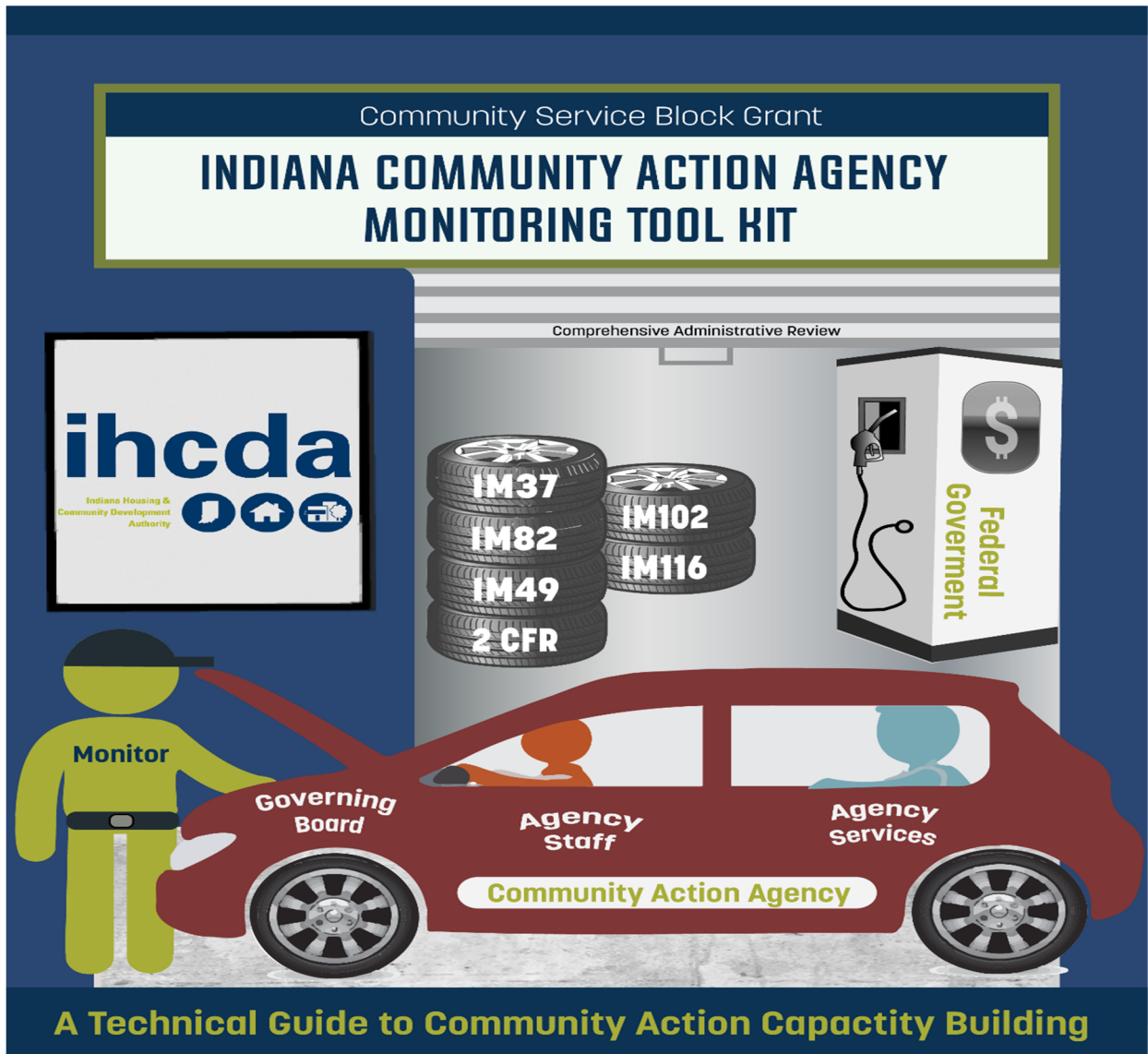# PART FOUR: BEYOND COMPLIANCE

Excellence begins where compliance ends!

"Habitually opt for moving beyond mere compliance. Exercise our influence to inspire excellence through implementation of best practices, maximizing efficiencies, practicing innovation…"[33]

Part Four is IHCDA's continuing effort to ensure that all Indiana Community Action Agencies are operating at peak performance by educating CAA staff on the purpose and background of the standards and building on compliance expectations through resources and implementation tips. In addition, this fulfills our IM-102 responsibility "to improve eligible entities' capacity to achieve results" through "practical constructive recommendations for continued progress or improvement of existing conditions".

Road To Excellence

Category 17: Standard Support (Lists all standards, by category)

CATEGORY ONE:

Community Action is rooted in the belief that people with low incomes are in the best position to express what they need to make a difference in their lives.

Standard 1.1:
Purpose:
- Meant to embody maximum feasible participation (as described in 42 USC 9901) and go beyond the involvement of low-income representatives on the agency's tripartite board.[23]

Implementation Tips:
- Places where you may already have existing groups of low-income volunteers engaging with your agency: Head Start policy council, Area on Aging Public Hearing(s), advisory boards or neighborhood councils, volunteering opportunities (i.e., parents, foster grandparents), etc.

Drive the Distance:
- The voice of low-income people should be represented in the role of governance, daily programming activities, and other processes such as strategic planning and the community assessment.[23]

Background: Economic Opportunity Act of 1964 (Maximum Feasible Participation)
Authority: IM-138(1.1), 42 USC 9901(2)(D), IM-82, and IC-12-14-23-9(8)(B)

Standard 1.2:
Purpose:
- It is important to consistently re-evaluate the needs and resources as perceived by low-income individuals to assess the success of the agency in meeting those needs.[23]
- As much as advocates, community stakeholders, and key informants may know about poverty and the resources available, low-income people have a lived experience of their community and its needs that should be included in the assessment to make it truly comprehensive.

Resource Tool(s): Leadership Calendar of Events
Implementation Tips:
- The agency needs to use methods such as community forums, surveys, and focus groups that draw information from low-income individuals in the broader community to ensure the inclusion of diverse views and a more accurate picture of the community's needs.[23]

Drive the Distance:
- It is beneficial to compare information collected directly from low-income individuals to similar data from other sources to identify gaps in your area/region.
- Collecting data from the low-income community during the needs assessment and other times offers an excellent opportunity for agencies to build relationships, raise awareness about their services and policy agenda, and identify potential volunteers and participants for agency activities.[23]

Authority: IM-138(1.2); Associated: IM-82 and IC-12-14-23-9(8)(A)

Standard 1.3:

Purpose:

- Gathering customer satisfaction data and input is another way that CAAs act on the value- and requirement-of maximum feasible participation.[29]
    - Customer satisfaction data is important information because it is related to the client's personal experience.
    - Enable the poor and the affected area residents to influence the character of programs affecting the interests of the poor and the affected area.[54]
    - Collection and analysis of actual customer satisfaction data is essential to understanding how programs impact the individuals and families served.[23]

Resource Tool(s): Governing Board and Leadership Calendar of Events

Implementation Tips:

- Conduct annually, or more frequently, per your systematic process.
- Utilize a quality improvement committee or similar body that looks at such data across the agency as a whole.[29]

Drive the Distance:

- Routinely examine questions asked, and make changes, to ensure that your agency receives both positive and negative constructive feedback (e.g., use a mixture of open- ended, close-ended, multiple-choice questions).
    - Customer satisfaction surveys typically include factors such as offering an adequate range of services, where they helped in a timely manner, ease of access to services, timely receipt of needed services, perceived quality of interactions between the customer and staff, would they recommend the agency to others, and overall satisfaction with how well the service(s) met the customer's needs.
- Develop a Customer Satisfaction Policy and Procedures.[37]

Background: Government Performance and Results Act (GPRA) of 1993 (customer satisfaction)

Authority: IM-138(1.3) and IM-82; <u>Associated:</u> 42 USC 9910(a)(1), IC-12-14-23-9(8)(A), and CSBG Annual Report (Module 1(I.5))

CATEGORY TWO:

CAAs are called to engage the community in their work. The war on poverty is waged most effectively by coordinated community relationships and cannot be fought by a single agency.[24] Community Action is often the backbone organization of community efforts to address poverty and community revitalization: leveraging funds, convening key partners, adding the voice of the underrepresented and being the central coordinator of anti-poverty efforts. It is not an easy role to play, but a vital one for families and communities.[69]

Social sector organizations have two types of customers. The primary customer is the person whose life is changed through your work. Supporting customers are volunteers, members, partners, funders, referral sources, employees, and others who must be satisfied. You might satisfy them by providing the opportunity for meaningful service, by directing contributions toward results you both believe in, by joining forces to meet community needs.[46]

The [CSBG] Act gives the CAA a primary catalytic mission: to make the entire community more responsive to the needs and interests of the poor by mobilizing resources and bringing about greater institutional sensitivity. A CAAs effectiveness, therefore, is measured not only by the services which it directly provides but, more importantly, by the improvements and changes it

achieves, the community's attitudes and practices toward the poor and in the allocation and focusing of public and private resources for antipoverty purposes.[139]

Standard 2.1:
Purpose:
- Partners, as stakeholders, are vital to providing clients access to various services that are beyond or enhance what the CAA can provide.
- Partnerships are mutually beneficial arrangements wherein each entity contributes and/or receives time, effort, expertise, and/or resources.[24]
- Based upon the needs identified in the needs assessment, partnerships are maintained to support agency services.[92]
  - Community action agencies may enter into Interlocal cooperation agreements with units of local government.[55]

Implementation Tips:
- Develop an agency-wide primary partnership list (e.g., spreadsheet) that also lists each partner's service county and key sector(s): community-based organizations, faith-based organizations, private sector, public sector, educational institutions, as well as financial/banking, health, and statewide associations.[45]

Drive the Distance:
- Per IM-82, check with governing board members periodically to see how they are assisting the agency in establishing and maintaining working relationships, or partnerships, with other public and private agencies and programs in the community that can help achieve community action results.

Background: The Economic Opportunity Act, Title II, Section 201(a)
Authority: IM-138(2.1), 42 USC. 9908(b)(1)(A)(vii) & (b)(9), and IC 12-14-23-9(9); <u>Associated:</u> 42 USC 9901(2)(E), IM-49 (Goal 4), National Community Action Network Theory of Change, and CSBG Annual Report (Module 2 (B.5))

Standard 2.2:
Purpose:
- It is essential for an agency to understand the makeup of their community at large and how its various stakeholders perceive their needs, available resources and barriers to achieving self-sufficiency. It allows agencies to paint a full picture of the family and community profiles of their customers.[24]

Authority: IM-138(2.2); <u>Associated:</u> 42 U.S.C. 9908(b)(1)(A)(vii), IC 12-14-23-9(9), and CSBG Annual Report (Module 2 (B.5))

Standard 2.3:
Purpose:
- Provides an opportunity for CAAs to showcase their successful innovations, capacity expansions, and coordination of resources and partners to solve difficult community problems. Its intent is to elevate community awareness of the agency's work, the impact it has, and the role the broader Community Action Network plays in fighting poverty. Ultimately, providing a foundation for CAAs to build a community agenda to address poverty.[24]

Resource Tool(s): Leadership Calendar of Events
Implementation Tips:
- Provide greater transparency by placing on the agency website items such as program descriptions, success stories, community needs assessment, IRS Form 990, audit, annual

reports/newsletters, donor list, strategic plan, bylaws, calendar of events, mission statement, partnerships/stakeholders, etc.

Drive the Distance:
- ROMA has provided some local entities with a means of not only "telling their story better," but of "telling a better story."[63]
- Utilize a Public Relation Plan to regularly promote positive agency results. Also called a Communications Plan or Marketing & Branding Plan.

Authority: IM-138(2.3)

Standard 2.4:

Purpose:
- This is one of the important elements of how CAAs and the Community Action Network tell the story of its impact by leveraging volunteer hours and other resources in the community.[24]

Resource Tool(s): Indiana CAA Board Governance Management Tool (governing board & committees only)

Implementation Tips:
- Utilize an agency-wide reporting system (database) to document the individuals and hours worked for any volunteer, including across multiple programs.

Drive the Distance (Implementation Tips):
- Volunteers provide an excellent source of potential members for the agency's governing board, advisory bodies, and, in some cases, staff positions.[24]
- An agency-wide system allows for:
  - The recognition of volunteers for their service and advancing the overall mission of the agency within the community.
  - The ability to demonstrate "total number of volunteer hours donated to the agency and total number of volunteer hours donated by individuals with low-income.[45]"

Background: Government Performance and Results Act of 1993 (GPRA)

Authority: IM-138(2.4) and IRS Form 990(Part I(6)); <u>Associated</u>: CSBG Annual Report (Module 2 (B.3))

CATEGORY THREE:

Local control of Federal CSBG resources is predicated on regular comprehensive community assessments that take into account the breadth of community needs as well as the partners and resources available in a community to meet these needs. Regular assessment of needs and resources at the community level is the foundation of Community Action and a vital management and leadership tool that is used across the organization and utilized by the community to set the course for both CSBG and all agency resources.[69]

Understanding the needs and resources within your community that will assist in reducing the causes and conditions of poverty is extremely important. However, it can only be achieved after your agency has actively solicited input and gained the valuable perspective of your low-income individuals/families, the entire human service network who service them, and key community stakeholders who support your mission.

Standard 3.1:

Purpose:

- The community needs assessment is a tool used to assess the needs of low-income individuals, families, and communities.[65] It is the foundation for addressing the cause and conditions of poverty within the community.
- Part of the community assessment process is learning who the low-income individuals in the community are and what needs they see existing in their community.[23]
- The CNA is an opportunity to gain insight into the broader needs of the service area not currently being met.[25]

Resource Tool(s): Leadership Calendar of Events

Implementation Tips:

- Conduct a public meeting to: 1) demonstrate the importance of the information and facilitate community dialogue, and 2) promote community action and elevate the needs of the poor within the community.
- Head Start agencies should consider coordinating and perhaps combining the CSBG and Head Start needs assessments to avoid duplication of efforts.[41]

Drive the Distance:

- The process of conducting a community needs assessment and the resulting report is the first step in gathering data for the agency-wide strategic plan and the CAA agency-wide annual work plan.[76]
- Provide footnote citations, as warranted, noting the source and year of the statistics or quotes, will demonstrate the currency of the information.
- CAAs are encouraged to update data between conducting full CNAs.[25]

Background: The Office of Economic Opportunity Instructions (1970)

Authority: IM-138(3.1), IM-82, and 42 U.S.C. 9908(b)(11); Associated: 42 USC 9901(2)(A), IM-102, and IM-49

Standard 3.2:

Purpose:

- Specific demographic information helps the CAA more accurately identify the needs of the community, target programs to specific populations, and tailor service delivery strategies based on age, culture, and related factors.[25]

Resource Tool(s): NASCSP Checklist for Monitoring Community Needs Assessment for State CSBG Offices

Implementation Tips:

- Incorporate data from internal program reports and the CSBG Annual Reports.
- Data on poverty is available from the U.S. Census Bureau.
  - Following U.S. Census Bureau methodology, race and ethnicity are separate and distinct data grouped under this category.

Drive the Distance:

- Provide a county-by-county breakdown of demographic data to compare against the region as a whole so pockets of need are not missed.

Authority: IM-138(3.2) and IM-102

Standard 3.3:

Resource Tool(s): NASCSP Checklist for Monitoring Community Needs Assessment for State CSBG Offices, Governing Board and Leadership Calendar of Events

Implementation Tips:

- Statewide housing information is available on the Indiana Housing Dashboard by IHCDA at www.IndianaHousingDashboard.com.
- Collect quantitative data first, then use qualitative methods to assist in analyzing the results.
- Provide the survey and/or interview questions used to gather data either within the report or as an appendix.

Drive the Distance:
- Consider including trended data to fully capture change over time and continuity in key indicators.[25]
- Present data in a variety of visually compelling ways, such as maps, graphs, charts, or comparisons with larger state and national trends.[25]
- Utilize more than one data source per national, state/local, or agency category.

Authority: IM-138(3.3)

Standard 3.4:

Purpose:
- Assessing the need, determining the level of need, and discussing the causes of poverty unique to that customer and community helps an agency produce a community assessment that can be confidently utilized as an effective resource for organizational planning.[23]
- Defining the underlying cause of the need and how it manifests itself in the community helps the CAA think through its overall service delivery strategy.[23]
- ROMA asks CAAs to think through the level of the needs they see and place them at the family, agency, or community level".[25]

Resource Tool(s): NASCSP Checklist for Monitoring Community Needs Assessment for State CSBG Offices, and The Introduction to Results-Oriented Management and Accountability (ROMA) Trainers Manual *(provides examples of how to analyze assessment data using the following techniques: The Five Whys, Force Field Analysis, Compassion, Causes and Effect, and Trend Analysis).*

Drive the Distance:
- Based on the CNA results, CAA should recommend community-wide policy (and system change, when appropriate) that will contribute to poverty reduction, increased access to services, etc.
- Make a "top five" list (or similar) of the service territory's needs as identified in the CNA.

Background: Donald Rumsfeld, Director of the Office of Economic Opportunity-CAA Mission Guidance

Authority: IM-138(3.4) and IC 12-14-23-9(2); Associated: 42 U.S.C. 9901(2)(B & C)

Standard 3.5:

Purpose:
- While the governing board may not necessarily be involved in conducting the community needs assessment, they are responsible for critically thinking about the results and using the assessment to drive policy, program decisions, and strategic direction.[25]

Resource Tool(s): Governing Board Calendar of Events

Drive the Distance:
- Ideally, a CAA's board should be engaged in the CNA from its start.[25]

Background: Previous to the implementation of the Organizational Standards, there was no guarantee of board involvement in the CNA.

Authority: IM-138(3.5); Associated: 42 USC 9910(a)(1), IM-102, and IM-82

CATEGORY FOUR:

Community Action leadership is exemplified at all levels across the organization and starts with a mission that clarifies Community Action's work on poverty. A well-functioning board, a focused Chief Executive Officer (CEO)/Executive Director, well-trained and dedicated staff and volunteers giving of themselves to help others will establish Community Action as the cornerstone and leverage point to address poverty across the community. Ensuring strong leadership both for today and into the future is critical. This category addresses the foundational elements of mission as well as the implementation of the Network's model of good performance management (ROMA). It ensures CAA's have taken steps to plan thoughtfully for today's work and tomorrow's leadership.[69]

Overall, the goal for this category is to ensure that you have the leadership and management processes in place to meet the current and future needs of the organization. This "leadership" is loosely defined because board, executive, and management all have responsibilities to ensure that the organization is on the track and will remain so.[26]

Standard 4.1:
Purpose:
- A Mission Statement contains the essence of who you are.[43] It is a relatively short statement, sharply focused, that explains your purpose and therefore, expressing the agency's reason for existence.
- Creating or reviewing mission statements can provide a focus for collaborative strategic planning among board members and agency leadership and staff, and a foundation for meaningful board oversight of agency operations and effectiveness.[64]
- Governing boards are responsible for determining the overall mission or direction.[64]
- Reduces Mission Drift- "when the agency departs from its original purpose and core values to take on a task that is perhaps related, but not directly in support of the mission.[97]"

Resource Tool(s): Mission Possible: Understanding and Developing an Effective Mission Statement[4] and Governing Board Calendar of Events

Implementation Tips:
- Four key mission statement elements should cover: Population, Services, Outcomes, and Relationship.[43]

Drive the Distance:
- After reading your Mission Statement, someone should know what your agency believes about poverty and what the long-term goals (changes) your agency will achieve.[43]
- A fundamental responsibility of leadership is to make sure that everybody knows the mission, understands it, lives it.[46]

Background: Office of Economic Opportunity (OEO) Instruction 6320-1 of 1970 (established the community action mission).

Authority: IM-138(4.1), IM-82, and IM-49; Associated: 42 USC 9910(a)(1) and IRS Form 990 (Part III (1))

Standard 4.2:
Purpose:
- The State will secure from each eligible entity, as a condition of receiving funding, a Community Action Plan.[87] Therefore, the CAP is a required and foundational element for CSBG funds.
  - i.e., Similar to a comprehensive grant proposal or grant application

- The Community Action Plan notes the specific strategies and interim outcomes to show success.[26]

Implementation Tips:
- A CAP is an annual component of the 3-to-5-year strategic plan. Both should link directly to the needs of the community identified in the Community Needs Assessment.
- A comprehensive Community Action Plan should take into consideration needs assessments from all other programs that provide social services within the community.[65]

Drive the Distance:
- Tripartite boards will officially approve annual performance targets, or outcomes they expect the agency to achieve among low-income families and the community.[64]
- Use the CAP to annually train staff on the expectations for the upcoming fiscal year.

Authority: IM-138(4.2) and 42 USC 9908(b)(11); Associated: IM-102 and IM-49

Standard 4.3:

Purpose:
- ROMA is the foundation of our work and how we know that our programs are strong and effective. The ROMA framework is both general good management as well as specific to Community Action.[26]
- Answer such questions as "why are we here, who are we helping, what are we helping them become, and how will we know and describe success, both theirs and ours? [63]"

Resource Tool(s): Community Action Partnership COE Developed Organizational Standards Technical Assistance Guide, Documenting Standard 4.3 (includes ROMA Implementation Checklist).

Implementation Tips/Drive the Distance:
- Having a ROMA trainer on staff not only makes complying with the Standard easier but can help ensure that ROMA principles are infused into agency operations.[26]

Background: Monitoring and Assessment Task Force (MATF) of 1994, created by the Office of Community Services (OCS), recommended the system to be known as ROMA which was rooted in Office of Economic Opportunity (OEO) Instruction 6320-1 of 1970.

Authority: IM-138(4.3); Associated: 42 USC 9908(b)(12), IM-102, and IM-49

Standard 4.4:

Purpose:
- Ensures the governing board has received an update each year on how well the CAA is meeting the plan. This shows the performance management process in action.[26]

Resource Tool(s): Governing Board and Leadership Calendar of Events

Implementation Tips:
- Provide the governing board the Community Action Plan shortly after it has been submitted so it can be reviewed and discussed.

Drive the Distance:
- Frequent review of the progress of the plan will allow a CAA board to stay more up to date on agency progress. More frequent update may occur at the committee level to allow more thorough discussion. More frequent review may allow for results to impact planning for subsequent Community Action Plans.[26]

Authority: IM-138(4.4); Associated: 42 USC 9908(b)(11), 42 USC 9910(a)(1), IM-82, and IM-49

Standard 4.5:

Purpose:
- Succession planning is "an effort to protect the organization's capacity to perform key functions, sustain important relationships, and fulfill its commitments during a leadership

transition".[2] It promotes continuity of the organizational culture through planned and coordinated efforts.
- It is the board's responsibility to make sure that their primary employee, the Chief Executive, has both procedures in place for leadership continuity during an absence as well as a policy for how the board will manage a transition.[26]

Resource Tool(s): Community Action Partnership, Preparing for Your Community Action Agency's Future: Sustainability, Succession & Transition, 2012 (Part 2 & 3), and Governing Board Calendar of Events

Drive the Distance:
- Develop succession plans for all Leadership Staff positions or at least developing Staff Contingency Worksheets that outlines their roles and responsibilities and how those tasks will be covered.
  - The Finance Director should have grant funding experience.[82]
- The plan may name an interim leader(s), locations of critical organizational documents, communication plan, and important contacts.[26]
- Governing board executive committee annually reviews the succession plan as part of their standing agenda, so everyone is aware plans are in place and that they are current.[2]

Authority: IM-138(4.5); Associated: 42 USC 9910(a)(1) and IM-82

Standard 4.6:

Purpose:
- The goal of risk assessment is to understand the risks that our organization confronts and clarify the extent to which we can undertake strategies (risk mitigation) to control the likelihood of occurrence and the severity of the consequences.[34]
- The risk assessment must be comprehensive and organization-wide to ensure that agencies review all types of risk associated with their management and operations instead of focusing on particular departments or programs.[26]

Resource Tool(s): Community Action Partnership Risk Assessment Toolkit, Nonprofit Risk Management Center (NRMC) "My Risk Assessment" on the Assessment and Risk Resources Portal for Community Action, and Governing Board Calendar of Events

Implementation Tips:
- The process of assessing entity vulnerabilities and risks should be ongoing and integrated within management and board oversight efforts.[67]

Drive the Distance:
- Agency has a policy that requires staff to report risks they observe.[67]
- A risk assessment is generally followed by the implementation of a written risk management plan to mitigate the identified risks.
- Agency has a compliance officer or other "risk champion" to oversee the risk assessment, management, and mitigation process.[26]
- Some CAAs establish a Risk Management Committee comprised of Board members and other community members with extensive risk management expertise.[34]

Background: IM-112 was specifically issued to address concerns (risk) regarding the management of funds made available through the American Recovery and Reinvestment Act of 2009.

Authority: IM-138(4.6); Associated: 42 USC 9910(a)(1) and IM-82

CATEGORY FIVE:

One of the most critical stakeholders in assuring adherence to established organizational standards is the eligible entity board that oversees operations on behalf of the local community. The primary responsibility of the board is to assure that the eligible entity not only meets all Federal and State requirements, but also provides high quality services to low-income people and the community served. Board members serve to protect the interests of the low-income community by making sure the eligible entity has the capacity to be successful.[138]

Community Action boards are uniquely structured to ensure maximum feasible participation by the entire community, including those the network serves. By law, community action boards are comprised of at least 1/3 low-income consumers (or their representatives), 1/3 elected officials (or their appointees), and the remainder private-sector community members. To make this structure work as intended, agencies must recruit board members thoughtfully, work within communities to promote opportunities for board service, orient, and train and support them in their oversight role. Boards are foundational to good organizational performance and the time invested to keep them healthy and active is significant, but necessary.[69]

Standard 5.1:
Purpose:
- This reflects a foundational element to the work of community action. Maximum participation of low-income people is a core tenet of CSBG, and this tripartite structure ensures that all segments of the community have a part in the fight against poverty and real decision-making authority.[28]
- Assessment should be made of agency compliance with statutory requirements for board composition and functioning.[64]

Resource Tool(s): Indiana CAA Board Governance Management Tool
Implementation Tips:
- A Township Trustee is a great governing board member who can fill any of the three (Public/ Private/ Low-Income representative) sectors of the board.
- Recruitment Example: If the organization has a Head Start program, there is a representative who already serves on the policy council and Board of Directors[85] that will assist in filling one governing board position.
- Fifteen (15) Member Board Composition Examples:
  - Simple Example: (5) public representatives, (5) low-income representatives, and (5) community/private representatives.
  - Complex Example: (5) public representatives, (6 to 9) low-income representatives, and (1 to 4) community/private representatives.
- Head Start Policy Council and the (tripartite) Board cannot have identical membership.[64]

Drive the Distance (Implementation Tips):
- Should have at least some low-income board members who are or were recently low-income themselves.[7]
- The board governance committee, acting for the entire board, oversees the responsibility of the agency maintaining tripartite compliance.

Background: Green Amendment of 1967 and the Quie Amendment of 1967
Authority: IM-138(5.1), 42 USC 9910(a)(2), IC 12-14-23-6(a-d), and Agency Bylaws; Associated: IM-116, IM-102, IM-82, IRS Form 990(Part VI(1) & VIII(1a)), and IHCDA CSBG Grant Award Agreement No.3(E)

Standard 5.2:

Purpose:

- The implicit intent is to ensure that those who currently live-in areas served by the agency are represented so that they have a strong voice in agency governance and direction and are able to convey to those they represent the presence and significance of community action in their lives.[64]
- A low-income representative is someone who can adequately and effectively speak to the needs of the low-income population because they see the issues day in/day out, or even for a majority of their time. Usually, that is someone who works (at a job) in a field where this applies or on a board of directors of such an agency.
- The federal CSBG Act does not require that CAAs verify CSBG income eligibility for voters for low-income sector democratic selection procedures.[18] (In democratic selecting, the individuals voting do not need to be income qualified)

Resource Tool(s): Raising the Low-Income Voice, Case Studies in Democratic Selection Procedures (CAPLAW 2021)

Implementation Tips:

- A democratic selection process might include:
  - Election by ballots which are casted by agency clients and/or by other low-income people in the service area (ballots may also be casted at designated polling places in the service area, satellite offices or via internet).[28]
  - Vote at a community meeting of low-income individuals[28] or public forum.
  - Petition signed by a certain number of residents in a low-income community.[28]
  - Selected through a similar democratic process such as election to a position of responsibility in another significant service or community organization[64] such as a school PTA, a faith-based organization leadership group; or an advisory board/governing council to another low-income service provider or low-income neighborhood organization.
    - Per CAPLAW, this is also called the Micro-Democratic Selection Process
- Outreach examples: mail-in ballots, well-advertised public meetings in which participants vote for a nominee, virtual meet & greet (e.g., Facebook Live), or online voting, etc.

Drive the Distance:

- When the approved democratic selection process is not located within the bylaws, but only referred to, include a reference within the bylaws to its actual location so it is available when needed.[11]
- Ask board candidates to complete an application to help ensure they meet the required qualifications for service on the board.[12]
- The CAA governing board delegates the authority, in writing, to the not-for-profit organization which will allow them to elect (submit) an individual for consideration to the CAA board.[18]

Authority: IM-138(5.2), 42 USC 9910(a)(2)(B), IC 12-14-23-6(e), and Agency Policy; Associated: IM-82

Standard 5.3:

Purpose:

- Board members are not expected to be experts on state nonprofit law. With bylaws being the legal "rules of the road" for board and CAAs, it is critical that they comply with state law, the CSBG Act, and other relevant rules and regulations.[28]
- An attorney plays a key role in helping a CAA maintain accountability and avoid liability.[9]

Resource Tool(s): Leadership Calendar of Events
Drive the Distance:
- The attorney should have experience with nonprofits and board governance.[9]

Authority: IM-138(5.3)

Standard 5.4:
Purpose:
- It is good practice for boards to periodically review the content of the bylaws so they are aware of the processes they need to follow.[28]

Resource Tool(s): Indiana CAA Board Governance Management Tool and the Governing Board and Leadership Calendar of Events
Drive the Distance:
- Ensure the board reviews its bylaws on a regular basis and understands that it is required.[36]
- Placing the bylaws on the agency website not only assist in meeting this standard, but also provides transparency to the community on how the organization is governed.

Authority: IM-138(5.4); Associated: IM-82

Standard 5.5:
Purpose:
- Quorum is the minimum number of governing board members needed at the board meeting prior to any business can be transacted, legally, on behalf of the organization.[19]

Resource Tool(s): Indiana CAA Board Governance Management Tool
Implementation Tips:
- Document all board meetings regardless of method (i.e., in-person, teleconference, special meetings, and retreats).
- Utilize a Board Governance Committee with the responsibility to recruit board members on an ongoing basis[36], and oversee the selection process of prospective members, and filling vacancies.[12]
- Develop a Board Recruitment Packet with information that will help candidates understand the organization as well as board responsibilities and expectations.[40]
- Consider imposing timeframes within which a public official must appoint a representative and including options for the board to select another public official.[14]

Drive the Distance:
- Remove barriers that may prevent an individual from seeking board membership (i.e., requiring resumes).
- Example: "Asking candidates to complete an application will help the CAA maintain compliance with recruitment requirements and policies as well as expose conflicts of interest that may prevent any board member from serving".[40]
- Inviting non-board member/community volunteers to join a Governing Board Committee is a great training ground for potential board members.

Background: Indiana Family and Social Services Administration (FSSA) Program Manual Update January 6, 2006 (90-day vacancy)
Authority: IM-138(5.5) and Agency Bylaws; Associated: IM-82 and IC 23-17-15-5

Standard 5.6:
Purpose:
- Ensure that governing board acts in the best interest of the agency, regardless of the personal interest of individual members.
    - If someone is representing a particular community or neighborhood, they must vote and make decisions based on what is best for the overall agency.[28]

- An effective written conflict of interest policy helps board members navigate conflicts that could result in ethically questionable and potentially prohibited transactions or lead to transactions that are reasonable but still lack sufficient documentation to withstand external scrutiny.
  - Protects the organization from any possible hidden motives that board members may have while making decisions on behalf of the organization.
- Agency reports if any of the organization's current officers, directors, trustees, or key employees had a family relationship or business relationship with another of the organization's current officers, directors, trustees, or key employees.[73]
- Indiana does not have a requirement that an agency cannot have relatives serving together on the governing board or a member who is related to the executive director. This is a matter decided by each agency and should be reflected in the bylaws Conflict of Interest and Nepotism policies. However, this is not a recommended practice because it creates an appearance of impropriety.

Resource Tool(s): Indiana CAA Board Governance Management Tool and Governing Board Calendar of Events

Implementation Tips:
- The organization's officers, directors, trustees, and key employees are required to disclose or update annually (or more frequently) information regarding their interests and those of their family members that could give rise to conflicts of interest, such as a list of family members, substantial business or investment holdings, and other transactions or affiliations with businesses and other organizations and those of family members.[73]
- New board members should complete a conflict-of-interest form when appointed because they are now "active" members.
- To ensure individual and organization transparency, "board members who have an acknowledged conflict of interest on an issue should recuse themselves from a board vote and in addition not attempt to influence board decisions during the discussion portion of the meeting".[28]

Drive the Distance:
- Board members should review the [agency] contractors list annually to ensure they are aware of any potential conflicts.[135]
- Executive Director may sign each COI statement ensuring that he/she is fully aware of any relevant conflicts going forward.
- Board membership should not be used as a "steppingstone" to agency employment during their service on the board.[64]

Authority: IM-138(5.6) and Agency Bylaws; Associated: 2 CFR 200.318(c)(1), IM-82, and IRS Form 990 (Part VI: Section A(2) & Section B(12))

Standard 5.7:

Purpose:
- Community action board service is challenging as most CAAs have numerous funding streams, complex financial statements, and intensive reporting requirements when compared to other nonprofits in the community.[28]

Resource Tool(s): Indiana CAA Board Governance Management Tool

Implementation Tips:
- The potential board member completes orientation prior to their first official board meeting so they are best prepared for understanding their role as a community action board member.

- A structured orientation program may include most of these review elements: bylaws, meeting minutes, fiduciary duties, role and responsibilities, overview of the mission, history, strategic direction & goals, each agency program, fiscal reports, sources of funding, Federal and State Statues, and introduction to ROMA and fundraising.
- Orientation could be done during a special meeting (group), in person, or through electronic media, etc. It is at the discretion of each agency.

Drive the Distance:
- Develop a Governing Board Handbook that includes a written job description for the board member and leadership positions, and other critical information.
- Utilize experienced governing board members to mentor new members.[28]
- Orientation of board members should include financial literacy training.[1]

Authority: IM-138(5.7); Associated: IM-82

Standard 5.8:

Purpose:
- Board members need to be trained to carry out both the legal, or fiduciary, aspects of their service and their leadership responsibilities to help guide the agency toward success.[64]
- To improve fiscal management and integrity, OCS is emphasizing preventative strategies to enhance financial leadership capacity.[66]
  - The governing board must be sufficiently trained to interpret the financial reports and provide appropriate guidance according to the information it receives.
- A board that is trained and that does not have to be managed empowers the Executive Director to focus on their unique role in leading the organization to success rather than spending time "managing up".[3]

Resource Tool(s): CAPLAW "All a-Board" training videos, Community Action Partnership Audit Essentials: What Every Board Needs to Know, September 16, 2012, Indiana CAA Board Governance Management Tool, and Governing Board and Leadership Calendar of Events

Implementation Tips:
- Organizations should conduct ongoing in-house, online (national partner webinars), or outside trainings (community-based, presentations, certification, or conferences) during board meetings, special sessions, and retreats. The national partners have great resources on board responsibilities.
- CAAs with Head Start programs are required to conduct some types of board trainings that can be used to demonstrate compliance with this standard.

Authority: IM-138(5.8) and IM-82; Associated: IM-102

Summary 5.9:

Purpose:
- Boards are encouraged to stay informed of agency programs & activities throughout the year, and to receive periodic reports from agency staff that focus on progress towards achieving milestones and ultimate results.[64]
- Good board processes include programmatic reports that allow board members to stay abreast of program development, planning, implementation and evaluation activities and to provide input into the process.[28]

Resource Tool(s): CAPLAW Bylaws Toolkit and Leadership Calendar of Events

Implementation Tips:
- Programmatic reports may be summarized at the full board meeting while presented more in depth at the committee level.[28]

Drive the Distance:
- CAAs have one or more committees charged with program oversight.[28] For example, a Program Planning and Evaluation Committee.[5]
- Programs teams should provide metrics or dashboards to track Key Performance Indicators and progress towards goals. Metrics could include funding utilization and production, as applicable.

Authority: IM-138(5.9) and IM-82; <u>Associated:</u> 42 USC 9910(a)(1)

CATEGORY SIX:

Establishing the vision for Community Action is a big task and setting the course to reach it through strategic planning is serious business. Agencies take on this task by looking both at internal functioning and at the community's needs. An efficient organization knows where it is headed, how the board and staff fit into that future, and how it will measure its success in achieving what it has set out to do. This agency-wide process is led by the Board of Directors and is ongoing. A "living, breathing" strategic plan with measurable outcomes is the goal, rather than a plan that gets written but sits on a shelf and stagnates. Often set with an ambitious vision, strategic plans set the tone for the staff and board and are a key leadership and management tool for the organization.[69]

In summary, strategic planning is one of the most vital endeavors an organization can accomplish because it allows the agency to be mission focused in its planning. It not only provides a sense of direction for a specified duration (i.e., 3-5 years) that the plan is in effect but also defines what is trying to be achieved during this timeframe. At a very basic level it also states why the organization exists, whom it exists to serve, and what values will guide the actions of the governing board, agency staff, and volunteers that make it all happen.

Standard 6.1:
Purpose:
- Strategic planning is a key component and embodiment of the ROMA framework. It constitutes the second phase of the ROMA cycle.[29]
- An efficient organization knows where it is headed, how the board and staff fit into that future, and how it will measure its success in achieving what it has set out to do.[29]
  - Elements of a good plan; anticipates and heads off challenges, unifies people and strategies, mobilizes and/or focuses resources, supports decision making, sets context for accountability, and generates energy and confidence.[39]
  - Establish priorities among projects, activities, and areas to ensure the best and most efficient use of resources.[54]

Resource Tool(s): Governing Board and Leadership Calendar of Events
Implementation Tips:
- Strategic planning focuses on medium-to-long-term goals, generally 3-to-5 years, and is distinct from the Community Action Plan which is a one (1) year CSBG operating plan.
- Begin planning at least six (6) months before current plan expires.

Drive the Distance:
- The strategic plan and the needs assessment should be on the same implementation cycle (3 years) and completed within close proximity.

- In preparation for the strategic planning process, the organization may perform a Strength, Weakness, Opportunity, and Threats (SWOT) analysis of the agency and its current programs.

Background: Office of Economic Opportunity (OEO) Instruction 6320-1 of 1970
Authority: IM-138(6.1) and IM-82; <u>Associated:</u> 42 USC 9910(a)(1) and IC-12-14-23-9(1 & 4)

Standard 6.2:
Purpose:
- Directly tying strategic plan goals to the broader anti-poverty mission that all CAAs share.[29]
- Ensure that the programs, services, and related activities used ………. are guided by a long-range, strategic framework.[29]

Drive the Distance:
- Develop a local theory of change to "help provide an overall framework to guide the organization's efforts and supports evaluation and performance improvements."[29]

Background: Section 672 of the CSBG Reauthorization Act of 1998
Authority: IM-138(6.2); <u>Associated:</u> 42 USC 9901(1), 42 USC 9908(b)(12), and IM-49

Standard 6.3:
Purpose:
- Community action is charged with addressing poverty at the family and community levels. In addition, organizational capacity to receive federal funds and operate effective programs requires ongoing agency development. An organization-wide strategic plan is the articulation of these efforts.[29]

Implementation Tips:
- The use of logic models or similar method is encouraged when developing strategic goals.[99]
- SMART Goals are a tool that CAAs might use to ensure goals will be effective.
- The standard does not use the terms internal or external when describing the goal types (Family/Agency/Community). However, this focus may assist in writing both agency and family/community level goals.
    - **Internal** Type Goal Example (only Agency): Raise $10,000 in unrestricted agency funds in 2014.
    - **External** Type Goal Example (predominantly Individual/Family or Community): Increase low-income homeownership in Waterloo County by fifteen percent.
- Remember, the strategic plan cannot be made up on only internal goals. If your agency has goals written where all the actions or change occur only by agency staff or the governing board; these would be classified as internal goals.[61]

Drive the Distance:
- A well-rounded plan should address all three goals in some way.[29]
- Writing an outcomes-based strategic plan includes identifying "what will change" at the family, community, and agency levels.[44]

Background: CSBG Monitoring and Assessment Task Force (MATF) of 1994, created by the Office of Community Services (OCS), established the National Strategic Plan and six (6) National ROMA goals which was rooted in Office of Economic Opportunity (OEO) Instruction 6320-1 of 1970.
Authority: IM-138(6.3); <u>Associated:</u> IM-49

Purpose:
- Ensure that the agency's strategic plan is both directly connected to the community needs assessment and responsive to the customers and communities it serves.[29]
- This standard calls for the strategic planning process to directly utilize customer feedback in setting the agency the agency's strategic goals.[29]
  - Customer satisfaction data refers to feedback collected from individuals and families the agency serves about how well its services met or exceeded their expectations.[29]

Implementation Tips:
- "Employees, partners, vendors, and the board are other examples of stakeholders who can be considered customers of the agency"[29] during the strategic planning process.

Drive the Distance:
- Engaging customers during the needs assessment and strategic planning process builds key relationships and opportunities for participation in other activities.

Authority: IM-138(6.4); <u>Associated:</u> IM-82, IM-49, and IC-12-14-23-9(8)(A)

Standard 6.5:

Purpose:
- Tripartite boards are important participants in agency annual and long-range planning activities.[64]
- This annual update helps keep the (strategic) plan from stagnating on the shelf.[29]

Resource Tool(s): Governing Board and Leadership Calendar of Events

Implementation Tips:
- A performance scorecard or similar mechanism aids the agency in annually tracking outcomes and reporting progress to the governing board.
  - A general scorecard displays progress over time as it relates to a predetermined goal. Presenting a selection of indicators in a visual display (color coding, graphs, etc.), rather than just numbers on a page, helps stimulate conversation.[44]

Drive the Distance:
- Milestones, or immediate steps toward achieving the ultimate results, ought to be identified by agency staff so board members will be able to track progress throughout the year.[64]
- Assign a permanent board committee to evaluate the implementation, progress, and outcomes of the strategic plan [29] and provide routine updates to the full governing board.
- Provide progress reports to the governing board quarterly or semi-annually (i.e., more frequently than annually).[29]

Authority: IM-138(6.5) and IM-82; <u>Associated:</u> 42 USC 9910(a)(1)

CATEGORY SEVEN:

The human element of Community Action's work is evident at all levels of the organization and the relationship an organization has with its staff often reflects the organization's values and mission. Oversight of the CEO/ED and maintaining a strong human resources infrastructure are key responsibilities of board oversight. Attention to organizational elements such as policies and procedures, performance appraisals, and training lead to strong organizations with the capacity to deliver high-quality services in low-income communities.[69]

An organization cannot build a strong team of working professionals without a good Human Resource Department. Human Resource Management is critical to an organization as it creates the systems that attract, acquire, motivates, manages, and retains the talent that determines organizational success. Ultimately, they influence both the direct and indirect ways the community action agency conducts its business and meets the needs of its customers.

Standard 7.1:
Purpose:
- This guide for employees brings together employment and job-related information. It helps managers and staff understand what is expected of them. In addition, it is the backbone of the organization's culture.

Resource Tool(s): Governing Board Calendar of Events
Drive the Distance:
- Agencies are encouraged to work with human resource professionals and others (attorney on staff or on the board) prior to the external legal review to minimize cost.[30]
- Agencies are encouraged to use attorneys with Labor, and/or Employment Law credentials[30] or have experience in Human Resource issues.[37]

Authority: IM-138(7.1) and IM-82

Standard 7.2:
Purpose:
- Promote effective and consistent communication of employee-relevant information to staff, to help ensure HR compliance and performance.[30]

Resource Tool(s): Leadership Calendar of Events and Human Resource Checklist
Implementation Tips:
- Electronic distribution methods might include "agency intranet, a location on a shared server, or distributed via email."[37]

Drive the Distance:
- Agency should have an identified process for notifying staff of updates and a mechanism to track that staff acknowledged the update.
- Staff should sign an "Acknowledgement of Receipt" or a signatory page in the employee handbook which acts as a legal shield and shifts responsibility to the employee.

Authority: IM-138(7.2)

Standard 7.3:
Purpose:
- Job descriptions (or defined roles and responsibilities) are the basis for recruitment, selection, performance, succession, and development. Ensures job direction and accountability.[30]
- Additionally, job descriptions are important tools for maintaining compliance with the Fair Labor Standards Act (FLSA) and the Americans with Disabilities Act (ADA).[30]

Resource Tool(s): Leadership and Human Resources Calendar of Events
Implementation Tips:
- Add a date to each job description to easily identify when it was last reviewed/updated.
- Compare job descriptions against the organizational chart to ensure all positions are accounted for.

Drive the Distance:
- Job descriptions should include the tasks, functions, responsibilities, job title, minimum qualifications, reporting relationship, purpose, essential and/or additional duties, supervisory responsibilities, working conditions, EEO/ADA conditions, etc.

- o Compliance and ethics responsibilities should also be included in job descriptions for all staff, including managers, supervisors, and front-line staff.[9]
- Review and update job descriptions annually in conjunction with performance evaluations to reflect the changing workplace, updated roles, and added or eliminated roles.

Authority: IM-138(7.3)

Summary 7.4:

Purpose:
- The board must hold the executive director responsible for the activities of the agency. The board should appraise the executive director's performance on an ongoing basis, but at a minimum, the board should have a complete appraisal annually.[64]
    - o Through a fair and consistent performance evaluation, the board maintains control over executive behavior at an appropriate level.[30]
    - o Provide the governing board and executive with regular opportunities to assess critical development needs.[30]
    - o A board that is not comfortable in honestly evaluating the executive director is not ensuring that the agency has effective leadership.[78]
- Proactively assessing the performance of top leaders helps to ensure the public trust and keeps the governing board and executive focused on goals important to the mission and services of the agency.[30]

Resource Tool(s): Governing Board Calendar of Events
Implementation Tips:
- If the full governing board is not involved with the review, all members should receive an overview of the review's key points and be informed of the CEO/Executive Director's goals for the subsequent year.
    - o Governing board should "Receive and Accept" the performance appraisal by vote and documented it in the meeting minutes.

Drive the Distance:
- Per the Community Action Partnership, governing boards "will hold the ED/CEO accountable for agency performance against the Organizational Standards".[28]
    - o The board should evaluate the executive director on his/her success in implementing systems that promote compliance and ethical behavior throughout the organization and in addressing instances of non-compliance or unethical behavior.[9]
    - o The board should reach outside of itself to gather feedback from the community, partners, or peers to help evaluate the executive's performance.[30]
- The governing board should provide their sole employee with annual performance goals.
    - o Align the agency's CSBG Plan, Strategic Plan, and Values with the executive director's role description and performance goals.[30]

Authority: IM-138(7.4) and IM-82

Standard 7.5:

Purpose:
- The board evaluates ED and sets his/her compensation on an annual basis.[7]
- Promotes minimum uniform schedule for executive pay.

Resource Tool(s): Governing Board Calendar of Events
Implementation Tips:
- The approval of the performance appraisal is often done in conjunction with setting the CEO compensation.[30]

- Governing board should "Receive and Accept" the CEO/Executive Director's compensation by vote and document it in the meeting minutes.

Drive the Distance:
- Develop a Board Checklist for establishing a Chief Executive Compensation Plan.[1]
- In setting the executive director's compensation, the board should rely on a clearly defined deliberative process that is documented.[40]
- With a pay structure in line with the comparable market and similar positions, the agency will be able to recruit and retain quality nonprofit executive talent to its key CEO/executive director position.[30]

Background: Center on Executive Compensation (Center Principles)
Authority: IM-138(7.5) and IM-82; Associated: 2 CFR 200.430(a-g) and IRS Form 990(Part VI(15a))

Standard 7.6:
Purpose:
- Performance evaluations create clear expectations and provide key documentation in the performance, succession, and development of the employee.[30]
- Incorporating written evaluations for employees protects employees, supervisors, and the agency from risk associated with individual employee/supervisor issues and possible class action laws suits.[30]
    - Ensures agency accountability for staff supervision and improved performance over time.

Resource Tool(s): Leadership and Human Resources Calendar of Events
Implementation Tips:
- Using a common evaluation form and expecting all supervisors to provide regular written evaluations under an agency policy helps create a culture of accountability to federal grants.[30]

Drive the Distance:
- The organization's HR Policy and Procedures manual should further document the procedures and methods for supervisors to follow in conducting regular written evaluations for employees.[30]
- Best practice performance management systems include employee goal setting, regular informal check-ins, consistent coaching and/or mentoring, and more than one formal meeting to manage performance.[30]
    - Employee performance goals should support the agency vision, mission, and strategic plan.
    - SMART goals may be a useful tool to ensure performance goals are actionable.

Authority: IM-138(7.6) and IM-82

Standard 7.7:
Purpose:
- The organization's whistleblower policy is intended to capture complaints of suspected fraudulent or dishonest use of or misuse of organizational resources or property by staff, board members, consultants, volunteers, or clients.[40]
    - The most common whistleblower action is reporting fraud or misconduct. "43% of those [fraud or misconduct] cases are uncovered due to a whistleblower."[83]
- Encourages individuals to come forward with credible information on illegal practices [fraud or gross misconduct[30]] or violations of adopted policies and specifies the agency will protect individuals from retaliation.[84]

- o An individual may be an agency staff person, volunteer, or even a contractor who exposes actions by co-workers, management, and/or the governing board.

Resource Tool(s): Do the Right Thing: How CAAs Can Cultivate a Culture of Compliance and High Ethical Standards (CAPLAW, 2016) and Sample Whistleblower Policy (CAPLAW, 2019)

Drive the Distance:
- Develop a culture that encourages whistleblowing.[141]
  - o Establishing an Ethics Officer serves as an initial point of contact for ethics-related matters within the agency.
- Establish one or multiple reporting methods that a staff member or volunteer could use to notify the agency such as a fraud hotline, online forms, etc.
  - o Reporting mechanisms should include an option to make a report to someone who is not one's immediate supervisor, anonymously or in full disclosure. Alternatives should always be offered.
- Provide training to staff on the agency whistleblower policy, its purpose, and the appropriate communication methods installed for reporting.

Background: The Whistleblower Protection Act of 1989

Authority: IM-138(7.7), Sarbanes-Oxley Act of 2002, and IM-82; Associated: IRS Form 990(Part VI(13))

Standard 7.8:

Purpose:
- New employee orientation refers to a training program that occurs when an employee first begins employment with an organization. This standard is to ensure that organizations follow through on the investment in employees and avoid costly turnover by providing new hires with the information, training, and resources necessary to be successful in the culture and in their job roles.[30]

Resource Tool(s): Orientation Calendar and Human Resource Checklist (Orientation and Onboarding)

Implementation Tips:
- Utilize a Human Resources Orientation Checklist, signed/dated by the employee, to ensure all necessary forms and materials are covered and to provide documentation of the training.

Drive the Distance:
- A key task during orientation is to provide an early introduction and overview to many, if not all, of the organization's Personnel Policies.[30]
  - o Content may include time and effort reporting, ROMA, data collection, mission, CSBG history and/or community action.[37] Also, job description and performance expectations, education and training, tools and resources, emergency action planning, and review of the employee handbook/personnel policies.

Authority: IM-138(7.8)

Standard 7.9:

Purpose:
- Community action staff are often one of the only links a customer or family has to meet basic needs. This standard is to ensure that training and technical assistance (T&TA) is appropriately provided to staff to support the purpose and goals of community action in local programs.[30]
- Benefits to establishing a learning culture include: better applicants for open positions, better retention, improved quality, improved productivity, succession and replacement options, and less risk across the organization.[30]

Implementation Tips:
- Completed trainings should be documented in the employee personnel file[37] or by other reporting/tracking methods.
- Agency staff should be encouraged to attend IHCDA-provided trainings each year because these trainings focus on key topics identified for growth within the Indiana network.

Drive the Distance:
- Provide staff who have positions that require special duties or skill sets to receive targeted trainings:
  - Ensure fiscal staff are trained and qualified to manage the fiscal accounts and records of the agency on a day-to-day basis.[64]
  - Train necessary staff on the fiscal policies and how that impacts their work[31] and on significant OMB cost principle issues.[6]
  - As with new employees, new supervisors require some orientation and training about their new duties and responsibilities.[30]
- Agency should focus on areas within the organization that may need attention to advance the mission (e.g., customer service, strategic plan goals, PII, de-escalation, etc.)
- Establish a system of coaching and mentoring.[30]

Authority: IM-138(7.9); Associated: CSBG Annual Report (Module 2 (B.4))

CATEGORY EIGHT:

The fiscal bottom line of Community Action is not isolated from the mission, it is a joint consideration. Community Action boards and staff maintain a high level of fiscal accountability through audits, monitoring by State and Federal agencies, and compliance with Federal Office of Management Budget circulars. The management of Federal funds is taken seriously by CSBG eligible entities, and the Standards specifically reflect the board's oversight role as well as the day-to-day operational functions.[69]

OCS has committed to strategies to promote core competencies including "strengthening Community Action Program administration, with emphasis on fiscal management and accountability.[64] Because tripartite boards of private, non-profit agencies are ultimately responsible for assuring that agency funds are spent and accounted for in accord with all applicable Federal, State, and local statutes and regulations, boards must make sure that fiscal controls and procedures are put in place and maintained by the agency.[64]

This category focuses on the financial management of the agency in a prudent manner. Sound financial management of an agency is required to appropriately steward the use of public resources. CAAs use public funds to carry out a public mission. How those funds are used impacts the public's willingness to continue to support these entities through further public support. Stewardship of resources is part of the implied contract that an agency has with the public. In short, the wise use of financial resources today helps sustain financial resources into the future.[31]

Standard 8.1:
Purpose:
- An audit is the professional opinion of a certified public accountant (CPA) that the financial statements of an organization are fairly presented in accordance with generally accepted accounting principles.[31]

- Audits provide impartial opinions (not a fact) and assessments of company records, processes, and procedures. Audits are not designed to find fraud within an agency but to ensure accuracy in the financial reporting process.
- An audit is not a guarantee. The auditor's opinion is based on a review of a sample of transactions during the year and extrapolates that sample to make an assessment on all the transactions conducted by an agency in the whole year.[31]

Resource Tool(s): Community Action Partnership Audit Essentials: What Every Board Needs to Know, September 16, 2012
Implementation Tips:
- Be cautious when using the auditing firm to provide non-auditing services (except for tax preparation) while the firm is contracted to provide auditing services[1] (i.e., use two separate firms for auditing and tax preparation).

Drive the Distance:
- Audited financial statements should be easily accessible for review[1] such as the agency website.

Authority: IM-138(8.1), 2 CFR 200[.501 & .512(a)], and IHCDA CSBG Grant Award Agreement No.7(A); Associated: Sarbanes-Oxley Act and IM-82

Standard 8.2:
Purpose:
- The process of reviewing the audit report and ensuring the appropriateness of the response indicates a high level of functionality of the board.[31]
- When the audit is complete, the board should receive the audit report (refer to standard 8.4) and management should provide any plans necessary to address any findings noted in the audit.[31]
  - The auditee is responsible for follow-up and corrective action on all audit findings.[125]

Resource Tool(s): Governing Board and Leadership Calendar of Events
Implementation Tips:
- The Management Decision Letter is generally based upon the audit report and should be used as a reference. The management letter contains recommendations for improvement in operations.
- If a finding from a prior year is not appropriately addressed by an entity before the next audit, the lack of timely response becomes even more significant. If this occurs, the entity would then have two findings in the subsequent audit. The first would be the original finding and the second would be that there was no system in place to resolve findings and make corrections.[31]

Authority: IM-138(8.2) and 2 CFR 200[.508(c) & .511(a)]

Standard 8.3:
Purpose:
- This report out on the results of the audit ensures that the board is receiving a direct and fair assessment of the audit process. This transparency in the audit process means there is no room for misinterpretation of what the auditor said or meant.[31]

Resource Tool(s): Community Action Partnership Audit Essentials: What Every Board Needs to Know, September 16, 2012, and Governing Board Calendar of Events
Implementation Tips:

- Neither the form (i.e., printed, electronic, Power Point, etc.) nor the method (i.e., in person, webinar, conference call, etc.) is dictated, "as long as the governing board is informed directly by the auditor of the audit results.[31]"

Drive the Distance:
- All nonprofit organizations that conduct outside audits, particularly medium to large organizations, should consider forming an audit committee and should separate the audit committee from the finance committee.[1]
    - A committee allows a detailed conversation and discussion with auditors on the audit process, any findings, and areas for improvement in operations and finance.[31]
    - Audit committee should have at least one "financial expert".
- Providing the board with basic training in how the audit process works, how to interpret financial statements, and how to interpret audit results builds overall board capacity and increases their ability to provide oversight and guidance to the agency.[31]

Authority: IM-138(8.3) and IM-82

Standard 8.4:
Purpose:
- This demonstrates the governing board "commits itself to take action to correct any issues noted in the report"[31], established in IM-138(8.2).

Resource Tool(s): Governing Board Calendar of Events
Implementation Tips:
- Each board member should be provided a copy of the audit with this distribution noted in the board minutes.[37]

Authority: IM-138(8.4) and IM-82

Standard 8.5:
Purpose:
- The board has the relationship with the auditor and accordingly is responsible for selection of the auditor.[31] This procurement process helps solidify the independent role of the auditor.

Resource Tool(s): Community Action Partnership Audit Essentials: What Every Board Needs to Know, September 16, 2012, and Fiscal Calendar of Events
Implementation Tips:
- Develop an Audit Committee of the board to "ensure that the auditing firm has the requisite skills and experience to carry out the auditing function for the organization and that its performance is carefully reviewed."[1]
    - Factors to be considered in evaluating each proposal for audit services include the responsiveness to the request for proposal, relevant experience, availability of staff with professional qualifications and technical abilities, the results of peer and external quality control reviews, and price.[123]

Drive the Distance:
- Large nonprofits should consider rotating at least the lead and reviewing partners of the audit firm every five years.[1]

Authority: IM-138(8.5); Associated; Sarbanes-Oxley Act

Standard 8.6:
Purpose:
- CAAs receive their tax-exempt status from the Internal Revenue Service (IRS). As a requirement to maintain its tax-exempt status the agency must file an annual informational

return with the IRS, Form 990. This is an essential component of the operating cycle [to ensure compliance].[31]

- IRS will automatically revoke the organization's tax-exempt status if it fails to file for a third consecutive year.[96]

Resource Tool(s): IRS Instructions for Form 990 Return of Organizations Exempt From Income Tax, and Governing Board and Fiscal Calendar of Events

Drive the Distance:
- Form 990 should be reviewed and approved by the board, just as the financial and audit reports are.[1]
- The public disclosure mandates that if someone requests to see a copy of the Form 990, the entity must make it available for inspection. Posting on the webpage heightens transparency[1] to ensure the public inspection provision is met.

Authority: IM-138(8.6), IRS Form 990, and IM-82; <u>Associated:</u> IRS Form 990(Part VI (11a))

Standard 8.7:

Purpose:
- The governing board should be involved in monitoring the financial stability and use of financial resources, on an on-going basis. Receiving and reviewing financial reports is a crucial role in the accountability of the organization and a key function of the board's fiduciary responsibility.[31]
  - Time should be set aside at each board meeting to review the current financial statements; the CAA's financial position, liquidity, budget variances, and other key financial metrics.[8]
  - Frequent reports [are provided] to the board by agency staff on overall agency fiscal status, procedures, practices, and transactions.[64]
- Categorization by program does not require reporting by individual funding stream; it may be by organizational-defined program areas [37] (e.g., Head Start, Energy, Housing, etc.).
- Budget versus actual for revenues and expenditures[151]: This report compares the financial plan or budget to the actual financial operating results for the period to date. This report is a progress report against a plan or budget.[31]
  - Budget variances can provide an early warning, protecting the CAA from unexpected outflows of financial resources and shortfalls in expected revenues.[8]
- Balance sheet or statement of financial position[124]: This statement provides a listing of assets, things the entity owns; liabilities, amounts owed by the entity; and net assets or the difference between the two.[31]
  - The balance sheet is a financial 'snapshot' of the net financial position of an agency at a specific point in time.

Resource Tool(s): Community Action Partnership Audit Essentials: What Every Board Needs to Know, September 16, 2012, Nonprofit Assistance Fund Balance Sheet Cheat Sheet, and Governing Board and Fiscal Calendar of Events

Implementation Tips:
- It may be beneficial to complete soft-close financials by the 10th of each month.[136]
- If there are variances between the actual results to date and the budget, the board should inquire of the entity's management the reason for the variance.[31]
- Ideally, there is a financial expert on the board who works with financial information and is very comfortable interpreting the underlying story of the numbers.[31]
- These financial reports should be categorized by program, where appropriate.

Drive the Distance:

- Some of the most frequent other financial reports submitted to the board include: Cash Flow information, Grant Status Report, Financial Dashboard, and Credit Card Expenditures.[31]
- The board should work with management to identify several meaningful financial ratios that the board can use to monitor the CAA's financial performance and position.[8]

Authority: IM-138(8.7), IM-82, and 2 CFR 200.302(b) & .510

Summary 8.8:

Purpose:
- Agencies have a requirement to comply with the employment laws of the United States and the further requirements of the state or states where that agency conducts its operations.[31]
- Failure to make these required payments in a timely manner can subject the agency to fines and other forfeitures. This failure is also a violation of Federal and/or state law, which could become an audit exception jeopardizing further government funding.[31]
- Partial compliance with all the filings is an indicator that the agency does not have proper systems in place to handle the most basic of financial operations.[31]

Resource Tool(s): Fiscal Calendar of Events
Implementation Tips:
- Some of the requirements employers may have to submit payments for include: Federal income tax withholding, Federal unemployment tax, State income tax withholding, State unemployment tax, Local income tax withholding, Retirement plan contributions, and Health savings or flexible spending accounts.[31]

Authority: IM-138(8.8); Associated: IRS Form 941

Standard 8.9:

Purpose:
- An organization-wide budget is a forecast for the upcoming fiscal year, based on the best information at the time of development. It provides the board with an overview of what the expected revenues and expenditures are likely to be over the course of a year, with the knowledge that the actual revenue and expenditures may differ.[37]
  - It is recognized that each grant or program will likely have an annual budget that may cross two agency fiscal years.[37]
- Board approval of the annual operating budget authorizes management to proceed with implementation of the plan.[8]

Resource Tool(s): Governing Board and Fiscal Calendar of Events
Implementation Tips:
- The fiscal department plays an important role in the budgeting process but program directors, the Executive Director and the Board of Directors must all be involved.[38]
- There is no requirement for the agency to pass a modified organization-wide budget during the course of a year as things change.[37]

Drive the Distance:
- The highest functioning agencies link the development of the budget and the strategic plan. The budget is the financial resource plan, and the strategic plan is the programmatic outline for the agency. These two concepts go hand in hand.[31]

Authority: IM-138(8.9) and IM-82

Standard 8.10:

Purpose:
- The Standard requires that there are appropriate oversights in place for the process of keeping policies and procedures current and up to date.[31]

Resource Tool(s): Governing Board and Fiscal Calendar of Events
Drive the Distance:
- Staff should conduct a comprehensive rather than piecemeal review so the board can approve any necessary changes at the same time.[31]
- An annual reporting of the staff level review of the fiscal policies may be made at a fiscal committee meeting with the committee minutes reflecting the review.[37]

Authority: IM-138(8.10)

Standard 8.11:
Purpose:
- An effective procurement policy is a pillar of sound fiscal management, ensuring that a CAA obtains the best value when purchasing business-related products and services, and also minimizes fraud, waste, and abuse.
- It is the guidance provided to all internal staff of an agency on the appropriate procedures to follow in securing goods and services.[31]

Resource Tool(s): OMB Uniform Guidance Training and Governing Board Calendar of Events
Implementation Tips:
- Include Veteran Owned Businesses as part of the minority business contact list.[136]
- Establish a monetary purchase threshold policy for the governing board to approve agency purchases (e.g., $5,000, or greater).

Drive the Distance:
- Develop an agency "Solicitation Advertising Plan" i.e., how an RFP is advertised, and include it as a section within the Procurement Policy to ensure a number of qualified sources are contacted.[136]
- Ensure procurement policy requires random spot checks of the CAA's procurement files by an employee not involved in facilitating the process.[36]

Authority: IM-138(8.11), IM-82, and 2 CFR 200.318-.321; Associated: IHCDA CSBG Grant Award Agreement No.24

Standard 8.12:
Purpose:
- The purpose of the cost allocation plan is to summarize, in writing, the methods and procedures that the organization will use to allocate costs to various programs, grants, contracts and agreements.[35] The goal of cost allocation is fairness.[135]
- Cost Allocation and Indirect Cost rates are two different ways for recovering costs.
    - Cost allocation is also known as direct cost allocation.
- It is virtually impossible to meet the requirements of A-122 [now 2 CFR 200] without having a comprehensive written cost allocation plan. The plan is an essential tool for financial planning, accounting, and reporting. The cost allocation plan also plays a critical role in your overall accounting process by providing consistent guidance on the allocation of shared costs among your various programs/cost centers.[35]
    - These principles must be used in determining the allowable cost of work performed by the non-Federal entity under federal awards.[115]
- The plan is approximated as "reasonable"[116] and "defensible".
- Cost Allocation Plan must specify indirect versus direct cost and the cost driver methodology used.
    - Direct costs are those that can be easily and accurately assigned to a specific award.[119]

- o Methodology examples: clients served, square footage per program (rent, utilities, etc.), full time equivalents (FTE's) per program, labor hours, number of phones, number of computers, etc.
  - The method selected must be used consistently and cannot change from month to month during the fiscal year.[31]
  - Indirect costs can be a home for fraud because costs get pooled together and lose their original identity which make them easy to cover up.

Resource Tool(s): 2019 CAPLAW FAQ on Recovering Shared and Indirect Costs, and OMB Uniform Guidance Training

Implementation Tips:
- Include explanations or footnotes supporting the methodology that was used to allocate indirect costs.
- Cost Allocation Plan should be updated annually or when any of the [assumptions in the] allocation methodology change, whichever is sooner.[135]
- If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit.[117]

Drive the Distance:
- The organization performs a time study evaluation to determine the proper employee payroll allocation and apply the correct percentages.
- Program Managers should be included in cost allocation decisions to provide insight and information related to their specific program and grant requirements.[135]

Authority: IM-138(8.12), IM-37, 2 CFR 200.302(b)(7), and IHCDA CSBG Grant Award Agreement No.5

Standard 8.13:

Purpose:
- Assists staff, board members, and volunteers in managing a CAA's records to ensure that documents are stored and maintained properly prior to their destruction.
- The provisions in Sarbanes-Oxley that apply to a records retention policy state that an organization must have in place a policy that informs employees of the need to retain their correspondence and other documents when a legal investigation is in process.[31]
- Retention schedules clearly state how long a record must legally be kept and whether the record is archival. Retention schedules also provide guidelines for moving files to inactive storage and for purging obsolete records.
  - o Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report.[129]

Resource Tool(s): CAPLAW Sample Records Retention and Destruction Policy for CAAs, 2020 and Fact Sheet #21: Recordkeeping Requirements under the Fair Labor Standards Act (FLSA)

Implementation Tips:
- Utilize a Records Retention Schedule/Chart as a visual supplement to the written retention and destruction policy.
- If an official investigation is underway or even suspected, nonprofit management must stop any document purging in order to avoid criminal obstruction charges.[1]

Drive the Distance
- Designate one person at the organization to oversee and monitor compliance with the policy.[17]

- There is a cost to retain such records, so it is prudent to have a policy in place that requires a minimum and maximum amount of time that records must be maintained.[31]
- Consider adding additional year to retention periods required by law.[17]

Authority: IM-138(8.13), 2 CFR 200.333, and Sarbanes-Oxley Act; <u>Associated</u>: IRS Form 990(Part VI(14)) and IHCDA CSBG Grant Award Agreement No.7(F)

CATEGORY NINE:

Our agencies move families out of poverty every day across this country and need to produce data that reflects the collective impact of these efforts. Individual stories are compelling when they combine quantitative data: no data without stories and no stories without data. Agencies need to better document the outcomes our families, agencies and communities achieve. The CSBG funding confers the obligation and opportunity to tell the story of agency-wide impact and community change and in turn the impact of the network as a whole.[69]

The results of social sector organizations are always measured outside the organization in changed lives and changed conditions- in people's behaviors, circumstances, health, hopes, and above all, in their competence and capacity. What endures from the work of nonprofits is not how hard we try or how clever we may be or even how much we care. Ultimately what is remembered is how we have been able to improve lives.[46]

Category 9 creates uniformity in the principles behind collecting, tracking, and reporting of data. The Standards will also ensure that service strategy and delivery of services is guided by understanding what is needed to answer these questions[32]:
- Who are our customers and what services do we give to them? (9.1)
- What happens to our customers (what changes) as a result of their interaction with the local CAA? (9.2)
- How does the agency and its governing board use the answers to the first two questions to make plans for adjustments and improvements? (9.3)
- How is all of this information reported in a way that is meaningful – both inside the network and to the general public? (9.4)

<u>Standard 9.1:</u>
Purpose:
- It is important for the CAA to know what services are connected to specific segments of the population who have received them.[32]
- There are many types of software systems that could support this type of process. However, this standard is about having a consistent process, not about having a technology-based solution.

Resource Tool(s): NASCSP CSBG Annual Report Instruction Manual-Module 4 and NASCSP CSBG Annual Report Lexicon (2019)
Implementation Tips:
- The CSBG Annual report already requires the reporting of client demographics. This data element does not require additional data collection or reporting.
- The reporting of client demographics would include information regarding the qualities or characteristics of a specific group of people. Specific characteristics collected may include age, gender, education, income level, income source, or household type.[32]

- The tracking and reporting of customer services could be delivery of tangible assistance, strategies (training, case management, etc.), advocacy efforts, coalition building, or other activities.[32]

Drive the Distance:
- Ensure that staff across programs are clear about the definition of an agency "client" for uniform tracking across the agency.[32]

Authority: IM-138(9.1); <u>Associated:</u> CSBG Annual Report (Module 4, Section C)

Standard 9.2:

Purpose:
- Establishes that the agency is reporting on all the National Performance Indicators (NPIs) related to the National ROMA Goals for which it provides services, programs or activities.[32]
- Outcome Type Descriptions:
  - <u>Family Outcomes</u> describes the transition of individuals or family units toward and achieving self-sufficiency, and the supports necessary to ensure well-being.[98]
  - <u>Agency outcomes</u> describe the capacity of the CAA to use sound management practices in the delivery of programs and services.[98]
  - <u>Community outcomes</u> describe the ability of the CAA to mobilize public and private resources to support low-income persons in their transition to self-sufficiency.[98]
- There are many types of software systems that could support this type of process. However, this standard is about having a consistent process, not about having a technology-based solution.

Resource Tool(s): NASCSP CSBG Annual Report Instruction Manual-Module 4, NASCSP CSBG Annual Report Lexicon (2019), and NASCSP Fundamental of Measurement Tools Used To Measure Community Action Outcomes And Outputs

Implementation Tips:
- Identify the change you intend to see in the clients participating in the program. If a program is output-based (like EAP, WAP, or HCV that are based on number served and dollars provided), look for areas in which client change is expected (e.g., client education outcomes, meeting stability goals, or changes in energy usage over time).
  - Post-participation surveys may provide meaningful insight into client outcomes.
- Collecting outcomes data monthly, on a standardized form, will facilitate annual report completion.

Drive the Distance:
- Outcomes that are reported by one department may actually be of use (interest) to another department that is also serving the same person.[32]
  - All staff are helped by the entity to understand the direct or indirect relationship of their efforts to achieving specific client or community outcomes.[63]
- It is important for the agency to be able to also relate these data elements (in 9.1) with the outcomes that are achieved to find out what is working, and for whom it is working, to achieve success.[32]

Background: Monitoring and Assessment Task Force (MATF) of 1994, created by the Office of Community Services (OCS), produced the six (6) National ROMA Goals which was rooted in Office of Economic Opportunity (OEO) Instruction 6320-1 of 1970.

Authority: IM-138(9.2); <u>Associated:</u> 42 USC 9901(2)(B), 42 USC 9908(b)(12), 42 USC 9917(a)(1), IM-49, and CSBG Annual Report (Module 4, Section A & B)

Standard 9.3:

Purpose:
- This standard is about performance management.[32]

- Establishes that the agency is analyzing its own data for the purpose of making suggestions for improvement.[32]

Resource Tool(s): Governing Board and Leadership Calendar of Events

Implementation Tips:
- If your agency created annual comprehensive reports for each program, presenting/providing those reports to the governing board may be an effective way to meet this standard. Content may include program statistical information, program successes and weaknesses, customer and staff survey/comments, and program improvements or changes to be implemented.

Drive the Distance:
- The "ongoing" nature of board review is preferred, as data collection and analysis should also be ongoing.[32]
  - Many CAAs may accomplish this by looking at a different program area or outcome area on a rolling basis throughout the year.[32]

Authority: IM-138(9.3), IM-82, and IM-49; <u>Associated:</u> 42 USC 9910(a)(1) and IM-102

Standard 9.4:

Purpose:
- At the local eligible entity level, the information in the CSBG Annual Report will support agency efforts to set and measure progress on targets for individual, family, and community outcomes resulting from locally determined services and strategies to address locally identified community needs.[71]
  - This is an agency-wide report, not just CSBG data.
- This data will become a part of the overall State submission that tells Indiana's story.
  - The CSBG Annual report is a part of the greater CSBG Performance Management Framework and ROMA Next Generation efforts. It supports an enhanced focus on improved data collection, analysis, and continuous learning.[77]
- Assists the agency in generating robust results on the outcomes achieved and the people served. It allows the agency to share their story and impact with the community.
  - Results are the key to our survival.[46]

Resource Tool(s): NASCSP CSBG Annual Report Instruction Manual-Module 2 & 4, NASCSP CSBG Annual Report Lexicon (2019), Indiana CAA Board Governance Management Tool, and Leadership Calendar of Events

Implementation Tips:
- The agency has the ability to overcome data collection challenges caused by different practices in different departments or sections of the agency.[32]

Drive the Distance:
- The agency can show the origins of the entries for the CSBG Annual Report
  - Develop an agency-wide data collection and reporting policies and procedures manual.[81]Written policies and procedures should clearly identify the way data is collected from across the agency, who is involved in this process, how the accuracy of the data is assured at the collection level.[32]

Background: The first comprehensive survey, precursor to the CSBG Information Survey (CSBG-IS), was developed in 1983. The National Performance Indicators of Community Action Performance was established by OCS in 2004, organized around the National Goals as a standard way of reporting. The new CSBG Annual report received clearance from OMB on January 12, 2017.

Authority: IM-138(9.4); <u>Associated:</u> 42 USC 9917(a)(2), IM-102, IM-49

CATEGORY TEN:

Resource Management is a vital aspect that underscores the efficiency and effectiveness of any organization. The following standards are designed to ensure that organizations have robust policies, structures, and procedures that govern various aspects of operations, from the composition and responsibilities of the governing board to staff policies and hiring practices. Moreover, these standards encompass non-discrimination and equal opportunity principles, data management, and effective subcontractor relations. Through adherence to these standards, organizations can optimize the utilization and management of their resources, contributing to higher levels of accountability, transparency, and performance.

Standard 10.1:
Purpose:
- The bylaws set forth the everyday rules by which the organization is governed.[5] They should be treated as the operating manual for the Board of Directors.
  - Bylaws outline board membership, rules, policies, and procedures and need to both fit agency culture and process. They will define board size, quorum, meeting frequency, committees, election processes, board member removal, filling board vacancies, etc.[28]
- Voting Rights of Members ensures that each active board member has one (1) vote on any matter presented to the board for action.
- Term (Term Limits) are helpful to keep boards revitalized and current.[64]:
  - A term is the "length of time that the board member serves before they must be re-selected". A term limit "restricts the number of times a board member may be re-selected to serve for another term on the board."[19]
- Removal for Cause:
  - Enables the board to manage particularly disruptive board members pursuant to established procedures.[40]
  - Requiring the board to take a formal vote to seat the representative also ensures that the board retains the right to remove the representative, if necessary.[14]

Resource Tool(s): Weatherproofing CAA Bylaws (CAPLAW, 2021)
Implementation Tips:
- Ensure bylaws have defined term limits to aid the agency in managing the appropriate board levels over multiple years. "Staggered terms allow for a mix of new and experienced governing board members.[7]"
  - Three-year terms are a common term length for nonprofit board members.[14]

Drive the Distance: Additional Bylaws Considerations
- Removal for Cause policy: add that "a board member may only be removed by a super-majority of the board. This helps temper the use of removal of directors for political or personal reasons and allows removal to be used only in extreme and justified circumstances.[40]
- Remove non-mandated restrictions that may make it difficult in adhering to the bylaws and placing them in a Board Manual. The bylaws dictate what you must do whereas the manual is what you will attempt to do. For example:
  - Do not specify specific groups (i.e., ABC Non-Profit or XYZ County Commissioners) in the bylaws that may recommend board members. Instead, keep the options open and flexible.
  - State corporate laws do not mandate that boards follow Roberts Rules of Order. The CAA should work with an attorney to eliminate this requirement, especially since there is a good chance that the governing board has not followed it.[8]

- Require that board members be off the governing board for a reasonable period (e.g., one year) before being eligible to be hired by the CAA.[4]
- CAAs should not use proxy voting because board members need to keep informed of the organizations ongoing issues.[10]

Authority: Agency Bylaws and Petition for Adequate Representation: 42 USC 9908(b)(10), IM-102, and Indiana CSBG State Plan(11.3); Removal for Cause (Termination): IM-102; Term Limits: IC 23-17-12-5(a)/ Associated: IM-82, and IRS Form 990(Part VI(7))

Standard 10.2:
Purpose:
- CAA board members must meet their fiduciary duty of care. Active engagement in the work of the board, of which meeting attendance is crucial, is a key way in which a board member satisfies this legal duty.[19]
  - Failure to regularly attend board meetings likely signals a director's inability or unwillingness to meet their fiduciary duties to the organization and its mission.
- Those board members who do not regularly attend board meetings deny the CAA their insights, or at least the insights of someone else who would otherwise occupy that seat. Those who are regularly absent also increase the level of work required of other board members.[8]

Resource Tool(s): Indiana CAA Board Governance Management Tool, Tools for Top Notch CAAs (CAPLAW, 2011), and Weatherproofing CAA Bylaws (CAPLAW, 2021)

Implementation Tips:
- Track governing board member attendance[8] and actively communicate with members who are not meeting the minimum expectation.
- Utilize electronic communication/teleconferencing methods (i.e., Phone, Teams, Zoom, etc.) that allow for remote participation of the members at governing board meetings.

Drive the Distance:
- Rotate location of board meetings.[8]
- Reimburse board members for transportation.[8]
- Ensure governing board meetings are productive and valuable.
- Ensure the governing board chair engages with and elicits the participation of all members during the meetings.

Authority: IM-82 and Agency Bylaws

Standard 10.3:
Purpose:
- Fully participating is part of the role of a tripartite board and aligns with their overall fiduciary responsibilities.
  - Under state nonprofit corporation law, nonprofit CAA board members must meet their fiduciary Duty of Care. Active engagement in the work of the board, of which meeting attendance is crucial, is a keyway in which a board member satisfies this legal duty.[19]
  - Without full participation, the CAA lacks valuable points of view in its decision-making process.[78]
- Tripartite boards are ultimately responsible for the overall direction, conduct, and effectiveness of agency programs and activities.[64]
  - Governing board makes agency policy and management carries out that policy.[64]
  - In CAAs, balancing the ability to govern and "fully participate" is critical.[28]

Resource Tool(s): CAA Board Meetings: Template Meeting Minutes and Index of Form Resolutions (NCAP/CAPLAW, 2021)

Implementation Tips:
- Review monitoring reports, evaluations, and other feedback on all the corporation's programs provided by funding sources and other interested parties.[5]

Drive the Distance:
- Meeting minutes are not only of interest to regulators and auditors, but they also can protect board members and officers in the event of lawsuits or media scrutiny.[8]The governing board should approve or be made aware of all grant applications at the time of or before they are submitted since it will directly impact the finances of the agency and is also directly related to advancing the mission of the organization.

Authority: 42 USC 9910(a)(1), IM-102, and IM-82; <u>Associated:</u> IM-102 (monitoring reports), IRS Form 990(Part VI(8)- meeting minutes), and CSBG Annual Report (Module 2 (B.2)- capacity building)

Standard 10.4:

Purpose:
- Employers must complete Form I-9 to document verification of the identity and employment authorization of each new employee (both citizen and noncitizen) hired after November 6, 1986, to work in the United States.[131]
    - The employer must retain this completed form and make available for inspection.[131]
    - The civil penalties per individual for paperwork or technical violations of Form I-9 can range between \$234-\$2,332[127] (price adjusted per Federal Register)

Resource Tool(s): CAPLAW e-news brief; Immigration Check-Up: Is Your CAA I-9 Compliant?, USCIS Guidance for Employers Conducting Internal Employment Eligibility Verification Form I-9 Audits and Human Resource Checklist

Implementation Tips:
- Agency utilizes a Human Resources New Hire Checklist signed or initialed by staff to ensure all accountability requirements are met prior to hiring.
- Doxpop.com allows for six (6) free public record searches a month.

Drive the Distance:
- Conduct internal I-9 audits which allow employers to ensure forms have been completed accurately, and to make corrections if any errors are found.[15]
- Employers may only correct errors made in Section 2 or Section 3 of the Form I-9. For multiple errors, may redo the section(s) on a new Form I-9 and attach it to the previously completed form.[132]

Background: Immigration Reform Act of 1986 (U.S. Citizenship and Immigration)

Authority: Employee Eligibility Verification: 8 CFR 274a.2 and IHCDA CSBG Grant Award Agreement No.45/ <u>Associated:</u> Instructions for Form I-9; Reference Checks: IHCDA; Letters of Complaint & Postings: IM-102; <u>Associated:</u> Criminal History: IHCDA/ <u>Associated:</u> IC 10-13-3-30; and Agency Hiring Policies

Standard 10.5:

Purpose:
- Non-Discrimination:
    - Does not discriminate against any employee or applicant for employment.[59]

- o No person shall; on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity receiving federal funds.[59]
- Having a Code of Conduct/Ethics or an "effective compliance and ethics program promotes an organizational culture that encourages ethical conduct and a commitment to compliance and the law."[47]
  - o It "plays an important role in communicating an organization's mission, core values, and behavior expectations" which ensure employees understand their responsibility "to act with honesty and integrity."[1]
  - o This will also mitigate punishment for an organization with criminal conduct.[47]
- Code of Conduct/Ethics Policy: Outlines the rules, behaviors, and responsibilities that employees are expected to follow.
  - o Some organizations distinguish between a code of ethics and a code of conduct. A code of ethics is generally "a statement of objectives or aspirational values that guide organizational behavior. A code of conduct, in contrast, generally "prescribes specific behaviors for individuals, referring to what they can and cannot do relevant to their role in the organization.[9]
- Political Activity Policy: Outlines the direct or indirect involvement of employees in the political election process.
  - o As a nonprofit 501(c)(3) tax-exempt organization and recipient of Community Services Block Grant (42 USC 9918(b)(1)), Head Start (42 USC 9851(a)) and other federal funds must follow certain rules concerning political activity.
  - o The policy should define both Allowable (off duty) and Prohibited (at all times) activities.

Resource Tool(s): [Ethics]: Exemplary Legal Practices & Policies Guidebook (CAPLAW, 2012); [Political Activity]: Sample Community Action Agency Political Activity Policy (CAPLAW, 2002), Update: Do's and Don'ts of Voter Registration (CAPLAW 2008), CAA Leaders Legal Guide (NCAP, 2016), and Election Year Refresher for Nonprofit CAAs (CAPLAW 2022)

Implementation Tips:
- The board and executive director should model the principles in the organization's code of ethics and apply the code and organizational policies consistently. It should be communicated through various means, such as memos, emails, newsletters, the CAA's internal website, meetings, and trainings.[9]
- The Hatch Act prohibits an employee of a private, nonprofit organization (i.e., CAA) from being a candidate for partisan political office, only if the employee's salary is wholly funded by federal grants.

Drive the Distance:
- The organization shall take reasonable steps to ensure that the organization's compliance and ethics program is followed, including monitoring and auditing to detect criminal conduct.[47]
- "The organization shall take reasonable steps to communicate periodically and in a practical manner its standards and procedures, and other aspects of the compliance and ethics program by conducting effective training programs.[47]

Background: Hatch Act of 1939

Authority: Non-Discrimination/EEO: 45 CFR Part 80.3 and IC-22-9-1-10/ Associated: IHCDA CSBG Grant Award Agreement No.18(A), No.33, and No.37; Conduct/Ethics: Associated: Federal Register 5/19/2004; Political Activity: 5 USC 1501, et seq. (Hatch Act) and IM-102/ Associated: 42 USC 9918(b), IM-81, and IHCDA CSBG Grant Award Agreement No.19

Standard 10.6:

Purpose:

- Community Action Agencies should be welcoming and inclusive. Non-discrimination training is among those measures to promote safety and well-being.

Resource Tool(s): Leadership Calendar of Events and Human Resource Checklist

Implementation Tips:

- An effective training focuses on behaviors by clearly showing what is acceptable and unacceptable. It also demonstrates how policies, procedures, and laws apply to employees' everyday work.
- Similar training topics may include Diversity, Equity, and Inclusion

Drive the Distance:

- Train supervisors to respond proactively to unacceptable conduct.

Authority: IM-102

Standard 10.7:

Purpose:

- It is important to know if the total count of individuals and families served is unduplicated, or if a single family receiving multiple services is being counted each time a new service is provided. This would allow a CAA to identify the number of people being served by the agency as a whole.[32]
- Different funding sources do require different systems be used for tracking, but a larger plan for organizational collection needs to be apparent.[32]
    - To obtain unduplicated counts, a CSBG Eligible Entity will need to have a system that distinguishes the characteristics for each individual/household.[143]

Resource Tool(s): NASCSP CSBG Annual Report Unduplicated Counts One-Pager (Draft) and NASCSP CSBG Annual Report Instruction Manual-Module 4

Authority: CSBG Annual Report Instruction Manual (Module 4, Section C) Associated: IM-102 and CSBG Annual Report (Module 4, Section C (A & B))

Standard 10.8:

Purpose:

- A subgrant award is a written agreement between the CAA and another service agency to provide programmatic activity towards the completion of results expected under the CAAs initial federal pass-through award.
- The agency "collects data on all individuals and households"[143] served by any CSBG funds, whether it is directly by the CAA's programs/services or through CSBG funds passed to its subcontractors.

Implementation Tips:

- Develop subcontractor performance monitoring protocols and checklists.
- Provide the subcontractor with a custom CSBG All Characteristics Report, created by the CAA, that includes the customer characteristics, outcomes, and unduplicated count information that needs to be reported.

Authority: Approval/ Monitoring: IHCDA CSBG Grant Award Agreement No.2(H)

Standard 10.9:

Purpose:

- Meeting established deadlines is an important part of an organization's professional responsibility to its funding source. Missed deadlines not only disrupt the workflow at the State office but may create a burden for the CAA in receiving critical information or funding.

IHCDA cannot effectively manage the CSBG program without the requested information provided by each CAA being delivered in a timely manner.
Resource Tool(s): Leadership Calendar of Events
Authority: IHCDA

Standard 10.10:
Resource Tool(s): Required Action Plan Matrix and Leadership Calendar of Events
Authority: 2 CFR 200.332(d)(2); Associated: 45 CFR 75.352(d)(2)

CATEGORY ELEVEN:

Internal controls mean a process, implemented by a non-Federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) Effectiveness and efficiency of operations; (b) Reliability of reporting for internal and external use; and (c) Compliance with applicable laws and regulations.[102, 146]

Internal controls are financial management practices to help safeguard an organization and further its objectives. Internal controls function to minimize risks and protect assets, ensure accuracy of records, promote operational efficiency, and encourage adherence to policies, rules, regulations, and laws. "No matter how good the system of internal control is, limitations are always present. Systems of internal control are designed to achieve reasonable assurance.[82]

IM-112 notes that CSBG recipient organizations are required to have comprehensive internal controls. IM-112 quotes the definition of internal control provided by the Government Accountability Office "internal control is not one event, but a series of actions and activities that occur throughout an entity's operations and on an ongoing basis. Internal control should be recognized as an integral part of each system that management uses to guide its operations rather than as a separate system within an agency. [147]

Standard 11.1:
Purpose:
- Board members, especially those that represent low-income individuals or families, are not excluded from being clients of the agency and receiving program services for which they are eligible. These board members should not receive preferential treatment in the nature or timing of such services.[64]

Implementation Tips:
- Develop an agency sign-off/approval document for all staff/governing board members who receive program benefits.

Authority: IM-82 and Agency Policy

Standard 11.2:
Purpose:
- To safeguard financial accuracy and transparency through the regular reconciliation of employee payroll records.
- To comply with regulatory requirements and promote efficiency by adhering to time management guidelines.

Implementation Tips:

- When an employee's salary changes, provide documentation to the employee in the form of a Salary Adjustment of Salary Increase notification letter. This document not only informs the employee of the update but also is internal reference documentation.

Authority: 2 CFR 200.430(i)(1)

Standard 11.3:

Purpose:
- It is the board's responsibility to take action on ethical or compliance concerns reported to it.[9]
- All illegal and unethical activity investigations must be documented.

Implementation Tips:
- A tax-exempt organization must disclose on its IRS Form 990 any significant diversions of assets (defined as the lesser of (i) 5% of the organization's gross receipts for its tax year, (ii) 5% of the organization's total assets as of the end of its tax year, or (iii) $250,000). Such disclosures require additional explanation of the circumstances and actions taken to rectify the fraud.[141]

Drive the Distance:
- Develop methods to routinely monitor internal systems because some level of fraud (e.g., falsified timecards, misrepresenting expense reports, fictitious invoices, etc.) can be found in every organization.[82]

Authority: Agency Approved Policy; Associated: IM-116 and IRS FORM 990(Part VI, #5)

Standard 11.4:

Purpose:
- A conflict of interest arises when a person in a position of authority over an organization, such as an officer, director, manager, or key employee can benefit financially from a decision he or she could make in such capacity, including indirect benefits such as to family members or businesses with which the person is closely associated.[73]
- A nepotism policy exists to ensure that individuals cannot supervise, discipline, work with, or have any influence over the recruitment, salary, or promotion of a close relative.
- Segregation of Duties is the act of intentionally distributing duties of a task across different individuals It is an administrative control to prevent fraud, sabotage, theft, misuse of information, and other security compromises.

Resource Tool(s): CAPLAW December 2021 e-news brief- Strategies for Preventing Fraud, Theft, and Embezzlement in Nonprofit Organizations, 2021

Drive the Distance:
- Include a Segregation of Duties flow chart within the Fiscal Policy Manual to ensure the principal incompatible duties are segregated.

Authority: 2 CFR 200.303 and IM-82; Associated: IRS Form 990(Part VI(12a))

Standard 11.5:

Purpose:
- Services are provided to qualifying low-income families and individuals[65] and communities.[93]

Resource Tool(s): CAPLAW CSBG Guide to Client Eligibility, 2021

Implementation Tips:
- Customer income eligibility should be updated yearly as the OMB poverty income levels are revised and released.[74]

- An income eligibility procedure may include definitions of the sources of income, household size, and the time frame used to establish eligibility, as well as the documentation and verification procedures required to support the income determination.[20]

Drive the Distance:
- Develop a system that requires a supervisor or employee not involved in the intake process to randomly review intake files to ensure proper information and documentation is obtained.[36]
- Child Support Services and Referrals: 1) Inform custodial parents in single-parent families that participate in programs, activities, or services carried out or provided under this subtitle about the availability of child support services; and 2) Refer eligible parents to the child support offices of State and local governments.[91]

Authority: 42 USC 9902(2) and IM-102

CATEGORY TWELVE:

An Inventory Management system provides the agency with the necessary information to efficiently document and manage the organizations capital equipment and physical inventory. U.S. accounting rules consider capital equipment that costs more than $5,000 and has an extended lifetime of over one year to be a fixed asset of a business.

The non-Federal entity must make available upon request, for the Federal awarding agency or pass-through entity pre-procurement review, procurement documents, such as requests for proposals or invitations for bids, or independent cost estimates.[112]

Standard 12.1:
Purpose:
- Must maintain written standards of conduct covering real or apparent conflicts of interest in the selection, award, or administration of a contract.[105] In other words, no conflict of interest affected the procurement of goods and services.

Resource Tool(s): OMB Uniform Guidance Training
Implementation Tip:
- Competitive bidding procedures should be used for large financial transaction situations in which board members or agency staff members have an interest, or relationship to, one or more providers of the needed goods or services.[64]
- Develop a checklist to be followed throughout the procurement process. The checklist should require that the employee facilitating the procurement process sign it to verify that all procedures were followed and that all documents were obtained.[36]
- Maintain a procurement file that includes the proposals received, scoring grids, list of individuals who participated in the decision, rationale for method of procurement, contractor selection or rejection, basis for contract price, and contract with contractor.[135]

Drive the Distance:
- Each agency employee involved in the procurement process has signed an annual conflict of interest policy statement.
- Purchase orders are generally preprinted, numbered documents which show purchase details and document the sequence of purchases. Preprinted POs reduce the chances for duplicate numbering and fraud.

Authority: 2 CFR 200.317-327, 2 CFR 200.439(2), IHCDA Grant Agreement No.2(I) & No.7(F)

Standard 12.2:
Purpose:

- Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a federal award, until disposition takes place, will at a minimum meet these requirements.[107]

Resource Tool(s): OMB Uniform Guidance Training and Fiscal Calendar of Events
Implementation Tips:

- Create an Excel spreadsheet to track the items listed in the standard.
    - Show the dates for each annual review/update to the tracking document.
- Schedule of Inventory must include:
    - A description of the property
    - Serial Number or other identification number
    - Source of funding for the property
    - Include the FAIN
    - Who holds the title
    - Acquisition Date
    - Cost of the property
    - Federal percentage or potion of the cost
    - Location
    - Condition of the property
    - Sales price or fair market value, if applicable
    - IHCDA also requires date of disposal, if applicable
    - IHCDA also requires date of reported (i.e. the last time the list was updated)

Drive the Distance:

- The agency may benefit from a single agency-wide Schedule of Inventory, or a centralized system that encompasses the identified fields in the standard.

Authority: 2 CFR 200.313(d)(1) and IHCDA CSBG Grant Award Agreement No.7(L)

Standard 12.3:
Purpose:

- To validate the accuracy of inventory records, which is essential for financial reporting, operational efficiency, and strategic decision-making.

Resource Tool(s): CAPLAW December 2021 e-news brief- Strategies for Preventing Fraud, Theft, and Embezzlement in Nonprofit Organizations and Fiscal Calendar of Events or Physical Inspection Schedule
Implementation Tips:

- The person purchasing the equipment should not be the same person who conducts the inventory review.

Drive the Distance:

- Include the responsibility of conducting the inventory (program or agency-wide) as part of an individual or individual's job description(s).
- Take photos of inventory to confirm their state and maintenance status at every inspection.[82]

Authority: 2 CFR 200.313(d)(2) & (d)(3)

Standard 12.4:
Purpose:

- Definition: disposition is the act of selling or otherwise disposing of an asset or a security.[149]

- In cases where a non-Federal entity fails to take appropriate disposition actions, the Federal awarding agency may direct the non-Federal entity to take disposition actions.[107]

Authority: 2 CFR 200.313(e) and IHCDA CSBG Grant Award Agreement No.7(g)

CATEGORY THIRTEEN:

A State shall "establish fiscal control and fund accounting procedures necessary to assure the proper disbursal of and accounting for Federal funds paid to the State".[89]

The purpose of claims processing is to ensure that requests for reimbursement made to IHCDA through the Financial Operations Department are eligible and contains the documentation necessary to validate the claimed expenses. Requests for reimbursement may be made only in accordance with the budget described in the award agreement and any subsequent modifications which have been approved by IHCDA. Additionally, any program guidance/regulations on cost eligibility will be used when reviewing expenses for reimbursement.

Standard 13.1:
Resource Tool(s): CAPLAW Community Service Block Grant Q & A on Property Issues (September 2017) and OMB Uniform Guidance Training
Implementation Tips:
- This information meets the IM-102 requirement that the state office educate CAAs about the limitations on the use of CSBG funds. Watch for these commonly claimed unallowable costs, including but not limited to:
    - Purchase or improvement of land[90]
    - Purchase, construction, or permanent improvement of building or facilities[90]
    - Political activity (advertising, candidacy, voter registration activities, etc.)[90]
    - Match funds to most other federal programs
    - Awards for employees or board members (End of Year Awards)
    - Alcoholic beverages
    - Bad debts
    - Fundraising costs
    - Entertainment costs (generally)
    - Bank and/or credit card late fees
- Credit cards are a big risk exposure to the agency.[82]

Drive the Distance:
- Head Start agencies are required to review monthly credit card statements at board meetings and should be reflected in the meeting minutes.
- WIPFLI Financial Services offers an annual service (mywipfli) for immediate access to Uniform Guidance Compliance Q&A.

Authority: IM-37, 2 CFR 200.404 & 405, and IHCDA CSBG Grant Award Agreement No.2(C) & No.3(C), and No.4 (H)

Standard 13.2:
Resource Tool(s): Fiscal Calendar of Events
Drive the Distance:
- CSBG reimbursement claims are submitted on a monthly basis.[59]

Authority: IC 4-13-2-20 (Arrears) and IHCDA CSBG Grant Award Agreement No.4:((A),(E),(I), and (L))

CATEGORY FOURTEEN:

Nonprofits are complex organizations that are built around mission and outcomes. Therefore, an agency's fiscal position is fluid because it is based on changing conditions. Benchmarks are an assessment of the viability, performance, and stability of the organization. They provide a snapshot of how the financial portfolio and resources are meeting key short- and long-term objectives on the planned financial path. This information is a critical tool that allows the governing board and leadership staff to monitor current trends and take any necessary actions towards reaching the desired goals.

Standard 14.1:
Purpose:
- Agency conducts regular, timey reconciliation of its bank statements to its financial records.[78]
- A key issue for financial reports in general is the timeliness of information. The information portrayed in the financial statements is valid as of the last date covered by the report. If the board is receiving information that is 'old' the value of the information is minimal.[31]
- The IRS requires presentation of expense information in much the same matrix format as GAAP.[35]

Resource Tool(s): Fiscal Calendar of Events
Drive the Distance:
- It may be beneficial to soft-close financials by the 10th of each month.[136]
- Year-end adjusting journal entries should be completed by the following month after the fiscal year ends.

Authority: CSBG Act 678(a)(1)(B) and 2 CFR 200.302(b)(5)

Standard 14.2:
Purpose:
- To uphold the integrity of financial reporting by ensuring accuracy and reconciliation, facilitating informed decision-making and regulatory compliance.

Authority: CSBG Act 678(a)(1)(B), 45 CFR 75.302(b)(2), and IHCDA CSBG Grant Agreement No.7(D)

CATEGORY FIFTEEN:

Financial ratios are useful as a tool for the assessment of the state of an organization. They quantify the many aspects of a business and are an integral part of the financial statement analysis. They are categorized according to the financial aspect of the business which the ratio measures.

In general, ratios provide a quick way to compare an organization to its performance over time. It may also be used to compare, within reason, the organization to other community action agencies who operate within a similar business model. Lastly, ratios can be useful in comparing to the industry average.

IHCDA has based these ratios (formulas and benchmarks) on non-profit industry standard financial guidelines (i.e., WIPFLI, Nonprofits Assistance Funds, etc.)

Standard 15.1:
Purpose:
- Liquidity ratios determine an agency's ability to cover short-term obligations and cash flow.
  - Shows the ability of the organization to meet short-term financial obligations in the event agencies experience funding pause or loss.
- Current assets: cash, CD's, accounts and/or grants receivable.
- Current liabilities: accounts payable, current payroll and related taxes, accruals, and current portion of long-term debt.

Authority: IHCDA; Associated: 42 USC 9914(a)

Standard 15.2:
Purpose:
- Expenses are managed to provide programs with adequate support.
- Efficiency ratios compare the agency's administrative costs to their overall budget.

Drive the Distance:
- Days Cash on Hand: Thirty (30) to forty-five (45) days is an acceptable range to have in reserve.[135]
- Days Cash on Hand: Communicate with your auditor about anything that could be labeled as a cash equivalent.

Authority: IHCDA; Associated: 42 USC 9914(a)

Standard 15.3:
Purpose:
- Demonstrates that the organization's long-term debt is manageable.
- Leverage ratios examine whether an agency is bringing in the amount of funding needed to cover its long-term debt.

Authority: IHCDA; Associated: 42 USC 9914(a)

CATEGORY SIXTEEN:

Standard 16.1:
Purpose:
- Ensure that agencies (1) routinely review their partnerships to identify any weak or missing connections with key sectors of the community, and (2) participate in partnerships that are effective and aligned with their mission to reduce poverty.[24]

Resource Tool(s): Leadership Calendar of Events
Implementation Tips:
- Routinely reviewing all partnerships with the agency leadership team is an efficient way of ensuring that the partnerships across multiple programs are consistently effective.

Drive the Distance:
- Initiate and sponsor projects responsive to those needs of the poor that are not otherwise being met, with emphasis on providing central or common services that can be drawn upon by various related programs and filling gaps pending the expansion or modification of the programs.[54]

Authority: Linkages: 42 U.S.C. 9908(b)(3)(B) & (b)(5), IM-102, and IC 12-14-23-9(7)

Standard 16.2:
Purpose:

- Designed to make clear to prospective clients/participants, employees, volunteers, and stakeholders the CAAs commitment to equal opportunity throughout the organization.

Background: Age Discrimination Act of 1975
Authority: IHCDA CSBG Grant Award Agreement No.18(C); Associated: 42 USC 9918(c)(1)

Standard 16.3 and Standard 16.4:

Purpose:
- The CAA is the poverty reduction leader in their community because their mission is to function as the vanguard of America's fight against poverty. They must effectively mobilize and spearhead this national movement, so it reaches the local level; then assist the many nonprofit organizations who contribute to low-income individuals and families becoming self-sufficient.

Implementation Tips:
- Sponsor or facilitate a Community Coalition/Community of Care group so local non-profits can share resources and experiences related to the low-income population.
- Invite local non-profit service organizations to your in-house staff development trainings.

Authority: IC 12-14-23-8 and IC 12-14-23-9:(5),(6),& 8(C); Associated: 42 USC 9901(2)(A)&(C)

Standard 16.5:

Purpose:
- One of the most critical stakeholders in assuring adherence to established organizational standards is the board which oversees operations on behalf of the community.

Resource Tool(s): Governing Board Calendar of Events
Authority: IHCDA; Associated: 42 USC 9910(a)(1) and IM-82

Standard 16.6

Purpose:
- Classification of Employees: The FLSA designates employees as either exempt or nonexempt.
- Drug-Free Workplace Policy: Notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the workplace and specifying the actions that will be taken against employee's violations of such provisions.[148]
- Smoke-Free Workplace Policy: Smoking is prohibited in the area within (8) eight feet of a public entrance to a public place or a place of employment.[51]
- Information Protection: Provide reasonable measures to safeguard protected PII.[106]

Resource Tool(s): Privacy Rights of CAA Clients, (CAPLAW FAQ, December 2021)
Implementation Tips:
- Protecting PII policy should state how access to customer information by unauthorized persons will be prevented[74] (i.e., locked file cabinets/offices, encrypted laptops, password-protected spreadsheets, HIPAA-secure data platforms, not publicly sharing information (e.g., social media)), etc.
  - A CAA should limit the client information it provides to third parties to the minimum.
  - necessary to accomplish the intended purpose of the use, disclosure, or request.[21]

Drive the Distance:
- Establish a drug-free awareness program to inform employees of the dangers of drug abuse in the workplace and any available drug counseling, rehabilitation, and employee assistance programs.[148, 59]

Background: Classifications: Fair Labor Standards Act of 1938
Authority: Approved Policies: IM-82; Classifications: Fair Labor Standards Act (FLSA); Drug Free Workplace: 41 USC 702(a)(1)(B), State of Indiana Executive Order No. 90-5 (April 12, 1990), and IHCDA CSBG Grant Award Agreement No.20; Smoke Free Workplace: IC 7.1-5-12-4/ Associated: 20 USC 6081 (Pro Childrens Act of 1994) and IHCDA CSBG Grant Award Agreement No.25; Information Protection: 2 CFR 200.303(e) and IHCDA CSBG Grant Award Agreement No.10 & No.48(E)

Standard 16.7
Purpose:
- Labor law posters are compliance notices that employers must post in a conspicuous place to inform employees of their rights under federal and state employment laws.
  - Failure to display the correct state and federal employment law notices can result in penalties, fines, and lawsuits.

Implementation Tips:
- According to the DOL, posters must be displayed so they are easily visible to the intended audience.

Authority: U.S. Department of Labor

Standard 16.8:
Purpose:
- When an entity is using cost allocation, it may be necessary for the cost allocation plan to be approved before it is used to allocate costs.[31]
- Just as the governing board should understand the agency's budget, they should also understand how costs are allocated for the agency and across programs.[61]

Resource Tool(s): Fiscal Calendar of Events
Implementation Tips:
- Cost Allocation Plan should be updated annually or when any of the [assumptions in the] allocation methodology change, whichever is sooner.[135]
  - At a minimum, the plan "should be reviewed and modified by staff every two to three years."[31]
- There is no Uniform Guidance provision requiring a nonprofit organization cost allocation plan to be approved by a cognizant federal agency, federal awarding agency, or a pass-through entity [IHCDA].[16]

Authority: IM-82 (governing board review) and IHCDA (staff review)

Standard 16.9
Purpose:
- "Cause" is a failure by the agency to adequately administer or adhere to the program guidelines.
- State CSBG Lead Agencies should include questions in routine monitoring visits and contacts about whether an eligible entity has had funds terminated for cause in any federal, state or local program other than CSBG.[68]

Implementation Tips:
- The agency is not on a Quality Improvement Plan (QIP) by any IHCDA program.

Background: OMB Circular A-133
Authority: IM-116 and IM-102; Associated: 42 USC 9914(a)(4)

Category 18: More Best Business Practice Recommendations

Recommendation 18.1 The organization has an active Certified ROMA Trainer or Implementer, as well as a Certified Community Action Professional (CCAP) on staff.
Agency Guidance:
- Agency that has staff who hold these certifications increase an agency's capacity and knowledge to maintain advance the CSBG mission.
- Often (ROMA) trainers are in a position to see that a change is needed or being required of an agency to meet defined standards of management and operational excellence.[99]
- A CCAP has demonstrated to peers a mastery of the five Body of Knowledge sets necessary to do Community Action work (History of the Community Action Movement, Vision and Values of the Community Action Movement, Community Action Traditional Management Skills, 21st Century Positive Leadership Skills, and Theories of Poverty).[42]
    - The purpose of the CCAP program is to position the Community Action Network to serve the best interests of people experiencing poverty.

Drive the Distance/Implementation Tips:
- As a Certified ROMA Trainer, you are called to be a leader in your agency, state, regional network, and in national arenas – championing and strengthening quality management and accountability systems in the CSBG network.[99]
- Many CCAPs reported becoming more passionate, inspired, excited, and motivated because of their experiences during the CCAP process.[42]

Authority: <u>Associated:</u> CSBG Annual Report (Module 2 (B.4))

Recommendation 18.2 The full governing board, at least biennially (2 years), conducts a self-assessment about their responsibility and overall board performance.
Agency Guidance:
- Perform a board self-assessment to identify more specifically the board's weaknesses and strengths and determine the best way to address the areas that need improvement.[36]
    - Opportunity to reflect on board responsibilities both individual and shared.[11]
    - Identify varying perception and opinions by the board as a whole.[11]
    - Acts as a platform for setting and obtaining board priorities and goals.[11]
- Provides the Executive Director with potential board training topics and the ability to manage expectations.
- Common board self-assessment topics include vision and mission, strategic planning, policy making decisions, board and staff roles, executive leadership, program performance, fiscal management, board structure & operations, and financial resources.[11]

Authority: IM-102
Drive the Distance/Implementation Tips:
- Many boards conduct an annual assessment of their own performance which includes review of the composition of the board and the board's role in needs assessment, planning, and oversight as required by CSGB.[34]
- Charge the board governance committee with the responsibility to implement the board self-assessment process.[11]

Recommendation 18.3 Employees are, at least biennially (2 years), surveyed about program operations, work environment, benefits, etc.
Agency Guidance:
- Demonstrates that employees provide valuable insight on how the agency operates.

- Employee surveys provide the opportunity to create a stronger and more efficient organization, a better work experience, and employee satisfaction.
- It costs more to hire someone (3x-4x more than the position's salary) than it is to retain someone.[100]

Drive the Distance/Implementation Tips:
- Conduct lengthy employee surveys annually, with short pulse surveys conducted more frequently.
- Share survey results with agency staff and take action on the key findings.

Recommendation 18.4 The organization utilizes a Governing Board Calendar of Events/Actions to meet necessary deadlines across all programs with the agency.

Agency Guidance:
- This is an agency-wide tool and not specific to the CSBG program.
- A checklist that lists all required actions related to the governing board, by timeframe, to assist agency leadership in planning board meetings agendas and board materials.

Drive the Distance/Implementation Tips:
- The annual meeting is an opportunity to report out to the governing board the many results (e.g., strategic plan, programs, etc.)[13]

Recommendation 18.5 Account balances do not exceed the Federal insured limit of $250,000 at a single financial institution.

Agency Guidance:
- Federal Deposit Insurance Corporation (FDIC) and National Credit Union Administration (NCUA) policy: deposits owned by a corporation are insured up to $250,000 in a single bank.
  - A Collateral Security Agreement through the financial institution will cover any access amounts, if available.
- Agency Fiscal Policies and Procedures manual should have a policy in place to ensure ongoing protected coverage.
- Determine the best available options. For example:
  - Certificate of Deposit (CDARS)[150] allows you to work directly with just one financial institution but receive FDIC protection.
  - Accessing a cash management account.[150]
  - Diversifying by depositing money into different financial institutions.[150]
  - Utilize a [FDIC insured deposit sweep] program that divides your deposits for you among a group of banks so that you can insure a greater amount of your organization's funds.[150]

Recommendation 18.6 The organization routinely tracks Organizations Reliance Fiscal Ratios to spotlight the agency dependency on government funding revenue streams:

1. Government Funding Ratio
   Purpose: Provide awareness of risk in both reliance and autonomy. Government funding is tied to specific contracts and provides limited allocation and flexibility.
   Formula: Total government grants & contracts ÷ total income
2. Earned Income Ratio
   Purpose: Earned income is a percentage of total income and allows for more agency autonomy and flexibility including fundraising activities.
   - Private Sector Resources

- Building relationships with funders in the philanthropic, public, and private sectors is critical to the long-term stability and success of CAAs.[24]

Formula: Total earned income ÷ total income

3. <u>Unrestricted Ratio</u>

Purpose: Demonstrates the change in unrestricted dollars versus earned income
- Agency increased unrestricted funds by more than was spend during the period.
- Shows that the agency is not reducing their overall unrestricted funding which could reduce financial flexibility.

Formula: Change in Unrestricted Net Assets ÷ Total Unrestricted Revenue

Recommendation 18.7 The organization has developed and implemented a comprehensive Information Resource and Security Policy.

Agency Guidance:
- A security threat or incident can be defined as any potential action that could put information or resources at risk. Incidents might be caused by malicious attempts to steal information or by simple inattention to a security policy or procedure. Either way, you have the power to stop most security threats. Although the number of security threats is endless, the most common categories are:
    - **Loss**: Misplacing a resource or device (i.e., USB Drive)
    - **Theft**: Stealing information—electronically or physically—or resources (i.e., laptop)
    - **Cybercrime**: Damaging electronic devices, files, or organizational network (i.e., hacked network)
- Conduct, at least, annual staff training on such things as phishing (unsolicited emails & attachments), surfing safely, lockout, password protection, and physical onsite attacks.
- Include an Incident Response Plan as a section of the policy.
- Suggested Policies/Practices: unauthorized disclosure of confidential information, how to handle a firewall threat, multi-factor authentication, website lockout protocols/internet restrictions, unauthorized software, keyboard Lockout, access control chart, storage of information on non-company devices, unauthorized devices, loss of Equipment, and back-up system process.

Recommendation 18.8 The organization maintains a written continuity of operations process through Standard Operating Procedures for each department and/or program.

Agency Guidance:
- Standard operating procedures (SOPs) are the documented processes that an agency has in place to ensure services and/or products are delivered consistently every time.
- Even the best employees don't have perfect memories, so having a set of written instructions they can refer to when performing the steps of the process ensures everything is done consistently and correctly.
    - When new employees are trained, standard operating procedures help keep their training fresh and serve as important reference tools.
- SOPs are also useful to communicate important organizational policies, government regulations, and best practices.

Recommendation 18.9 The organization has documented that annual staff training is provided in executing conditions of the emergency action and disaster plan(s).
Agency Guidance:
- An emergency action plan is unique to each facility and is designed to define step-by-step emergency procedures, staff roles & responsibilities, emergency phone numbers, and communication protocols for the safety of all employees and guests.
    - An emergency action plan must be in writing, kept in the workplace, and easily accessible if an employer has more than ten (10) employees.
    - Head Start/ Early Head Start programs may be using the Indiana Emergency Response Planning Guide for Childcare Providers for their locations.
- It is important to not only have a well-established plan but practice the plan with staff so they know how to deal with the various emergency situation they may encounter.
- Minimum elements of an emergency action plan (per OSHA):
    - Procedures for reporting a fire or other emergency.
    - Procedures for emergency evacuation, including type of evacuation and exit rout assignments.
    - Procedures to account for all employees after evacuation.
    - Procedures to be followed by employees performing rescue or medical duties.
    - Name or job title of every employee who may be contacted by employees who need more information about the plan.
- Linked to OSHA 29 CFR 1910.38(b)(c)

Recommendation 18.10 The organization maintains current Safety Data Sheets (SDS) in accessible locations.
Agency Guidance:
- Review the OSHA website (www.osha.gov) for information related to _specific_ office environments.
    - Office workers who encounter hazardous chemicals only in isolated (intermittent or occasional) instances are not covered by this rule (i.e., pens, pencils, adhesive tape and toner).
- OSHA does not require that SDS sheets be provided to purchasers of household consumer products when used in the workplace in the same manner that a consumer would use them (i.e., Windex and White Out).
- Linked to OSHA 29 CFR 1910.1200

Recommendation 18.11 The organization takes the necessary preventative action steps to reduce workplace accidents and educate its employees to potential dangers.
Agency Guidance:
- Provide training to reduce workplace accidents (i.e., slipping hazards) or provide targeted training based upon recent insurance claims. These situations affect the agency workers compensation rate.
    - This is separate from the safety training related to emergency action planning (i.e., fire extinguisher usage or tornado drill).
- OSHA Form 300A is posted (February 1 to April 30) and placed in the agency file for 5 years.
    - Employers must keep a Log and Summary for _each_ physical location.
- All employers must post the OSHA Job Safety and Health: It's the Law poster which informs workers of their rights.
- Linked to Occupational Safety and Health Act (OSHA) 1903.2

Recommendation 18.12 The organization provides accommodations to ensure services and programs have equal access.

Agency Guidance:
- Section 504 is incorporated by reference in the Community Services Block Grant (CSBG) Act. HHS grant recipients, including CAAs, must ensure compliance with Section 504.
    - This does not address the Section 504 requirements regarding structural changes to facilities to ensure accessibility.
- Some common disabilities that CAAs may be asked to accommodate include being hard of hearing or deaf; visually impaired or blind; or physically disabled. Examples of possible accommodations[22]:
    - Installing Text Telephone software (TTY) or providing a sign language interpreter for those hard of hearing or deaf.
    - Offering to guide those who are visually impaired, offering assistance filling out necessary forms, or providing documents in Braille.
    - Training employees to assist a physically disabled client in using equipment offered to other clients for use such as copiers, computers, etc.
- It is important to remember that technological advances can be expected to enhance opportunities available to qualified individuals with disabilities.[22]
- Resource: CAPLAW enews brief- Ensuring Equal Access to CAA Programs, January 2022
- Linked to the American with Disabilities Act/504 Accessibility

Recommendation 18.13 CSBG eligible invoices are paid within forty-five (45) calendar days of receipt.

Agency Guidance:
- 45-day window refers to the time between paid date and claim date.
- Sub-grantee must maintain and implement written procedures to minimize the time elapsing between the transfer of funds to Sub-grantee and Sub-grantee's issuance or redemption of checks, warrants, or payments by other means for program purposes.[59]
- Supporting documentation is provided for any delay outside of the time period.
- If there is no invoice as part of the purchase process, then the date the cost was incurred will be used.
    - A credit card statement is not considered an invoice. The date the cost is incurred on the credit card statement is considered the "invoice date".
- The agency follows its written policy for paying vendors.

Drive the Distance/Implementation Tips:
- Prioritize paying credit card statements because they have multiple purchases throughout the month. There is a risk that the earlier transactions will not be paid within the appropriate timeframe.

Recommendation 18.14 The governing board frequently determines that the Chief Executive Officer/Executive Director and the Chief Financial Officer have not filed for bankruptcy.

Agency Guidance:
- This is a process for the governing board, that when implemented, will act as an early warning system for potential fraud. It is a way that the board carries out its fiduciary responsibility to protect the assets of the agency.
- Methods:

- Develop agency policy that requires these positions to have it reviewed at the time of hiring then and then reported to the governing board if they file for bankruptcy.
- Pull a Credit Report to determine if further information is needed.
- Public Court Bankruptcy Records database search provides a more comprehensive check.
- Fraud Triangle: Opportunity, Pressure (motivation) and Rationalization (Justification).

Category 19: Bibliography

These citations are found within the full version of the monitoring toolkit (Introduction and Parts One through Four) as either direct quotes, adaption, a paraphrase of the actual text, or they more succinctly focus on the key concepts from the source. In addition, any changes in wording, e.g., "may" or "should" to "must," are at the discretion of IHCDA to ensure actions deemed necessary are completed.

While many are used as citations, others are authority. They are placed here so the full name or description of the source is available if the reader wishes to research the source document more fully.

Board Source
1. The Sarbanes-Oxley Act and Implications for Nonprofit Organizations (in conjunction with Independent Sector), 2006 Revised

Charitable Advisors
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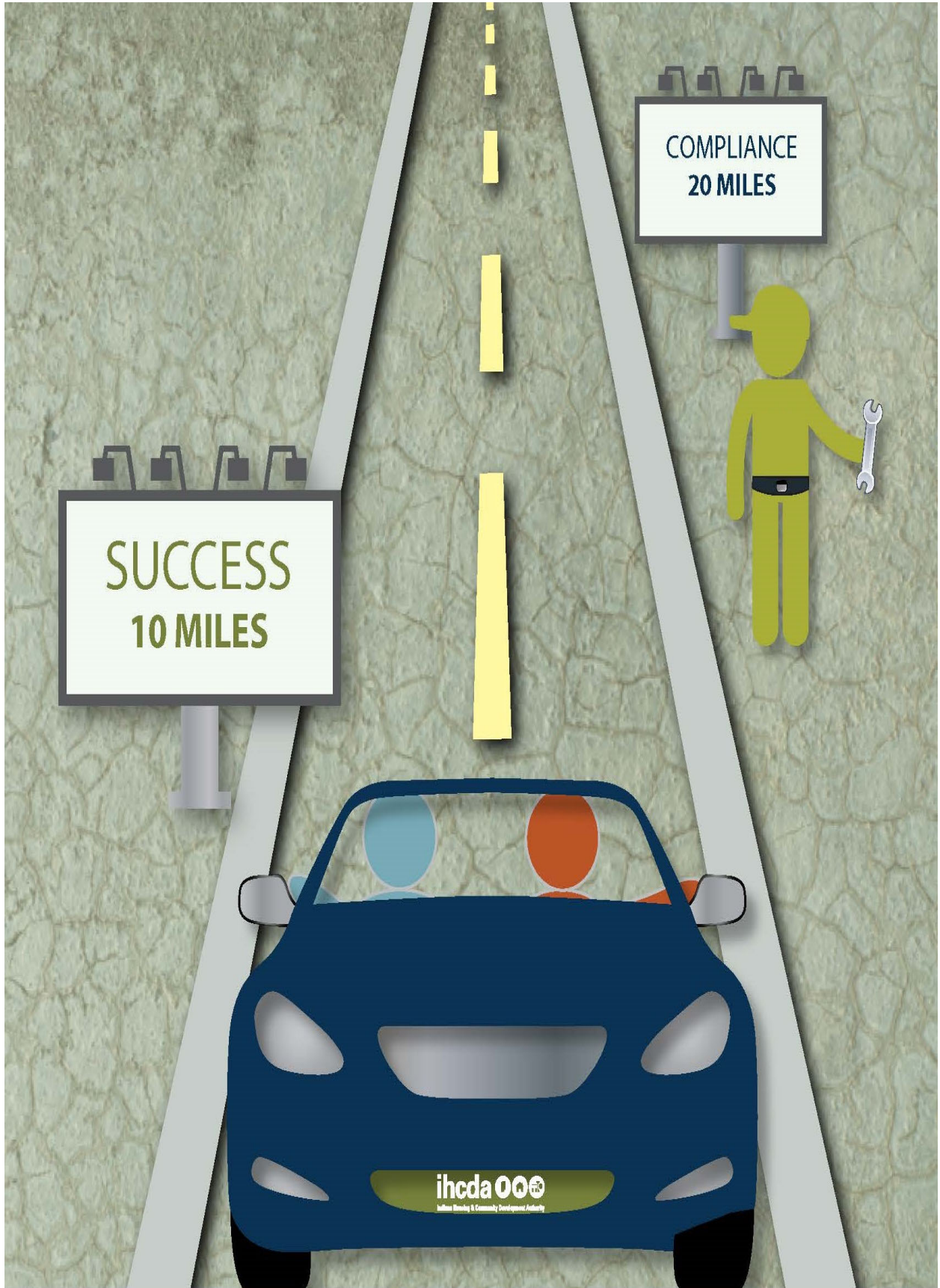
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