

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**THE OFFICE OF COMMUNITY SERVICES
DID NOT FULLY COMPLY WITH
FEDERAL MONITORING AND
REPORTING REQUIREMENTS FOR THE
COMMUNITY SERVICES BLOCK
GRANT PROGRAM**

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for Audit Services

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Office of Inspector General

<https://oig.hhs.gov>

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OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.

EXECUTIVE SUMMARY

The Office of Community Services did not fully comply with Federal monitoring and reporting requirements for the Community Services Block Grant program for Federal fiscal years 2010 through 2012.

WHY WE DID THIS REVIEW

The Administration for Children and Families (ACF), Office of Community Services (OCS), lacked effective internal controls within the Community Services Block Grant (CSBG) program, according to the findings in a 2006 Government Accountability Office (GAO) report. Specifically, GAO stated that OCS did not issue reports to States and annual reports to Congress on its monitoring visits as required by law.

To determine whether OCS had taken corrective actions to address GAO's recommendations, we conducted a subsequent review in 2009. After we completed our fieldwork, OCS provided us with its monitoring and reporting policies and procedures. In August 2009, we informed ACF that we would perform a followup review to evaluate the effectiveness of OCS's newly implemented policies and procedures to address the internal control structure of the CSBG program.

The objective of this review was to determine whether OCS complied with Federal monitoring and reporting requirements of the CSBG program for Federal fiscal years (FYs) 2010 through 2012.

BACKGROUND

The Community Opportunities, Accountability, and Training and Educational Services Act of 1998, P.L. No. 105-285 (CSBG Act), reauthorized the CSBG program to provide funds to alleviate poverty in communities. The CSBG program funds a State-administered network of more than 1,100 local agencies that create, coordinate, and deliver programs and services to low-income Americans. The CSBG Act requires OCS to perform annual evaluations of States' use of CSBG funds and to report the results of the evaluations to the States. The CSBG Act requires States to prepare corrective action plans to address OCS recommendations. In addition, the CSBG Act requires OCS to report annually to Congress on States' use of CSBG funds and results of OCS State evaluations. The CSBG program funded \$700 million to States in FY 2010, \$679 million in FY 2011, and \$677 million in FY 2012.

Our audit covered OCS's monitoring and reporting of the CSBG program for Federal FYs 2010 through 2012.

WHAT WE FOUND

OCS did not fully comply with the CSBG Act's monitoring and reporting requirements for Federal FYs 2010 through 2012. Specifically:

- Since October 2011, OCS issued five final State evaluation reports but had a backlog of nine final reports not issued to the States as of December 17, 2013. On average, OCS issued final State evaluation reports in excess of 2 years after it concluded related site visits.
- OCS did not issue an annual CSBG report to Congress in 2012. OCS issued the FY 2008 and FY 2009 annual CSBG reports to Congress in June 2011 and July 2013, respectively; however, OCS has not issued the FY 2010 and FY 2011 annual CSBG reports to Congress and, therefore, has not reported on the results of State evaluations for these years. For the previous three CSBG annual reports issued to Congress, it took OCS an average of more than 3 years from the time the report preparation began to the time when Congress received the final report.

OCS policies, procedures, and internal controls did not adequately establish individual accountability or processing times for each specific step to develop, review, and issue reports to States and Congress efficiently and effectively in a timely and relevant manner. Additionally, OCS changes in leadership; staff vacancies; and inadequate communication of management expectations for report quality, timeliness, and accuracy contributed to delays in reporting.

WHAT WE RECOMMEND

We recommend that ACF:

- issue all delayed evaluation reports to State agencies and annual CSBG reports to Congress expeditiously,
- strengthen and implement policies and procedures to establish accountability and specific timeframes for each step of report preparation and issuance,
- incorporate specific data submission deadlines in cooperative agreements with vendors providing critical information used in the preparation of the OCS CSBG annual report to Congress,
- strengthen and implement controls to ensure full compliance with CSBG Act monitoring and reporting requirements, and
- ensure management stability and communication to oversee the effective implementation of the recommendations from GAO's 2006 report and this review.

ACF COMMENTS

In written comments on our draft report, ACF stated that it has issued all of the delayed evaluation reports that we identified in our review. In addition, ACF detailed the corrective actions it has taken to address our recommendations.

TABLE OF CONTENTS

INTRODUCTION	1
Why We Did This Review	1
Objective	1
Background	1
Community Services Block Grant Program	1
Office of Community Services	2
Federal Requirements	2
Office of Inspector General Early Alert	3
How We Conducted This Review	3
FINDINGS	4
Monitoring of Eligible Entities	4
Federal Requirements	4
Office of Community Services Policies and Procedures	4
Communication of Evaluation Results to States Not Efficient and Effective	5
Community Services Block Grant Reports to Congress	5
Federal Requirements	5
Office of Community Services Policies and Procedures	5
Annual Reporting Requirements Not Met	6
Causes of Inadequate Oversight	6
Conclusion	7
RECOMMENDATIONS	7
ACF COMMENTS	7
APPENDIXES	
A: Audit Scope and Methodology	9
B: Office of Community Services Schedule of State Evaluation Reports Issued Since October 2011, as of December 17, 2013	11
C: ACF Comments	12

INTRODUCTION

WHY WE DID THIS REVIEW

A 2006 Government Accountability Office (GAO) study of the Community Services Block Grant (CSBG) program found that the Administration for Children and Families (ACF), Office of Community Services (OCS), lacked effective internal controls to meet its legal requirements for monitoring and reporting on States' use of CSBG funds.¹ In response to these findings, OCS committed to developing guidelines no later than May 2006 for conducting monitoring reviews, communicating results to States, and working with States to ensure corrective action. Additionally, OCS noted that it expected to provide to Congress in a timely manner the CSBG report it was developing.

In 2009, we completed a review that found that OCS had taken corrective actions to address GAO's recommendations.² However, because OCS did not implement its policies for monitoring and reporting until after we completed our fieldwork, we could not assess the policies' effectiveness. In August 2009, we informed ACF that we would perform a followup review of the newly implemented policies and procedures.

OBJECTIVE

Our objective was to determine whether OCS complied with Federal monitoring and reporting requirements of the CSBG program for Federal fiscal years (FYs) 2010 through 2012.

BACKGROUND

Community Services Block Grant Program

The Community Opportunities, Accountability, and Training and Educational Services Act of 1998, P.L. No. 105-285 (CSBG Act), reauthorized the CSBG program to provide funds to alleviate poverty in communities. The CSBG program funds a State-administered network of more than 1,100 community action agencies (CAAs) that create, coordinate, and deliver programs and services to low-income Americans. The CSBG program funded \$700 million to States in FY 2010, \$679 million in FY 2011, and \$677 million in FY 2012.

¹ *Community Services Block Grant Program: HHS Should Improve Oversight by Focusing Monitoring and Assistance Efforts on Areas of High Risk*, June 2006 (GAO-06-627). Available online: www.gao.gov/cgi-bin/getrpt?GAO-06-627.

² *Status of the Office of Community Services' Actions Resulting From the Government Accountability Office Review of the Community Services Block Grant*, August 2009 (A-01-09-02502). Available online: <https://oig.hhs.gov/oas/reports/region1/10902502.pdf>.

Office of Community Services

OCS administers 11 social service and community development initiatives. Through these initiatives, OCS collaborates with States, communities, and agencies to eliminate causes of poverty, increase self-sufficiency of individuals and families, and revitalize communities. OCS is responsible for overseeing the CSBG program and carrying out the functions of the CSBG Act through grants, contracts, or cooperative agreements. OCS performs its oversight function by conducting onsite visits to evaluate States' administration of CSBG funds; reporting to the States on the results of the evaluations, including recommendations for improvements to enhance the impact of the use of funds; and ensuring that each State prepares a corrective action plan to address reported issues. Further, OCS prepares annual reports to Congress on the use of CSBG funds and the results of its State evaluations.

OCS performs an onsite evaluation, conducted in the State over a 5-day period, of the State's administration and oversight of CAAs' use of CSBG funds; reviews audit and program-related issues to ensure compliance with Federal laws and accounting standards; and conducts onsite visits of CAAs. Upon completion of these onsite reviews, OCS staff conducts an exit briefing with State personnel to communicate OCS's preliminary results. After OCS issues a draft report with recommendations for improvements, the State must respond with a corrective action plan to address the identified issues with proposed enhancements to its use of CSBG funds.

OCS obtains the CSBG data it uses to prepare its annual report to Congress through cooperative agreements with the National Association for State Community Services Programs (NASCS), which compiles the data from the States. In its application, NASCS stated that it would publish reports of the CSBG data to OCS no later than September 30 of the following year. For example, NASCS indicated that it would publish its FY 2008 CSBG Report to OCS no later than September 30, 2009. Further, in its application, NASCS stated: "Based upon past timelines, developed as a result of requests received from OCS, [NASCS] will assist OCS to ensure that the Congressional reports are completed no later than October 31." The cooperative agreements between OCS and the vendor did not identify these time requirements. OCS staff combines the CSBG data with the results of State evaluations to prepare the initial draft of the annual CSBG report to Congress. Annual reports are issued to Congress through a process managed by the ACF Office of Legislative Affairs and Budget (OLAB) and the U.S. Department of Health and Human Services (HHS), Office of the Secretary.

Federal Requirements

The CSBG Act requires OCS to perform annual evaluations of several States' use of CSBG funds and to report the results of the evaluations to the States, including recommendations for improvements. The CSBG Act requires States to prepare corrective action plans to address OCS recommendations. In addition, the CSBG Act requires OCS to prepare a report to Congress at the end of each FY beginning after September 30, 1999. This annual report identifies States' use of CSBG funds and the results of OCS State evaluations.

OMB Circular A-123 provides guidance to Federal managers on improving the accountability and effectiveness of Federal programs and operations by establishing, assessing, correcting, and

reporting on internal controls. Issued under the authority of the Federal Managers' Financial Integrity Act of 1982, as codified in 31 U.S.C. 3512, OMB Circular A-123 identifies management's responsibility for establishing and maintaining internal controls to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations. Specifically, under part II of OMB Circular A-123, management is responsible for developing and maintaining internal control standards for control environment, risk assessment, control activities, information and communication, and monitoring.

Office of Inspector General Early Alert

We issued an early alert to ACF on July 10, 2013,³ outlining our preliminary audit results. Specifically, we stated:

- OCS has issued only 3 final State evaluations reports since October 2011 and has a backlog of 11 final reports not issued to States as of June 6, 2013.
- OCS did not issue its FY 2008 CSBG annual report to Congress until June 2011 and has not issued its FY 2009 through 2012 CSBG annual reports.

HOW WE CONDUCTED THIS REVIEW

Our audit focused on OCS's oversight of the CSBG program during Federal FYs 2010 through 2012. We reviewed OCS policies, procedures, and internal controls for its oversight of the CSBG program. Through staff interviews and documentation review, we gained an understanding of OCS's onsite monitoring processes for States, reporting processes for State evaluations, and annual CSBG reports to Congress. We evaluated OCS's monitoring and reporting of the States' administration of the CSBG program relative to Federal requirements. We limited our review to OCS's policies, procedures, and internal controls specific to monitoring and reporting of the CSBG program.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix A contains the details of our audit scope and methodology. Appendix B contains the OCS schedule of State evaluation reports issued since October 2011, as of December 17, 2013.

³ The early alert informed ACF officials of our significant preliminary findings; it is available online at <http://oig.hhs.gov/oas/reports/region1/11302505.pdf>.

FINDINGS

OCS did not fully comply with Federal monitoring and reporting requirements for the CSBG program for Federal FYs 2010 through 2012. Specifically:

- Although OCS issued five final State evaluation reports since October 2011, it had a backlog of nine final reports that it had not issued to the States as of December 17, 2013. (See Appendix B.) On average, OCS issued final State evaluation reports in excess of 2 years after it concluded related site visits.
- OCS did not issue an annual CSBG report to Congress in 2012. OCS issued the FY 2008 and FY 2009 annual CSBG reports to Congress in June 2011 and July 2013, respectively; however, OCS has not issued the FY 2010 and FY 2011 annual CSBG reports to Congress and, therefore, has not reported on the results of State evaluations for these years. For the previous three CSBG annual reports issued to Congress, it took OCS an average of more than 3 years from the time the report preparation began to when Congress received the final report.

OCS policies, procedures, and internal controls were not adequate to ensure that OCS performed its monitoring and reporting responsibilities in an efficient and effective manner according to Federal requirements.

MONITORING OF ELIGIBLE ENTITIES

Federal Requirements

OCS must conduct compliance evaluations of several States in each FY, report to States on the results of these evaluations, and make recommendations for improvements designed to enhance the benefits and impact of the activities carried out with CSBG funds for people in need (CSBG Act, section 678B(c)). After receiving an evaluation report, States must submit a plan of action that addresses the recommendations contained in the report.

Issued under the authority of the Federal Managers' Financial Integrity Act of 1982, as codified in 31 U.S.C. 3512, OMB Circular A-123 identifies management's responsibility for establishing and maintaining internal controls to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations. To meet these objectives, management is responsible for developing and maintaining internal control activities relating to standards of information and communication. Specifically, management must communicate relevant information to external organizations in a timely and reliable manner.

Office of Community Services Policies and Procedures

OCS internal procedures and guidelines establish timelines for conducting evaluations of each State's administration and oversight of its CSBG program. OCS procedures allow 60 days from the completion of the site visit to issue a draft report to the State and 200 days from the start of the preplanning phase to issue final State evaluation reports.

Communication of Evaluation Results to States Not Efficient and Effective

Since October 2011, OCS has issued five final State evaluation reports, but it had a backlog of nine final reports that it had not issued to the States as of December 17, 2013. (See Appendix B.)⁴ Specifically:

- for the five final evaluation reports issued to States, it took OCS, on average, 2 years (750 days) to issue evaluation reports to States after conducting the onsite evaluation and
- for the nine draft evaluation reports issued to States, it took OCS, on average, 1.5 years (599 days) to issue evaluation reports to States after conducting the onsite evaluation.

OCS did not comply with its policies and procedures and Federal standards identified in OMB Circular A-123 for issuing timely communication to outside organizations to achieve the most effective and efficient use of CSBG funds. OCS's delays in reporting evaluation results diminished the relevance of its recommendations to States and the impact of timely corrective actions to ensure the optimal use of CSBG funds for individuals in need. Furthermore, OCS's delayed communication of its monitoring results to the States did not provide an adequate model of efficient and effective oversight for the States that oversee CSBG funds issued to CAAs.

COMMUNITY SERVICES BLOCK GRANT REPORTS TO CONGRESS

Federal Requirements

OCS must prepare a report at the end of each FY beginning after September 30, 1999 (CSBG Act, section 678E(b)(2)). OCS may prepare the report itself, or it may have a grantee or contractor prepare it. The report must contain specific data about the use of CSBG funds, eligible entities, and beneficiaries. In addition, OCS must annually submit the results of the State evaluations to Congress as part of the report (section 678B(c)).

OMB Circular A-123 identifies management's responsibility for establishing and maintaining internal controls to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations. To meet these objectives, OMB Circular A-123 establishes standards identifying management's responsibility for developing and maintaining internal control activities that comply with applicable statutes and for communicating relevant information in a timely manner. To meet these standards, managers must have policies and procedures that ensure the fulfillment of statutory responsibilities and communicate relevant information in a timely and reliable manner.

Office of Community Services Policies and Procedures

OCS internal procedures and guidelines for the timeliness of congressional reports and materials state that OCS will set initial deadlines to ensure timely submission of required reports to

⁴ Since we issued the early alert on July 10, 2013, OCS has issued two final State evaluation reports and nine draft State evaluation reports.

Congress. The procedures state that OCS will comply with all submission deadlines for reports established by OLAB.

Annual Reporting Requirements Not Met

OCS did not issue an annual CSBG report to Congress in 2012. Further, OCS has not issued the FY 2010 and FY 2011 annual CSBG reports to Congress and, therefore, has not reported on the results of State evaluations for these years.⁵ For the three most recent CSBG annual reports issued to Congress, it took OCS an average of more than 3 years from the time the report preparation began to when Congress received the final report. Specifically:

- the FY 2007 annual report was issued in April 2010 and took 2.7 years to issue,
- the FY 2008 annual report was issued in June 2011 and took more than 2.6 years to issue, and
- the FY 2009 annual report was issued in July 2013 and took more than 3.8 years to issue.

Within ACF, we noted inconsistent report deadlines between OCS and OLAB.⁶ Neither OCS's policies and procedures nor the cooperative agreements with the vendor identified specific time requirements for data collection, review, and date of report submissions to Congress. OCS did not comply with the CSBG Act's annual report requirements to Congress or OMB Circular A-123 internal control requirements for communicating relevant information in an effective, efficient, and timely manner. As a result, Congress did not have assurance that States used funds as intended because it had not received required reports on the use of CSBG funds and the results of OCS State evaluations.

CAUSES OF INADEQUATE OVERSIGHT

OCS policies, procedures, and internal controls were not adequate to ensure that OCS performed its monitoring and reporting responsibilities in an effective and efficient manner according to Federal requirements. Specifically:

- OCS policies and procedures did not identify clear and concise time requirements of milestones to develop and issue State and Congressional reports on a timely basis.
- OCS policies and procedures did not establish clear accountability for report development and review by all contributing staff, including OCS management, OLAB, and HHS Office of the Secretary.

⁵ Since we issued the early alert on July 10, 2013, OCS issued the FY 2009 CSBG annual report to Congress.

⁶ Prior to issuance of the early alert on July 10, 2013, OLAB provided us with an internal schedule that set the due date for the FY 2009 OCS annual CSBG report to Congress as June 30, 2010. OCS had an internal schedule for this report with a due date to OLAB after June 30, 2010. OCS officials subsequently informed us that the OLAB schedule was not attainable.

- OCS cooperative agreements did not include specific time requirements by the vendor for submitting critical information used in the preparation of the OCS CSBG annual report to Congress.
- OCS changes in leadership, staff vacancies, and inadequate communication from management of expectations for report quality, timeliness, and accuracy contributed to delays in reporting. For example, an OCS director was not appointed until October 2011, an OCS deputy director was on leave for 7 months in 2012, and the OCS Division of State Assistance had a management vacancy (financial operations team lead) for more than 1 year.

CONCLUSION

States and Congressional oversight committees did not receive relevant information as required under law in a timely manner because OCS did not adequately fulfill its monitoring and reporting responsibilities. As a result, States may not have made improvements in their administration of CSBG funds. OCS's inability to provide timely reports that include the results of these evaluations hindered Congress's ability to carry out its oversight responsibilities. Furthermore, OCS did not fully implement GAO's 2006 recommendations to establish effective policies, procedures, and internal controls to meet Federal monitoring and reporting requirements for the CSBG program.

RECOMMENDATIONS

We recommend that ACF:

- issue all delayed evaluation reports to State agencies and annual CSBG reports to Congress expeditiously,
- strengthen and implement policies and procedures to establish accountability and specific timeframes for each step of report preparation and issuance,
- incorporate specific data submission deadlines in cooperative agreements with vendors providing critical information used in the preparation of the OCS CSBG annual report to Congress,
- strengthen and implement controls to ensure full compliance with CSBG Act monitoring and reporting requirements, and
- ensure management stability and communication to oversee the effective implementation of the recommendations from GAO's 2006 report and this review.

ACF COMMENTS

In written comments on our draft report, ACF stated that it has issued all of the delayed evaluation reports that we identified in our review. In addition, ACF detailed the corrective

actions it has taken to address our recommendations. ACF's comments are included in their entirety as Appendix C.

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

Our audit focused on OCS's oversight of the CSBG program during Federal FYs 2010 through 2012. We reviewed OCS policies, procedures, and internal controls for its oversight of the CSBG program. Through staff interviews and documentation review, we gained an understanding of OCS's onsite monitoring processes for States, reporting processes for State evaluations, and annual CSBG reports to Congress. We evaluated OCS's monitoring and reporting of the States' administration of the CSBG program relative to Federal requirements.

We limited our review of OCS's monitoring and reporting internal controls to those applicable to the CSBG program.

We conducted our fieldwork from May through September 2013 in Washington, D.C.

METHODOLOGY

To accomplish our objective, we:

- reviewed prior GAO and Office of Inspector General reports on OCS reporting and monitoring of funds for the CSBG program;
- reviewed applicable Federal laws and guidance to obtain an understanding of OCS's responsibilities for monitoring and reporting the use of CSBG funds;
- interviewed OCS personnel and reviewed policies and procedures to determine how OCS addresses Federal requirements for the monitoring of States' use of CSBG funds and reporting to Congress on the use of funds and the results from its State evaluations;
- interviewed OCS personnel to determine the steps that OCS had taken to implement its policies and procedures on monitoring and reporting;
- compared OCS monitoring milestones to the State assessments performed during Federal FYs 2010 through 2012 to determine whether its established timeframes were met;
- reviewed State evaluation reports and analyzed assessment cycles for State evaluations performed between January 2010 through October 2012;
- reviewed the schedule of annual CSBG reports due to Congress and reports issued between Federal FYs 2010 and 2012;

- compared ACF submission deadlines for Congressional reports to OCS's CSBG annual reports issued to Congress during Federal FYs 2010 through 2012 to determine whether Federal reporting requirements were met;
- reviewed elements of OCS CSBG annual reports to Congress;
- reviewed funding opportunity announcements, grantee applications, cooperative agreements, and notice of grant awards specific to OCS's issuance of the annual CSBG Report to Congress; and
- discussed our results with OCS and ACF officials.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**APPENDIX B: OFFICE OF COMMUNITY SERVICES SCHEDULE OF STATE
EVALUATION REPORTS ISSUED SINCE OCTOBER 2011,
AS OF DECEMBER 17, 2013**

State	OCS Onsite Visit Started	Draft Report Issued to State	Draft Response Received From State	Final Report Issued to State
South Carolina	3/15/2010	9/14/2010	No response received	4/17/2012
Arizona	5/24/2010	1/25/2011	4/17/2012	4/17/2012
North Carolina	1/24/2011	4/1/2011	5/16/2011	9/9/2013
Kansas	3/21/2011	11/8/2011	No response received	9/21/2012
Pennsylvania	5/16/2011	9/25/2013	No response received	No final report issued
Tennessee	7/18/2011	4/25/2013	No response received	9/9/2013
New Jersey	9/26/2011	12/9/2013	No response received	No final report issued
Michigan	10/24/2011	11/6/2013	No response received	No final report issued
Alabama	1/23/2012	9/25/2013	No response received	No final report issued
Missouri	3/26/2012	11/25/2013	No response received	No final report issued
New York	6/11/2012	9/30/2013	No response received	No final report issued
Washington	7/30/2012	11/25/2013	No response received	No final report issued
Wisconsin	9/24/2012	11/1/2013	No response received	No final report issued
Colorado	10/22/2012	11/25/2013	No response received	No final report issued



DEPARTMENT OF HEALTH AND HUMAN SERVICES

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MAY 14 2014

Gloria L. Jarmon
Deputy Inspector General for
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U.S. Department of Health and Human Services
330 Independence Ave, SW, Room 5700
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Dear Deputy Inspector General Jarmon:

I am writing in response to the Office of the Inspector General's (OIG) draft report, *The Office of Community Services Did Not Fully Comply With Federal Monitoring and Reporting Requirements for the Community Services Block Grant Program (A-01-13-02505)*, which contains recommendations for the Administration for Children and Families (ACF) regarding administration and oversight of the Community Services Block Grant (CSBG). ACF takes seriously its responsibility to provide financial and program oversight and monitoring of CSBG funds, and appreciates the opportunity to review your draft report and provide comments.

ACF has taken significant steps to comply with the recommendations. The efforts taken in response to specific OIG recommendations are discussed in more detail below.

Recommendation: Issue all delayed evaluation reports to State agencies and annual CSBG reports to Congress expeditiously.

Evaluation Reports

At this time, all of the delayed evaluation reports, also known as *state assessments*, identified in Appendix B (page 10) of the OIG draft report have been issued in final (Attachment A). The final state assessment reports include findings and recommendations designed to enhance the benefit and impact of the activities carried out with CSBG funds. These assessment reports are public and can be found on the agency's website.¹ The Office of Community Services (OCS) is currently supporting and monitoring these states' corrective actions relative to findings in the reports.

¹ Links to these published state assessments are found on the following web address:

[http://www.acf.hhs.gov/programs/ocs/resource-library/search?area%5b2106%5d=2106#?area\[2106\]=2106&topic\[5792\]=5792&topic\[5798\]=5798&ajax=1&sort=recent](http://www.acf.hhs.gov/programs/ocs/resource-library/search?area%5b2106%5d=2106#?area[2106]=2106&topic[5792]=5792&topic[5798]=5798&ajax=1&sort=recent)

In addition to issuing the reports identified by the OIG in the backlog list, OCS is processing the state evaluation reports for FY 2013 and expects to issue the final reports by the end of July 2014, subject to receipt of the states' comments and improvement plans. Finally, OCS is conducting the FY 2014 CSBG comprehensive state assessment visits between March and September 2014. OCS will issue draft reports to the states in accordance with improved policies and procedures. For information on new policies and procedures to ensure expeditious report processing in the future, please see our response under the next recommendation.

Reports to Congress

OCS has made significant progress to expedite the release of pending reports to Congress. The FY 2009 report was submitted to Congress on July 24, 2013. The FY 2010 report was submitted to Congress on February 10, 2014. These reports are public and can be found on the agency's website.² The reports for FY 2011 and FY 2012 are currently in ACF clearance, and our goal is to complete the ACF and Departmental clearance process so that they can be released by early fall of 2014.

For FY 2013, and future years, we are adhering to a clear and concise timetable with specific milestones (e.g., data collection, report drafting and reviews) that delineates distinctive tasks and responsibilities for all contributing staff, including the grantee, OCS, the ACF Office of Legislative Affairs and Budget, and HHS. The proposed timetable will ensure the report is submitted to Congress within 18 months after the end of the relevant fiscal year, or no later than March 2015. We further discuss the timetable and improved policies and procedures for reports to Congress under the third recommendation.

Recommendation: Strengthen and implement policies and procedures to establish accountability and specific timeframes for each step of report preparation and issuance.

ACF leadership has given priority attention to procedures and practices that will strengthen the use of federal funds in compliance with the CSBG Act. The following are some of the corrective action steps taken to strengthen OCS and ACF internal accountability and facilitate timeliness:

- **Updated and coordinated state assessment guidelines:** At the direction of the newly hired OCS Financial Operations Branch Chief, the CSBG Assessment Team is reviewing and updating existing guidelines outlining the process for conducting monitoring reviews and communicating the results of the assessments to states, establishing internal timelines for preparation and issuance of reports, and working with states to ensure corrective action. We expect to complete the guidelines' revision by the winter of 2014. All changes are being duly documented in the OCS' SharePoint repository module;

² Links to these reports are found on the following addresses:

http://www.acf.hhs.gov/sites/default/files/ocs/2009_csbg_report_to_congress_071613.pdf and
<http://www.acf.hhs.gov/programs/ocs/resource/csbg-report-to-congress-fy-2010>

- Web-based workflow system: OCS instituted a new system for report clearance that includes a more structured style and substantive editing process that is documented in a SharePoint workflow system;
- Revised state assessment report template: OCS has already established a detailed quality review of state assessment reports, in order to ensure high quality, accuracy and uniformity. An upgraded electronic template is being developed to facilitate quality control and expedite review and clearance;
- State assessment tracking tools: OCS developed a CSBG-specific electronic tracking system to follow-up on post-assessment activity, including state corrective actions on findings and recommendations. A similar tool to track all internal activity leading to the assessment is being developed as well; and,
- Revised FY 2014 schedule: For site visits to be conducted in the remainder of FY 2014, OCS published an information memorandum (IM) that lists the states to be visited and the criteria used in selection. All analysis working documents used in conducting the risk analysis based on criteria outlined in the IM are now maintained on the OCS SharePoint site. In addition, we revised the CSBG monitoring internal procedures and guidelines to identify specific milestones for each step of the assessment cycle and implement clear and concise time requirements to ensure timely report preparation and issuance.

Recommendation: Incorporate specific data submission deadlines in cooperative agreements with vendors providing critical information used in the preparation of the OCS CSBG annual report to Congress.

The CSBG Act does not specify the due date for the annual report. Historically, there has been a significant time lag between the end of the fiscal year and submission of the report due to the complexity of the data collection and report production process. Local community action agencies must submit detailed activity and expenditure information to states after the close of the fiscal year;³ the states must then submit the data for compilation and analysis;⁴ and OCS, with contractor support, drafts, reviews and clears the final report.⁵

As indicated in response to the first recommendation, we have established a timetable outlining specific milestones and deadlines. The timetable, which has been discussed and coordinated internally at ACF, will enable us to submit the annual report to Congress within 18 months after the end of the relevant fiscal year.

³ CSBG funds are distributed by states on varied time periods and fiscal years. While some state fiscal years are aligned to the federal fiscal year, many state fiscal years begin in July and others are concurrent with the calendar year. As a result, the data for any given year is available at different times in different states.

⁴ States require 3 to 6 months for compilation, quality review and data submission. For example, states were required by OCS to submit FY 2013 information by the end of March 2014.

⁵ OCS works through a cooperative agreement on the collection and analysis of data through the CSBG Information System Survey (CSBG IS Survey). After data is received, the National Association for State Community Services Programs (NASCSPP), the current grantee, compiles and analyzes the data. The resulting report is then provided to OCS, which then incorporates additional information from state assessment reports conducted during the applicable fiscal year and reports on CSBG-funded training and technical assistance (T/TA) projects.

OCS is finalizing a funding opportunity announcement (FOA) for the collection of critical information to be included in the annual report to Congress. We are giving special attention to requirements that will ensure the approved grantee will timely submit the required data. The FOA also includes a requirement that the grantee work with OCS to ensure all state plans and state annual reports are submitted directly to OCS using ACF's online resources, such as GrantSolutions and the Online Data Collection System (OLDC). These new requirements will ensure future CSBG congressional reports are sent to Congress within 18 months after the end of the relevant fiscal year.

Recommendation: Strengthen and implement controls to ensure full compliance with CSBG Act monitoring and reporting requirements.

OCS is implementing corrective measures to strengthen its ability to provide timely and accurate oversight and monitoring. As previously noted, OCS has created and implemented a web-based information-sharing and monitoring module that provides a management framework to ensure compliance with reporting and accountability requirements. This electronic system also serves as a repository of OCS' policies and procedures, and supports OCS' document-management and record-keeping protocols and processes.

In addition, OCS is currently engaged in several projects and activities relating to performance improvement, quality assurance, and accountability across the CSBG network. The initiatives described below will contribute to enhanced state and local evaluation:

- **Revised State Evaluation Guidelines:** OCS is currently conducting a comprehensive review of its internal monitoring procedures and guidelines to strengthen internal accountability and implement accurate and practical timelines. For FY 14, OCS has already identified milestones for each step of the assessment cycle, and tasks and responsibilities for all staff involved; and is implementing a clear and concise timeframe for report preparation and issuance;
- **Upcoming FOA:** As previously indicated, OCS will award, by September 2014, a FOA for the collection of critical information to be included in the annual report to Congress. This FOA includes specific language delineating the grantee's accountability for data collection and report preparation, and establishing clear time requirements for data submission. These new requirements will ensure future CSBG congressional reports are sent to Congress within 18 months after the end of the relevant fiscal year;
- **New Organizational Standards and Accountability Measures:** OCS is developing a system of data-driven performance measures and standards that CSBG entities at all levels can use to judge and compare performance and hold themselves and each other accountable; and,
- **Revised Network-wide Performance Management Measures:** OCS is revising the existing performance management system and performance measures used by local community action agencies, and will ultimately seek OMB approval and authority to make these measures mandatory.

Recommendation: Ensure management stability and communication to oversee the effective implementation of the recommendations from GAO's 2006 report and this review.

Last year, at the OCS Director's request, the Department of Health and Human Services Office of Business Management and Transformation conducted an assessment of OCS' organizational structure and functions. As a result, OCS has strengthened administrative and programmatic functions by recruiting and/or training additional staff. Specifically, OCS hired additional staff with appropriate skills and expertise to conduct state assessments and to provide training and technical assistance to improve state management and oversight of local agencies receiving CSBG funds. The new hires include a 511 series GS-14 financial operations branch chief, responsible for leading the state evaluations and producing the reports; a new GS-13 program specialist; and a new GS 9/11/12 CSBG program specialist. OCS also hired a GS-15 management analyst to oversee its internal administrative functions, such as human resources and financial operations.

OCS continues to promote a culture of accountability and communication within its programs. Last year, OCS conducted a survey of CSBG and LIHEAP grantees to learn more about how well OCS supports its customers in five critical areas: grant requirements and reporting, accessing grant funds, technical assistance provided by OCS staff, training provided by OCS staff, and T&TA offered by OCS-funded providers. OCS is using the survey results to make strategic decisions regarding internal staff capacity, enhanced protocols and practices, and better use of monitoring findings.

Through OCS' new internal SharePoint site, OCS management and staff are sharing relevant, reliable, and timely information that facilitates the office's compliance with its performance and accountability goals. The internal site also supports a transparent and collaborative attitude toward achieving programmatic and administrative outcomes.

OCS' web-based repository system on its public and internal websites facilitates record-keeping and information-sharing best practices. These websites provide continuity and permanence to OCS' efforts to ensure compliance with existing monitoring and reporting requirements, in the face of periodic management and staff changes.

ACF appreciates the opportunity to provide comments on the draft report and welcomes any further questions that the OIG may have regarding these issues. ACF did not wait to receive the OIG's final recommendations to begin making positive changes. We fully expect that the improvement actions already undertaken will result in a stronger, more effective and accountable CSBG program. We are committed to building on these initial improvements over the next six months. Please direct any follow-up inquiries to our Office of Legislative Affairs and Budget OIG liaison, Scott Logan, at (202) 401-4529.

Sincerely,
/Mark H. Greenberg/

Mark H. Greenberg
Acting Assistant Secretary
for Children and Families

**ATTACHMENT A: OFFICE OF COMMUNITY SERVICES (OCS) SCHEDULE OF
STATE EVALUATION RERPOTS ISSUED SINCE OCTOBER 2011, AS OF MAY 14,
2014**

State	OCS Onsite Visit Started	Draft Report Issued to State	Draft Response Received From State	Final Report Issued to State
South Carolina	3/15/2010	9/14/2010	No response received	4/7/2012
Arizona	5/24/2010	1/25/2011	4/17/2012	4/17/2012
North Carolina	1/24/2011	4/1/2011	5/16/2011	9/9/2013
Kansas	3/21/2011	11/8/2011	No response received	9/21/2012
Pennsylvania	5/16/2011	9/25/2013	11/5/2013	1/16/2014
Tennessee	7/18/2011	4/25/2013	No response received	9/9/2013
New Jersey	9/26/2011	12/9/2013	2/18/2014	5/7/2014
Michigan	10/24/2011	11/6/2013	1/13/2014	1/16/2014
Alabama	1/23/2012	9/25/2013	11/1/2013	1/16/2014
Missouri	3/26/2012	11/25/2013	No response received	1/28/2014
New York	6/11/2012	9/30/2013	10/25/2013	1/16/2014
Washington	7/30/2012	11/25/2013	12/30/2013	1/16/2014
Wisconsin	9/24/2012	11/1/2013	1/13/2014	1/16/2014
Colorado	10/22/2012	11/25/2013	1/24/2014	2/10/2014