extensions would be granted.

Required Action(s)

- Required Action 1: NYDOS must adhere to the terms and conditions of the block grant with respect to the liquidation deadline. For awards issued on a federal fiscal year basis, the deadline for liquidation is December 30th – 90 days following the end of the fiscal year.
- Required Action 2: NYDOS must adhere to the terms and conditions regarding submission of the federal financial reports. The deadline for submission of the federal financial Reports through the required on line reporting system is 90 days after the end of each fiscal year.

NYDOS Response

We agree with the assessment finding regarding delayed liquidation and delayed submission of federal financial reports. As noted in the report, the late liquidation of funds and subsequent reporting delays for FY 2014 was related to a financial system conversion that was not complete.

The financial system conversion has since been completed. For FY 2015, NYS complied with stated deadlines for both the liquidation of funds and the submission of financial reports.

OCS Response

OCS agrees with corrective action taken by NYDOS and considers the state assessment finding closed.

III. New York State Assessment

ADMINISTRATIVE OPERATIONS

Administrative and Discretionary Use of Funds

Section 675C(2) Administrative Cap – no state may spend more than the greater of \$55,000 or five percent, of the grant for administrative activities, including monitoring activities. Funds to be spent for such expenses shall be taken from the portion of the grant after the state makes grants to eligible entities. Section 675C(b)(1) Use of the Remainder – the state shall use the remainder of the grant or allotment received for discretionary purposes.

Administrative Funds

NYDOS's administrative funds were used to support operational costs associated with the administration of CSBG. OCS determined that the expenses were properly supported and entered in the general ledger to track funds within the department. For the fiscal years reviewed as part of this assessment, NYDOS makes available unused administrative funds in the subsequent year for competitive grants within the CSBG network. Typically these are awarded for specific discrete projects for innovative ways to address the needs of low income communities.

Discretionary Funds

NYDOS's discretionary funds were used to support Training and Technical Assistance needs provided by the New York State Community Action Association (NYSCAA), the National Association of State Community Service Programs (NASCSPP), and the national Results Oriented Management and Accountability (ROMA) Peer to Peer Training Program. In addition funds were used to support selected tribal, immigrant and workforce initiatives. OCS determined that the discretionary expenses were properly supported and entered in the general ledger used by to track funds within the department.

Community Action Plan and Community Needs Assessment

Section 676(11) requires the state to secure from each eligible entity, a Community Action Plan that includes a Community Needs Assessment for the community served, which may be coordinated with community – needs assessments conducted for other programs.

The CSBG refunding application submitted by the eligible entities serves as the Community Action Plan. It includes the community needs assessments that describe local poverty related needs. Each agency is required to describe the process used to gather the data, and ensure that the needs assessment identifies the current priority needs for residents with low income in their service area.

Monitoring Eligible Entities

Section 678B(a) of the CSBG Act requires states to monitor local agencies to determine whether they meet performance goals, administrative standards, and financial management requirements, as well as other requirements of the state. The state shall conduct the following reviews of eligible entities: 1) full onsite review of each entity at least once during a three-year period, 2) onsite review

of each newly designated entity immediately after completion of the first year in which the entity received CSBG funds; 3) follow-up reviews to eligible entities that fail to meet the goals, standards, requirements established by the state; and 4) other reviews as appropriate, including reviews of entities with programs that have had other federal, state, or local grants terminated for cause.

OCS found NYDOS monitoring procedures to be in compliance with state and federal regulations. NYDOS performed the required monitoring and follow-up reviews of its 49 eligible entities in accordance with the Section 678B(a). OCS reviewed NYDOS monitoring process and guidelines, triennial review schedule, and FY 2013 and 2014 monitoring reports.

NYDOS has a well-developed monitoring approach which fosters partnership between the state and entities, focuses on a comprehensive assessment of the entities, and identifies issues that may pose a threat to the overall fiscal and/or program health of an agency.

NYDOS implements a three-pronged approach to monitoring. This approach includes 1) routine, periodic on-site visits, 2) Federally-mandated triennial monitoring, and 3) an annual review to assess the entities compliance with the organization standards.

An Individual Monitoring Plan (IMP) is developed for each eligible entity prior to the start of the program year. The purpose of the IMP is to establish partnerships between the state and the entity. The IMP identifies the nature and frequency of monitoring and support in response to individual agency needs relating to the following:

- improving agency goals,
- training and technical assistance requests,
- recommendations from triennial monitoring, and
- organizational standards compliance review.

NYDOS's onsite monitoring approach includes joint reviews conducted by program and fiscal staff. The joint site visit approach allows the state to review the entities fiscal and program data together to identify areas of concerns or issues.

Overall, OCS identified NYDOS' monitoring approach as a strong programmatic control.

Training and Technical Assistance (T/TA)

Section 675C(b)(1)(A) allows states to use CSBG funds to provide T/TA to those entities in need of such training and assistance. Section 678C(a)(3) indicates states shall offer T/TA if appropriate to help correct eligible entities deficiencies.

In accordance with 675(b)(1)(A), NYDOS provided documentation to show T/TA was provided to its eligible entities. NYSCAA provides T/TA statewide to eligible entities in the areas of: human resources, fiscal management, program evaluation, community partnerships, and understanding ROMA. In addition, on-site fiscal and programmatic T/TA is provided directly by NYDOS staff.

Corrective Action, Termination, or Reduction of Funding

Section 678C states that if the state determines, on the basis of a final decision that an eligible entity fails to comply with the terms of an agreement, or the state plan, to provide services ... or to meet appropriate standards, goals, and other requirements established by the state, the state shall:

- (1) inform the entity of the deficiency to be corrected;
- (2) require the entity to correct the deficiency;
- (3) (A) offer training and technical assistance, if appropriate to help correct the deficiency, and prepare and submit to the Secretary a report describing the training and technical assistance offered,
 - (B) if the state determines that such training and technical assistance are not appropriate, prepare and submit to the Secretary a report stating the reasons for the determination.

NYDOS's corrective action, termination, or reduction of funding procedures are in compliance with CSBG statutory and federal requirements. NYDOS works closely with its eligible entities to identify and resolve issues and concerns before they become problematic. Issues of non-compliance are reported in the site visit monitoring in reports, and a written Notice of Deficiency (NOD) is provided to the entities citing the non-compliance and the need to correct the deficiency.

The NOD discusses whether technical assistance is appropriate to help the entity correct the deficiencies, and whether a Corrective Action Plan and/or Quality Improvement Plan will be required. Technical assistance may also be offered concurrently with the notification of a deficiency. The state procedures are consistent with requirements outlined in CSBG Information Memorandum 116.

FINANCIAL OPERATIONS

Fiscal Controls

45 C.F.R. § 96.30(a) require states to maintain 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 controls and accounting procedures must be sufficient to; (a) permit preparation of reports required by the statute, and (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.

OCS found that fiscal controls and accounting procedures were in place and, sufficient to 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 and in accordance with federal regulations.

For FY 2014, NYDOS received \$57,695,750 for CSBG. Approximately 90% of the funds were disbursed to its eligible entities. The remaining funds were used to fund NYDOS administrative and discretionary cost. In order to determine allowability and allocability of federal funds, OCS reviewers verified a sample of NYDOS' FY 2014 general ledger transactions. OCS sampled FY 2014 program, administrative, and discretionary transactions; compared the sampled transactions

against the general ledger; request for payment, accounting revenue and receipts, and disbursement documentation provided by the state.

OCS determined that the expenses were properly supported and entered into NYDOS' accounting system used to track funds within the department. However, as identified below, OCS identified opportunities for improvement with respect to NYDOS's draw down procedures, and submission of the required federal financial reports.

State Carryover Requirements

Under the terms and conditions of the federal award grantees shall adhere to a provision of law under the Consolidated Appropriations Act of 2014 which requires that to the extent 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. If CSBG funds are carried forward by such eligible entity into the next fiscal year, those funds must be fully expended and services provided on or before September 30.

For FY 2014, New York carried forward \$15,551,007 into FY 2015. OCS found that CSBG funds were expended and services provided on or before September 30, 2015.

Audits

As required by 2 CFR §200.501 of the Uniform Guidance and 45 CFR Part 75 Subpart F (a) and (b) non-federal entity that expends \$750,000 (\$500,000 or more in the most recent fiscal years) or more during the non-federal entity's fiscal year in federal awards must have a single audit conducted in accordance with §200.514 scope of audit.

New York State Single Audit

In accordance with 2 CFR 200 and 45 CFR Part 75, NYDOS obtained its single audits for Fiscal Year End September 30, 2013 and Fiscal Year End September 30, 2014. OCS reviewed the single audits to determine whether timely and appropriate corrective action was taken in instances of noncompliance with federal laws and regulations. For the single audits reviewed, OCS determined the state was in compliance with federal regulations governing single audits.

State Monitoring – Eligible Entity Compliance – Single Audit

In accordance with 2 CFR 200 and 45 CFR Part 75, NYDOS has procedures in place to obtain and review single audits annually of its eligible entities. The single audit review is included in an annual self-assessment tool required to be completed by the state, the tool focuses on fiscal monitoring and the appropriate corrective action in instances of noncompliance. OCS determined that NYDOS has sufficient controls in place to monitor their eligible entities single audits, ensuring they are submitted timely and appropriate corrective action is taken by the state in cases of noncompliance.

PROGRAM OPERATIONS

Use of Ninety (90%) Percent of Funds

Per Section 672, the purpose and goals of CSBG is to provide assistance to states and local communities working through a network of eligible entities, for the reduction of poverty, the revitalization of low-income communities, and the empowerment of low-income families and individuals in rural and urban areas to become fully self-sufficient. Section 675 requires that not less than 90 percent of the funds made available to a state shall be used by the state to make grants for the purposes described in Section 672 to eligible entities.

In FY 2014, NYDOS disbursed 90 percent of CSBG funds to its eligible entities in accordance with Section 672. NYDOS reported providing services to 787,976 low-income individuals and 214,568 families.

Tripartite Boards

Section 676B requires that members are chosen in accordance with democratic selection procedures to assure that the Tripartite Board is an equal representation of the community: 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 the members of the board are elected public officials; and the remaining members are official or members of 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.

OCS reviewers found NYDOS' Tripartite Board procedures to be in compliance with Section 676B of the CSBG Act. Reviewers conducted site visits of three of the 49 eligible entities, and reviewed the state's monitoring documents and procedures to determine compliance with federal and state statutes regarding tripartite board.

NYDOS' annual refunding process requires that each entity submit a list of current board members. The list must be updated as changes occur and certified annually by the state. Board member tracking is performed at the beginning of the contract year to identify each member and sector on the board, identify the source of documentation provided for the appointment, and verify whether the documentation is sufficient per NYDOS guidelines. NYDOS program analysts are required to attend a minimum of one board meeting each fiscal year to observe board function and share information.

OCS found that NYDOS Tripartite Board procedures assure that members actively participate in the planning, implementation, and evaluation of CSBG services. The procedures assure that not less than one-third of its members are representatives of low-income sector, one-third of the members are elected public officials and the remaining members are members of business, industry, labor, religious, law enforcement, education, or other major groups interested in the community served.

ROMA System and Annual Reporting

According to Section 678E(1) and 678E(2), each state that received funds shall participate in a performance measurement system and ensure that all eligible entities in the state participate to the

extent in which programs are implemented in a manner that achieve positive results for the communities served. States may participate in the model evaluation system designed by OCS in consultation with the CSBG Network called ROMA. Alternatively, states may design their own similar system.

NYDOS requires all of its eligible entities and delegate agencies to participate in the ROMA data collection system and to accurately report all outcomes. Information pertaining to the accomplishments, outcomes, and planned versus actual funds expended are collected from each eligible entity through the Annual Program Report (APR), which is submitted between October and November of each year. An email is sent out to the entities at the beginning of October requesting all information with a deadline of November 1st.

Submitted data is reviewed by the state analysts to check for errors or missing data. An internal reconciliation sheet that identifies all of the indicators is used to reconcile all information submitted by the entities. Once all information is reconciled, the state compiles all information submitted by the entities into a final report which is submitted to OCS and NASCSP by the end of March.

Section 678E(2) requires that each state shall annually prepare and submit to the Secretary a report on the measured performance of the state and the eligible entities in the state. The report should describe how the state and the eligible entities met its goals and objectives, as well as provide information on the types of projects supported with CSBG funds. The Annual Report must contain performance measurement outcome data which address the implementation of the national goals and measures.

OCS confirmed that NYDOS submitted their annual report within the established deadline of March 31st for each year reviewed.

Limitation on Use of Funds

Per Section 678F, grants may not be used by the state or by any other person ... for the purchase of improvement of land, or the purchase, construction, or permanent improvement of any building or other facility.

In accordance with Section 678F, NYDOS policy states that eligible entities are prohibited from using CSBG funds for the purchase or improvement of land, or the purchase, construction, or permanent improvement of any building or other facility. OCS found that New York was in compliance with Section 678F of the CSBG Act.

Child Support Services

Section 678G(b) states that during each fiscal year for which an eligible entity receives a grant such entity shall: (1) inform custodial parents in single-parent families that participate in programs, activities, or services ... about the availability of child support services; and (2) refer eligible parents to the child support offices of state and local governments.

In accordance with Section 678G(b), NYDOS procedures require its eligible entities to inform custodial parents in single-parent families about the availability of child support services and refer eligible parents to the child support enforcement agency.

IV. NEXT STEPS

We would like to thank you, the staff, eligible entities and the tribal organization visited for their cooperation and assistance during the State Assessment of New York. OCS agrees with the corrective action taken by NYDOS and will close the required actions.

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

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APPENDIX

Report Contributors

New York State Staff :

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Anne Marchese, Bureau Program Manager

State Eligible Entities:

New York City Department of Youth and Community
Development
Fulmont Community Action Agency
Community Action Commission to Help the Economy
Westchester Community Opportunity

Other Organization Visited:

Poospatuck Indian Nation

OCS Staff:

David Barrie – Financial Operations and
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