

Fiscal Year 2020 and 2021  
Arkansas Community Services Block Grant Policy  
Manual

Arkansas Department of Human Services  
Division of County Operations  
Office of Community Services

## **CSBG Policy**

### **Section 1 – Program Scope**

#### **The State Lead Agency**

The State Lead Community Services Block Grant Agency is housed in The Department of Human Services. The Department of Human Services (DHS) is Arkansas’s largest state agency, with more than 7,400 employees working to ensure citizens are healthy, safe, and enjoying a high quality of life.

The agency’s skilled and passionate staff cares for Arkansans of all ages. Often, that means providing a safety net for our most vulnerable residents. Families or individuals facing difficult times may need assistance to get back on their feet. People needing support will find at least one (1) local DHS office in each of the state’s seventy-five (75) counties.

Arkansans may apply for a vast array of services at their local county office as well as online. Services include ARKids First health insurance for children, the Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps), Transitional Employment Assistance (TEA), and Medicaid.

Through a blend of federal and state Medicaid funds, DHS pays for sixty-four percent (64%) of the babies born in Arkansas each year and for the care of sixty-nine percent (69%) of the state’s nursing home patients.

Additionally, DHS protects children and the elderly who have been abused or neglected; finds adoptive homes for foster children; funds congregate and home-delivered meals for the elderly; regulates nursing homes and childcare facilities; supports high-quality early childhood education; treats and serves youth in the juvenile justice system; oversees services for blind Arkansans; runs residential facilities for people with developmental disabilities; manages the Arkansas State Hospital and Arkansas Health Center for those with acute behavioral health issues; and supports nonprofit, community and faith-based organizations that depend on volunteers to continue programs vital to our communities.

The agency also works with a system of community mental health care centers to provide mental health services to nearly 74,000 people each year.

In all, DHS serves more than 1.2 million Arkansans every year.

#### **Vision**

Arkansas citizens are healthy, safe, and enjoy a high quality of life.

#### **Mission Statement**

Together we improve the quality of life of all Arkansans by protecting the vulnerable, fostering independence, and promoting better health.

#### **Core Values**

Compassion  
Courage

Respect  
Integrity  
Trust

### **Operational Values**

Customer Focused - Ensuring our actions and services are targeted to the well-being of recipients/customers and the citizens of Arkansas.

High Quality Workforce - Recruiting and developing our people so that they enjoy the highest quality work life and choose DHS as the best place to work.

### **Beliefs**

Every person matters.

Families matter.

Empowered people help themselves.

People deserve access to good health care.

We have a responsibility to provide knowledge and services that work.

Partnering with families and communities is essential to the health and well-being of Arkansans.

Quality of our services depends upon a knowledgeable and motivated workforce.

**We care. We act. We change lives.**

PROPOSED

## **The State Roles and Responsibilities**

The Arkansas Department of Human Services, Division of County Operations, Office of Community Services (DHS/DCO/OCS) is the agency designated by the Governor to administer and distribute Community Services Block Grant (CSBG) funds.

In its second role, the State Lead Agency is responsible for performance-based reporting of Community Services Block Grant funds. This entails the collection of data from each agency, then compiling the data and submitting reports to the federal agency that is responsible for the funds. In the case of CSBG funds, the performance-based element is referred to as ROMA - Results Oriented Management and Accountability.

A third role, or responsibility, that the State Lead Agency has is that of providing training and technical assistance to the eligible entities' executive directors, board members, and staff. Training and technical assistance covers a wide range of subjects including, but not limited to, workshops on succession planning, ROMA, case management, financial management, CSBG Organizational Standards, reporting, OMB guidance, monitoring and board governance. Technical assistance is provided both as a response to requests and because of monitoring reviews that indicate weaknesses. The State Lead Agency strongly encourages all the eligible entities to request technical assistance if they encounter issues or situations in which they feel guidance is needed.

The fourth role of the State Lead Agency is determining if funds are used in accordance with applicable federal and state laws, rules, regulations, or policies. The determination is made through monitoring reviews as well as audit reports. In those instances where it is determined that the use of funds was not in compliance with applicable laws, rules, regulations, or policies, then corrective action must be determined. If the determination includes disallowed costs that must be repaid, then the sub-grantee will be required to reimburse those funds to the State.

The State Lead Agency's fifth role with respect to eligible entities is that of partner. DHS/DCO/OCS works in partnership with not only the entities, but also: with other funding sources, state agencies, and the Arkansas Community Action Agencies Association (ACAAA). The partnerships serve to provide the widest range possible of services to the low-income in the most cost-effective and efficient manner. The Lead Agency will work directly with each eligible entity and its board pertaining to contractual matters or the affairs of that entity.

## **Revision of Rules**

Periodically it will be necessary to revise this manual. This may be in response to new federal or state laws, rules, regulations, or policies, changing circumstances among the low-income population, or resources available to low-income persons. Therefore, the State Lead Agency will review this manual on a regular basis and issue any changes in the form of Policy Directives. The State Lead Agency will ensure that all eligible entities receive notice of changes via the Policy Directives and will make the appropriate revisions to the Community Services Policy Manual as needed under the guidance of the Division Director.

## **Severability**

The provisions of these rules are severable, and if any provision is held unconstitutional or a violation of statute by any court of competent jurisdiction, or shall otherwise cease to be effective, all other provisions of these rules shall remain in effect.

## **Implementation**

Each eligible entity shall take all necessary steps, including but not limited to, the adoption of amendments to existing by-laws and policies, to comply with the requirements of this manual and Policy Directives at their effective date.

## **Citizen Access and Privacy**

The following documents must be made available for public inspection:

- Funding applications submitted to the State Lead Agency;
- The eligible entity's most recent Articles of Incorporation by-laws, board membership list, needs assessment, and strategic plan;
- All contracts (including funding, consulting, goods, and services) pertaining to CSBG funds;
- All final reports (including audits) made to the State Lead Agency on projects funded with CSBG funds;
- Minutes of the meetings of the Board of Directors;
- Position titles, salary ranges, and job descriptions for all compensated positions.

Custodians of records may only charge for the “actual costs” of reproducing public records, plus mailing expenses. (Arkansas Freedom of Information Act, Ark. Code Ann § 25-19-105(d)(3))

In addition to the above, eligible entities must fully comply with the Arkansas Freedom of Information Act.

State and federal laws, rules, regulations, and policies shall apply for privacy of personal data held by the eligible entity relative to Community Services Block Grant supported personnel, programs, and activities.

## **Section II – State Plan and Appropriation of Funds**

The State Lead Agency must develop a State plan to submit to the Department of Human Services covering a period of no less than one (1) and no more than two (2) fiscal years. This plan must be submitted no later than thirty (30) calendar days prior to the beginning of the fiscal year covered by the plan.

The State Lead Agency is required to hold at least one (1) public hearing in the state giving enough time and notice of the hearing to provide the public the opportunity to comment on the proposed use and distribution of funds prior to the submission of the State plan to the Department of Health and Human Services. (42 U.S.C. § 9908(a)(2))

To be eligible to receive Community Services Block Grant funding, the state shall conduct one (1) legislative hearing every three (3) years in conjunction with the development of the State Plan. (42 U.S.C. § 9908(a)(2)(B) and (a)(3))

### **Eligible Entity Allocation**

**Ninety percent (90%) for Eligible Entities** – funds appropriated for the Community Services Block Grant shall be allocated annually to the eligible entities. The funds will be allocated based on a historical allocation formula that was based on poverty, population and a “hold-harmless” indicator number. The formula will stay in place for the period of FY 2020.

Upon Legislative approval of the Community Services Block Grant State Plan and approval of appropriate spending authority, funding awards are released to the eligible entities for the fiscal year.

Within thirty (30) calendar days of receipt of Notice of Grant Award from HHS, the State Lead Agency requests the necessary internal updates to purchase documents that will allow reimbursement payments to be generated to the eligible entities. (42 U.S.C. § 9908(b))

**5% Administrative** – 42 U.S.C. § 9907(b)(2) states, "No State may spend more than the greater of \$55,000, or 5 percent, of the grant received under section 675A [42 USCS § 9905] or State allotment received under Section 675B [42 USCS§ 9906] for administrative expenses, including

monitoring activities. Funds to be spent for such expenses shall be taken from the portion of the grant under section 675A [42 USCS § 9905] or State allotment that remains after the State makes grants to eligible entities under subsection (a)".

**5% Discretionary**-The remaining funds will be allocated in accordance with Section 675B(1) (42 USCS§ 9906). The remaining five percent (5%) of the funds can be used for a variety of CSBG-related purposes. Examples of these purposes include awarding funds to CSBG-network organizations to provide training and technical assistance to community action agencies and awarding funds on a competitive basis to organizations conducting community economic development activities, rural community development activities, case management, fatherhood initiatives, disaster relief, and neighborhood innovation projects. Arkansas will also use these funds to provide for the identification, adoption, purchase, and implementation of a state-wide data collection system for the eligible entities.

All Arkansas eligible entities must operate its CSBG related programs on a reimbursement basis. Full documentation of expenses must accompany requests for reimbursement.

## **Section III – Governing Boards**

### **Legislative Mandate**

Community Services Block Grant Act (42 U.S.C. 9901 et seq.) as amended in 1998, requires the State Lead Agency to provide an assurance that each community action agency or non-profit organization administering the Community Services Block Grant Program have a tripartite board which will be constituted as follows:

- ❖ One-third (1/3) of the members of the board are elected public officials, currently holding office or their representatives, except if the number of elected officials reasonably available and willing to serve is less than one-third (1/3) of the membership of the board, membership on the board of appointed public officials may be counted in meeting such one-third (1/3) requirement;
- ❖ At least one-third (1/3) of the members are persons chosen in accordance with democratic selection policies adequate to assure that they are representative of the low income in the area served; and
- ❖ The remainder of the members is composed of representatives of business, industry, labor, religious, welfare, education, or other major groups and interests in the community. Strict adherence to these requirements is necessary to be eligible for receipt of Community Services Block Grant funding and for continued designation as an eligible entity.

The bylaws of the organization must set forth the process for compliance with the Federal and State statutory mandates for the composition of the board of directors. A copy of the bylaws must be on file with the Arkansas Department of Human Services, Division of County Operations,

Office of Community Services. The eligible entities are required to comply with the process set forth in its bylaws.

### **Board Composition**

A "Community Action Agency" board of directors shall have not less than 15 members and not more than 51 members. The board composition shall be as follows (U.S. Department of Health and Human Services, Administration for Children and Families, Office of Community Services Information Memorandum 82):

- ❖ The federal Community Services Block Grant Act requires that the eligible entity select the members of the tripartite board. This means that the eligible entity tripartite board makes the final approval of board members that have been elected according to the eligible entity democratic selection process.
- ❖ Boards of community action agencies with Head Start programs are subject to the Head Start Act's requirements on composition, responsibilities, and conflicts of interest.
- ❖ A board of a community action agency that operates a federally qualified community health center or intends to qualify as a Community Housing Development Organization (CHDO) must meet additional composition requirements.(HUD.Gov)

### **Residency Requirements**

Each member of the board selected to represent a specific geographic area within the community must reside in the area which he or she represents.

### **Conflict of Interest**

- ❖ A person who serves on the board as an officer or an employee of an organization that wants to perform a component of the work program funded by the Community Services Block Grant must publicly disclose the intent to bid for the component. They must also recuse themselves from all discussion and any selection determinations regarding award of the component.
- ❖ Generally, public officials serving on the agency's boards will not be in conflict if the agency should contract with his or her jurisdiction to perform a component to the work program funded by Community Services Block Grant.
- ❖ A person may not serve on the board if an immediate family member is employed by the agency. An immediate family member is defined as anyone related by blood or marriage.

### **Limitations on Board Service**

Everyone on an eligible entity governing board, regardless of sector represented, must be

elected in accordance with a democratic selection process defined in the eligible entity bylaws.

The bylaws of each eligible entity shall define the term of office and its board election process. The term of service may be up to five (5) years as defined in the eligible entity bylaws.

The eligible entity may set the term lower than the State Lead Agency requirement but must hold an election at the end of each term of service.

Public officials elected to the eligible entity board may select a representative to serve in their stead during the term of board service. Public officials or their representatives, serve only if the public official is currently holding office, and is subject to the eligible entity selection process and term of service.

The State life-time term limit of ten (10) years for the Private and Low-Income sectors has been removed. However, each eligible entity must demonstrate that an election has been held at the end of each term of service for all three (3) sectors, Public, Private, and Low-Income.

### **Governing Power of the Board of Directors**

The board members or governing board acting as one has the legal powers and responsibilities granted under its state charter as the board of directors of a private, not-for-profit corporation. For example, the board must have the power to enter into legally binding agreements with any Federal, State, or local agency or with any private funding organization for operating programs or providing services to low-income recipients.

### **Bylaws Requirements**

In accordance with U.S. Department of Health and Human Services, Administration for Children and Families, Office of Community Services Information Memorandum 82, the eligible entities Bylaws must address at least the following:

- ❖ **Composition of the Board:** The bylaws shall set the number of seats on the board and the allotment of seats to public officials, representatives of the low income and representatives of the private sector.
- ❖ **Selection Process:** The bylaws shall include processes for selecting all sectors of the board.

### **Public Officials**

The bylaws of the board may authorize each public official serving on such board to appoint a representative who will then serve as the board member. These representatives need not be public officials themselves, but they shall have full authority to act on behalf

of the public officials whom they represent at meetings of the board regarding the business of the board.

### **Low – Income**

Representatives of the low-income population shall be selected/ elected in accordance with a democratic selection process adequate to assure representation of low-income persons residing in the area served.

Representatives of the low-income population may be democratically selected either to represent a specific area or community served by the agency, or at large to represent the entire area served by the agency. The following democratic selection process may be used, either separately or in combination:

- ❖ Nominations and elections, either within the community, specific areas, or the entire area served by the agency;
- ❖ Election at a meeting or conference of low-income persons where date, time, and place have been adequately publicized;
- ❖ Selection/election of representatives of a community-wide board by members of a neighborhood organization who are themselves selected by a low-income neighborhood of area residents;
- ❖ Democratic selection of representatives by existing organizations designated by the board whose membership is predominantly composed of low-income persons or their representatives. This is not meant to limit the variety of selection process which may be used. Any democratic selection process which assures adequate representation of the low-income where date, time, and place have been adequately publicized in advance of the selection is acceptable.

The entity will have these processes documented in its bylaws or in a separate board approved document that must accompany the bylaws.

The defined boundaries for the democratic selection of representatives of low income will be maintained in documented form in the entity's files for review by the State Lead Agency.

Low income representatives must be truly representative of current residents of the geographic area to be served, including racial and ethnic composition, as determined by periodic selection or reselection by the community. Being current should be based on the recent or annual demographics changes as documented in the community assessment. This does not preclude extended service of low-income community representatives on boards but does suggest that continued board participation of longer-term members be revalidated from and kept current through some form of democratic process and the assessment of community changes.

Eligible entities must maintain documentation of the selection and election process.

### **Private Sector**

Private sector members shall be selected in such a manner as to assure that the board will benefit from broad community involvement. Such representation shall come from members of business, social service agencies, industry, labor, religious and educational institutions, or other major groups or constituencies of the low-income population concerned with specific problems of the community. Once an organization is selected, it shall nominate its own representative on the board in accordance with the bylaws. Each representative shall be empowered to speak and act on behalf of the organization which he or she represents regarding the business of the board.

### **Petition by Other Groups for Adequate Representation on the Board**

The community action agencies shall establish and include in their bylaws' policies allowing community agencies and representative groups of the low income who feel themselves inadequately represented on the board to petition for adequate representation. The bylaws shall specify in these policies the channel of communication to be used, the number of signatures required for a valid petition, and the action required of the board in response to a petition for more adequate representation. The board bylaws shall include provisions for adjusting its composition in cases where a petition is granted, to maintain the proper percentage of public officials and of representatives of the low income.

### **Removal of a Board Member**

The bylaws must include a description of the grounds for removal of a board member and the policies to be followed for removing that member.

### **Alternates**

The Arkansas Non-profit Corporation does not address the use of alternates to represent board members in their absence; therefore, alternates are prohibited.

### **Vacancies**

A vacancy on the board exists when: (1) a member has been notified of his or her official removal by action of the board for cause; (2) a member notifies the board of his or her resignation; (3) a member dies; or (4) a public official leaves office. When the seat of a public official is vacant, the board shall ask the designating officials to select another public official to fill the seat. When the seat of a representative of a private sector is vacant, the board shall ask that organization to name another representative to finish out the term. When the seat of a representative of the low income is vacant, the board may include in its bylaws either of two options: (1) it may repeat the democratic selection process; or (2) it may allow the remaining representatives of the low-income population to select a person to finish out the term, with the condition that the person selected represents the same constituency as the original representative.

**The board must fill all vacancies within ninety (90) calendar days after the vacancy occurs.**

### **Quorum**

A quorum for a meeting of the board shall be over fifty percent (50%) of the board total as established in the agency's bylaws.

### **Calendar of meetings**

- ❖ The board shall have not less than four (4) regular meetings per program year with a quorum. The annual meeting may count as one (1) of these meetings. The schedule shall be defined in the agency's bylaws.
- ❖ The board shall provide notice of the agenda in writing to all its members for any meeting as specified in its bylaws.
- ❖ All board of directors' meetings shall be posted in places in the community frequented by the public to ensure the public is informed of the time and date of each meeting in accordance with the Arkansas Open Meetings Act. If a preliminary agenda is not available, the posted notice shall include a general description of the nature and purpose of the meeting. Agencies should identify in the posted notices whether the meeting to be conducted is a full board or committee meeting.

### **Notice requirements (Arkansas Freedom of Information Act § 25-19-106)**

#### **Regular Meetings:**

- (1) time and place must be given to
- (2) anyone who asks

#### **Special/Emergency Meetings:**

- (1) time, place and date – 2 hours in advance
- (2) to news media
  - (a) in the county where the meeting's held, and
  - (b) located elsewhere that cover the regular meetings that have asked to be notified

**All Eligible Entity board meeting notices must be in accordance with the current Arkansas Freedom of Information Act.**

### **Minutes**

- ❖ The agency shall maintain a roster of attendance and written minutes for board and committee meetings including a record of votes on all motions. The members making, and seconding motions must be identified in the minutes. If motions are not unanimous, there must be a record of each member's vote. A record of attendance or sign-in sheet must be maintained along with the minutes.

- ❖ A signed copy of the minutes, roster of attendance, roster of those absent, and any written material distributed at the meeting must be submitted to the State Lead Agency within thirty (30) calendar days after the minutes have been approved by the board. All minutes must be approved within ninety (90) calendar days of the meeting.

### **Committees**

The board may establish any committee it considers necessary for conducting its business. The composition of these committees shall fully reflect the composition of the full board. Public notices and quorums for committee meetings and full board meetings are required to be in accordance with The Arkansas Open Meetings Law and a quorum is over fifty (50) percent of the established membership of the committee.

### **Compensation**

- ❖ Regular compensation to members for their services on the board is not permitted.
- ❖ Travel reimbursement to all members of the board for expenses to attend the meetings is permitted.
- ❖ Reimbursement for a meal is allowed if no meal is provided during the board meeting.

### **Officials**

- ❖ Define the responsibilities of the officers of the board, e.g., the chairperson, vice chairperson, secretary, and treasurer. There must be a description of duties in each member file.

### **Evaluation and oversight of Executive Director**

- ❖ Define the responsibility and authority of the board regarding the hiring and firing of the Executive Director, and the responsibility of the performance of the Executive Director.
- ❖ All timesheets and travel requests for the Executive Director must be approved and signed by the Board Chair or his or her designee (board member).

### **Tripartite Board Updates**

The State Lead Agency requires that eligible entities provide updates regarding the composition of the board, vacancies on the board, and the efforts to fill those vacancies as a part of the quarterly program report.

### **Tripartite Board Verification**

The State Lead Agency will attend board meetings, assess Organizational Standards, interview board members during the on-site monitoring review, review copies of board meeting minutes, and track board vacancies and composition to verify validity of the eligible entity board.

## **Section IV – State Community Services Block Grant Implementation**

### **Service Delivery System**

The provision of Community Services Block Grant services to low-income individuals and families statewide is carried out primarily through Arkansas's network of eligible entities (community action agencies). These entities provide services with expectations of outcomes based on the National Performance Indicators in all seventy-five (75) counties in Arkansas.

### **Linkages**

A programmatic element of the Community Action Plans submitted by the eligible entities will include the development of linkages and cooperative agreements at the local level.

### **Coordination with Other Public and Private Resources**

Other public and private funding resources are submitted with estimated amounts leveraged as part of each Community Action Plan. The State Lead Agency requires each local entity to submit coordination plans for the entity grant activity. The coordination plan describes how local entities have conferred with area service providers and established working relationships, how linkages have been developed to fill identified gaps in services, how funding will be coordinated with other public and private resources, and how all the above will result in a multi-program impact on the client's progress toward self-sufficiency. As the State Lead Agency becomes aware of available grants, the information will be disseminated to the eligible entity network either directly or through the Arkansas State Community Action Agencies Association (ACAAA).

### **Innovative Community and Neighborhood-Based Initiatives**

The eligible entities can use Community Services Block Grant funds to support innovative community and neighborhood-based initiatives related to the purpose of the Community Services Block Grant, including fatherhood initiatives and other initiatives with the goal of strengthening families and encouraging effective parenting.

## **Community Assessment**

As a condition of funding, each sub-grantee is required to submit every three (3) years, a comprehensive Community Needs Assessment for the community served. The Community Assessment may be coordinated utilizing assessments conducted for other programs; however, a single funding source needs assessment may not be substituted for the required three-year CSBG Community Assessment. Each entity is responsible for conducting or securing its own needs assessment. The needs assessment of each entity shall describe how the assessment was conducted and provide aggregate results. The State Lead Agency realizes that that eligible entities require flexibility in conducting a local needs assessment, as each area varies in the resources available and the services provided.

**The CSBG Act (42 U.S.C. 9908 § 676(b)(11) requires “an assurance that the State will secure from each eligible entity in the State, as a condition to receipt of funding by the entity through a community services block grant made under this subtitle [42 USCS §§ 9901 et seq.] for a program, a community action plan (which shall be submitted to the Secretary, at the request of the Secretary, with the State plan) that includes a community-needs assessment for the community served, which may be coordinated with community-needs assessments conducted for other programs[.]”**

**The community needs assessment must be updated at least annually or when major changes occur within that agency's geographic service area (i.e., loss of major employer, natural disaster, etc.).**

**The State Lead Agency will provide training and technical assistance either directly by state staff or outsource in conducting and creating a written agency-wide community needs assessment.**

## **Section V – Community Action Plan (CAP)**

Prior approval for any changes to the scope or objectives of the Community Action Plan must be obtained prior to the quarter of the proposed change.

## **Section VI – Community Services Block Grant Allowable Activities, Costs, and Domains**

Community Services Block Grant (CSBG) allowable costs are those that support services and activities which are targeted to the low-income population to alleviate poverty and to promote self-sufficiency for those individuals and families.

#### Community Service Block Grant Domains:

1. Employment
2. Education and Cognitive Development
3. Income and Asset Building
4. Housing
5. Health and Social/Behavioral Development
6. Civic Engagement and Community Involvement
7. Outcomes and Services Across Multiple Domains

For CSBG program reporting requirements, the HHS Office of Community Services (OCS) defines "direct" program and "administrative" costs in accordance with three (3) criteria; (i) meeting Congressional intent for the program; (ii) achieving consistency with HHS audit and financial management standards; and (iii) ensuring a common basis for relating expenditures to the CSBG Results Oriented Management and Accountability System (ROMA) in its updated format that was OMB approved in January, 2017.

All costs charged to the Community Services Block Grant must be in accordance with 2 CFR § 200.31.

Any program or activity supported by Community Services Block Grant funds must be identified in the Community Action Plan.

#### **Administrative Costs**

Administrative costs include administering and managing central staff and centralized functions of the agency and prorated costs associated with the entities' audit. Administrative costs also include expenditures for support for members of the entities' governing body.

Administrative costs do not include costs for administration, management, or overhead expenses directly linked to a specific project operated by the eligible entity. Such administrative costs should be included as part of the program. For example, administrative overhead and general support for an eligible entities' community services projects (such as space, supplies, program manager, etc.) should be reported under Programmatic Costs (U.S. Department of Health and Human Services, Administration for Children and Families, Office of Community Services Information Memorandum 37).

#### **Programmatic and Case Management Costs**

Programmatic and Case Management costs include services and activities geared toward: attaining an adequate education, securing meaningful employment, acquiring adequate housing and living

environments, obtaining emergency assistance, participating in community affairs, addressing the needs of youth, and removing obstacles to improve stability and self-sufficiency.

CSBG funded services may be provided to households with incomes up to 125% of the poverty income guidelines. OMB poverty income guidelines apply to CSBG funded services and to services provided by CSBG funded staff. However, if CSBG funded staff provide services funded by other sources with income guidelines that differ from the CSBG guidelines, the other funding sources' guidelines shall apply for those services. Household Income eligibility documentation must be maintained on all clients served either directly or served by staff who are paid with CSBG funds.

The State Lead Agency will not attach a specific percentage of CSBG funding to case management related activities for FY 2020 or FY 2021. However, each entity will be asked to identify funds which are used specifically for case managed clients.

The State Lead Agency will not assign a specific number of clients each eligible entity is expected to assist in transitioning out of poverty during FY 2020 and FY 2021. However, it is expected as part of the Annual Community Action Plan (CAP Plan), each eligible entity will set a goal that is at least two percent (2%) higher than the goal for the previous fiscal year. This requirement can also be met by showing that case managed services are being provided by entity partnerships with other entities.

The eligible entities are expected to partner with local entities such as the local workforce development boards, the Department of Human Services, and other local poverty fighting agencies to provide the tools that will empower individuals and families to become self-sufficient (42 USC § 9901).

### **Eligible Entity Policies**

All agencies shall be required to develop and implement written standards of operation to include program policies to govern the programs administered utilizing Community Services Block Grant funds.

Uniform Administrative Requirement, Cost Principles, and Audit Requirement 2 CFR 200 outline the policies that each eligible entity is required to have in place.

The Cost Principles are updated annually, so each entity is responsible for current policies in place.

The below, at a minimum, are expected to be in place and updated in accordance with the Community Services Block Grant Organizational Standards and 2 CFR 200.

1. Financial Procedures Manual
  - Travel Policy
  - Credit Card Policy
2. Human Resources Manual
3. Procurement Procedures Manual
4. Conflict of Interest Policy
5. Management Information Systems (MIS) Policy
6. Whistleblower Protection Policy
7. Records Retention
8. Security:
  - Physical (files/sensitive information)
  - Data

### **Appeal Procedure**

Each eligible entity shall develop and implement an appeal procedure which outlines the method applicants should follow if they should decide to appeal any decision made regarding their eligibility determination and/or addressing claims of discrimination. The appeal procedure shall either be disseminated to each applicant prior to application or be posted in a conspicuous area within the agency in plain view of all potential applicants.

### **The Federal Hatch Act**

While employees of private nonprofit organizations are not generally subject to the Federal Hatch Act, certain employees of private, nonprofit community action agencies are because of the receipt of Community Services Block Grant funds.

### **Codes of Conduct**

Eligible entities must maintain written standards of conduct governing the performance of its board members and employees engaged in the award and administration of contracts. No employee, officer, or agent shall participate in the selection, award, or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved.

### **Non-Discrimination**

The CSBG Sub-recipient is prohibited from discrimination based on race, color, religion, sex, age, national origin, and disability.

### **Financial Management**

### **Bonding and Insurance**

- Each entity is required to have a current fidelity bond providing coverage at a minimum ten percent (10%) of any funds received from the DCO/OCS in which the agency is liable for the reimbursement of Federal or State funds to the grantor. HHS reserves the right to require agencies to maintain adequate bonding and insurance if the current bonding or insurance is deemed inadequate to protect the interests of the Federal Government.

The eligible entity must, as a condition for the receipt of CSBG funds, secure fidelity bond coverage for appropriate eligible entity officials. Coverage must be secured for each person authorized to sign or countersign checks or to transport, maintain custody of, or disburse sizable amounts of cash (such as for payrolls) in the minimum amount equal to ten percent (10%) of the total funds awarded to be disbursed.

Prior to its initial agreement with the State Lead Agency for funding, each eligible entity shall submit assurance that this condition has been met. This assurance shall take the form of a letter from a bonding company or agent stating the type of bond, amount and period of coverage, positions covered, and the annual cost of the bond that has been obtained. The State Lead Agency must be notified by the eligible entity within thirty (30) calendar days of any changes in bonding coverage.

- The **Employee Retirement Income Security Act of 1974 (ERISA)** is a federal law that sets minimum standards for most voluntarily established pension and health plans in private industry to provide protection for individuals in these plans.
- The State Lead Agency also requires each eligible entity provide proof of adequate coverage under a Director's and Officer's policy.

### **Carryover Funds**

Eligible entities will be allowed to reprogram CSBG funds from their annual CSBG budget. Carryover funds must be obligated, expensed, and invoiced by the end date of the federal award to which the funds are attached.

### **Agency Annual Audit**

DCO/OCS requires the eligible entities to follow the guidelines outlined in 2 CFR 200 under Audit requirements.

In Addition to the 2 CFR 200 requirements, DCO/OCS requires the following:

1. A copy of the signed audit engagement letter between the entity and the auditor.
2. A copy of the payment (check copy/bank reconciliation showing proof of payment) to the auditor.
3. A timeline with updates from the auditor on completion date of the audit.

4. A letter from the auditor showing date the audit will be presented to the board.

### **Disallowed Costs**

In those instances, in which a sub-recipient cannot document the allowability of certain cited questioned costs that will meet the applicable federal or state laws, rules, regulations, or policies, the State Lead Agency will have no recourse but to disallow these costs. Once this determination is made, the sub-recipient will be officially notified by the State Lead Agency in writing of such a determination. The sub-recipient will be given thirty (30) calendar days from the date of the State Lead Agency's letter to remit the amount disallowed. The remittance must be paid from non-federal funds. (2 CFR 200)

### **Debt Collection**

The debt collection process begins with the State Lead Agency's letter to the affected sub-recipient and establishes the debt owed to the State Lead Agency because of costs that were disallowed during the audit resolution process. The sub-recipient must remit the disallowed costs to the State Lead Agency within thirty (30) calendar days from the date of the State Lead Agency's letter. Those sub-recipients who do not remit disallowed costs or within this time frame may be charged interest at the applicable prime rate on the debt starting the day after the due date of the remittance. (2 CFR 200)

### **Purchase or Permanent Improvements of Real Property**

The use of CSBG funds are prohibited for the purchase or improvement of land, or the purchase, construction, or permanent improvement (other than low cost residential weatherization or other energy related home repairs) of any building or other facility except as defined in 42 U.S.C. § 9918 of the Community Services Block Grant Act.

### **Termination of the Agreement, Reduction, or Suspension of Funding**

If the State Lead Agency elects to terminate, reduce, or suspend funding to the sub recipient, it shall do so in accordance with the provisions of U.S. Department of Health and Human Services, Administration for Children and Families, Office of Community Services Information Memorandum Information Memorandum 116.

### **Hearing on Appeal**

Prior to the suspension of funds, or termination of the grant agreement for non-compliance with grant conditions, the sub recipient shall be granted a hearing by the State Lead Agency upon written request made by the sub recipient within ten (10) calendar days from the date of Notification of Intent to Suspend or Terminate the CSBG Grant Agreement.

The hearing shall be conducted at the State Lead Agency's offices in Little Rock, AR, or any other appropriate location at the State Lead Agency's discretion, with a written notification of the time, place, and subject matter by the State Lead Agency to the sub recipient.

PROPOSED