



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

Community Services Block Grant

State of Tennessee Assessment

On-Site Review

Final

July 18 – 22, 2011

Tennessee State Assessment

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Tennessee Community Services Block Grant

I. Executive Summary

The Community Services Block Grant (CSBG) provides assistance to States and local communities working through a network of Community Action Agencies (CAAs) and other neighborhood-based organizations for the reduction of poverty, the revitalization of low-income communities, and the empowerment of low-income families and individuals to become fully self-sufficient. CSBG funds are used to create, coordinate, and deliver a broad array of services to low-income Americans. The grant's purpose is to fund initiatives to change conditions that perpetuate poverty, especially unemployment, inadequate housing, poor nutrition, and lack of educational opportunity.

The Governor of Tennessee designated the Tennessee Department of Human Services (TDHS) as the appropriate lead agency for the administration of the CSBG. In Tennessee CSBG provides funding, technical assistance, and support to 20 eligible entities serving 93 counties. The CAAs provide an array of services according to the Community Action Plan formulated to address local needs. Services may include housing, energy assistance, nutrition, employment and training as well as transportation, family development, child care, health care, emergency food and shelter, domestic violence prevention services, money management, and microbusiness development. The information contained in this report was compiled during a State Assessment (SA) of the Tennessee's CSBG and its eligible entities as evaluated by Federal staff of the Division of State Assistance (DSA) in the Office of Community Services (OCS), an office within the Administration for Children and Families (ACF), U.S. Department of Health and Human Services (HHS).

State Assessment Authority

SAs are conducted to examine the implementation, performance, compliance, and outcomes of a State's CSBG and to certify that the State is adhering to the provisions set forth in Sections 678B and 676(b) of the Coats Human Services Reauthorization Act, Public Law 105-285. On August 25, 2010, OCS issued Information Memorandum 117, explaining that DSA would conduct on-site monitoring visits during Federal Fiscal Years (FFYs) 2011-2013. Federal staff conducted an on-site review of the Tennessee CSBG and its eligible entities from July 18 – 22, 2011. The evaluation included interviews and analyses of the data collected. The SA also examines the States assurances per CSBG statute Section 676, including the following:

1. Activities designed to assist and coordinate services to low-income families and individuals, including those receiving assistance under the Temporary Assistance to Needy Families (TANF) program, the elderly, homeless, migrant and seasonal workers, and youth;
2. Coordination of service delivery to ensure linkages among services, such as to employment and training activities, with the Low-Income Home Energy Assistance Program (LIHEAP), faith-based and other community-based charitable organizations, and other social services programs;
3. Innovative approaches for community and neighborhood-based service provision;
4. Ability to provide emergency food and nutrition to populations served;
5. Adherence to statutory procedures governing the termination and reduction of funding for the local entity administering the program;
6. Adequate and appropriate composition of Tripartite Board and CAA rules;
7. Appropriate fiscal and programmatic procedures to include a Community Action Plan from the CAAs that identifies how the needs of communities will be met with CSBG funds; and

8. Participation in the performance measurement system, the Results Oriented Management and Accountability (ROMA) initiative.¹

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

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

Methodology

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

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

State-level interviews included the following TDHS officials: Raquel Hatter, Commissioner; Shalonda Cawthon, Deputy Commissioner; Robert L. Matthews, Assistant Commissioner; Pam Davenport, Director of Community Services; Rick Brown, Director of Fiscal Services; Sean D. Baker, Director of Internal Audit; Lisa Elam, Director of Adult & Family Services Contracts; Ben Rogers, Legislative Auditor II, Comptroller's Office; Jennifer Whitsel, Legislative Auditor IV, Comptroller's Office; Jim Williams, Fiscal Director I; Vicki Angel, Accountant II; Tom Keys, Accountant III.

OCS reviewers assessed the following eligible entities: South Central Human Resource Agency in Fayetteville, Tennessee; Mid-Cumberland Community Action Agency in Lebanon, Tennessee; and Metropolitan Action Commission in Nashville, Tennessee.

OCS reviewers included: Isaac Davis, Program Specialist and State Assessment Coordinator; Michael Pope, Financial Management Analyst; Emmanuel Djokou, Auditor; Renee Harris, Auditor; and Marquita Johnson, Intern.

II. Assessment and Findings

The OCS reviewers collected information pertaining to the fiscal and programmatic procedures of the State agency, as well as other general information about the State's CSBG including:

- Administrative, program, and financial operations for the State and the CAAs assessed;
- Brochures and literature on services provided;

¹ Some assurances have been combined where appropriate.

- Most recent CSBG financial summary reports for both the State and CAAs;
- Standard Form (SF) 269 Financial Status Report for FY 2008 showing total funds authorized;²
- Audited Financial Statements for both the State and the CAAs;
- Tennessee State CSBG Plan; and
- The State of Tennessee’s CSBG Policies and Procedures Manual.

Fiscal and Governance Operations

The CSBG statute requires each State to designate a lead agency to administer CSBG, and for the lead agency to provide oversight of the eligible entities that administer programs in the communities. The Governor designated the TDHS as the lead agency to administer the CSBG. In FY 2008, the State allocated 95 percent of CSBG funds to eligible entities and CAAs.

In order to verify that fiscal controls and adequate accounting practices were in place, OCS reviewers examined various transactions and monthly financial reports with the State Accounting Software - SARS. The State operates on a reimbursement system, and bimonthly reports are the primary tools for evaluating allowable expenditures and tracking budget line items. Bimonthly reports are reviewed by State Budget Office staff and subsequently reviewed by the Treasury Office before payments are processed. OCS reviewers examined the bimonthly reports approval process and a sampling of the subsequent CSBG disbursement to entities on-site. The OCS reviewers found the State to be in compliance and had no issues for technical assistance.

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

Table 1

Use of FY 2008 Funds: Tennessee³		
Uses of Funds	Amount Expended	Percentage of Expenditures
Grants to Local Eligible Entities	\$11,476,000	95%
Administrative Costs	\$ 604,000	5%
Discretionary Projects	\$ 0	0%
Total Used in FY 2008	\$12,080,000	100%

According to the State, administrative expenditures were used for the management and monitoring of CSBG. No discretionary funds were disbursed.

Administrative and Financial Monitoring Accountability

The CSBG statute requires States to monitor local agencies to determine whether they meet performance goals, administrative standards, and financial management standards, as well as other State-defined criteria. The State has procedures in place to ensure CAAs have a system of governance, financial and human resource management, program and service delivery, and community relations. The State requires the CAAs to submit applications to receive their CSBG

² The SF 269—Short Form is used to report the amount of program income earned and the amount expended.

³ The amount expended is reported in the State’s General Ledger.

allotments annually. The process of approval is based on: 1) standard forms; 2) governing Board approval; and 3) information about how the entity will provide services in their communities.

Through a review of the State's internal monitoring procedures and interviews with State officials, OCS reviewers recommends that the State update its procedures to be more inclusive of fiscal monitoring requirements.

States are required by Federal statute to perform monitoring duties in a full on-site review at least once every three years for each eligible entity. In Tennessee a draft monitoring report is developed and issued within 30 days of the on-site visit. The report identifies deficiencies, issues, and concerns requiring corrective action(s) as approved by the Board. Follow-up visits were coordinated with the CAAs if deficiencies were noted during the on-site visit. A final report is sent to the Board Chairperson and the Executive Director of the agency.

Section 678B(a)(1) requires that the State shall conduct the following reviews of eligible entities:

- (1) A full on-site review of each such entity at least once during each three-year period.
- (2) An on-site review of each newly-designated entity immediately after the completion of the first year in which such entity receives funds through the CSBG program.

Through review of the State's documentation, OCS reviewers verified that the State's monitoring policies and procedures were outlined in the Tennessee CSBG Policy and Procedures Manual. The TDHS staff's goal when monitoring the CAAs is to support health and stability, ensure proper program implementation, safeguard the expenditure of State and Federal funds and facilitate efforts toward poverty alleviation through diligent and constructive monitoring, as well as technical assistance. The TDHS is responsible for conducting on-site program monitoring visits each year to assure compliance with contractual obligations are in accordance with Article V of the State CSBG contract Applicable Statutes and Department Regulations.

OCS reviews State monitoring procedures to determine that monitoring reviews were conducted and met the following objectives: 1) ensure programmatic and contractual compliance through the review of agency records and interviews with agency personnel, board members and clients; 2) clarify discrepancies that cannot be resolved from the program report review; 3) follow-up on program and personnel complaints, made directly or indirectly; and 4) comply with an agency's request for an on-site visit. OCS reviews State monitoring tools to assure that a comprehensive CSBG monitoring tool is used in CAA monitoring visits. OCS reviewers examine a random sample of completed State monitoring tools to determine if each applicable area of this document is designed to be completed with all supporting documentation retained in the State office files. OCS reviews all follow-up documentation on State findings and recommendations.

Table 2 on page 5, illustrates the State's monitoring schedule indicating the CAAs and eligible entities visited in accordance with CSBG statute.

Table 2

Tennessee Monitoring Schedule		
Agency Name	On-site Visits	Counties Served
Anderson County Community Action Commission	04/02/2008	Anderson
Blount County Community Action Agency	03/03/2008	Blount
Bradley Cleveland Community Service Agency	04/10/2009	Bradley
Chattanooga Human Services Department	02/26-27/2008	Hamilton
Clarksville Montgomery County Community Action Agency	02/12-14/2008	Montgomery
Delta Human Resource Agency	02/24-25/2009	Fayette, Tipton, and Lauderdale
Douglas Cherokee Economic Authority Inc	03/3/2009	Cocke, Grainger, Hamblen, Jefferson, Monroe, and Sevier
Highland Rim Economic Corporation	12/01-3/2009	Dickson, Stewart, Houston, and Humphreys
Knoxville Knox County Community Action Committee	02/17-19/2009	Knox
Metropolitan Action Commission	01/29/2009	Davidson
Mid Cumberland Community Action Agency	12/15-16/2008	Cheatham, Sumner, Trousdale, Rutherford, Robertson, Wilson, and Williamson
Mid East Community Action Agency	03/05-11/2008	Loudon and Roane
Mountain Valley Economic Opportunity Authority	02/5/2009	Campbell, Claiborne, Morgan, Scott, and Union
Northwest Tennessee Economic Development Council	02/02-3/2009	Benton, Carroll, Crockett, Dyer, Henry, Lake, Obion, Gibson, and Weakley
Shelby County Government	03/17-18/2009	Shelby
South Central Human Resource Agency	04/21-22/2009	Bedford, Coffee, Giles, Lewis, Lincoln, Wayne, Franklin, Maury, Perry, Lawrence, Marshall, Hickman, and Moore
Southeast Tennessee Human Resource Agency	12/8-17/2009	Bledsoe, Grundy, Marion, McMinn, Meig, Sequatchie, Polk, and Rhea
Southwest Human Resource Agency	4/1-3/2009	Chester, Decatur, Hardin, Hardeman, Haywood, Henderson, Madison, and McNairy
Upper Cumberland Human Resource Agency	01/27-28/2009	Cannon, Cumberland, Dekalb, Fentress, Overton, Pickett, Putnam, Warren, White, and Van Buren
Upper East Tennessee Human Development	01/05-6/2009	Carter, Greene, Hancock, Hawkins, Johnson, Unicoi, Sullivan, and Washington

OCS reviewers examined the State's monitoring procedures and a representative sample of completed monitoring tools, reports, backup documentation, and corrective action letters. Through documentation reviews and interviews with State staff responsible for monitoring and CAA staff, OCS reviewers determined that the State has reasonable and reliable internal controls for conducting programmatic monitoring reviews of eligible entities.

The State's CSBG calendar year is from July 1 through June 30. In the last quarter of the State's calendar year, any costs incurred by the entities prior to the first quarter are reimbursable subject to the State's receipt of Federal fiscal year funds.

OCS reviewers examined the State's internal audit process. State auditors are required to examine all State funding made to the eligible entities dating back to the previous State audit. Any audit

findings are reported to the CAA Executive Director and Board of Directors. The CAAs Board of Directors are required to respond to the notification letter within 30 days with a written Corrective Action Plan that addresses the findings. Audit Office staff must review and approve the Corrective Action Plan. The CAA's Board of Directors failure to respond within the allotted time frame may result in disciplinary actions being taken by the State, including funds de-obligation. The lead auditor is the State official responsible for audit follow-up activities, including resolution and corrective action monitoring. Technical assistance is available through the State on a case-by-case basis for eligible entities with audit findings.

Office of Management and Budget (OMB) Circular A-133, Single Audit Act of 1997

According to 45 CFR §96.31, grantees and subgrantees are responsible for obtaining audits in accordance with OMB Circular A-133, "Audits of State, Local Governments, and Non-Profit Organizations." Agencies expending \$500,000 or more of Federal funds in any year must contract with an independent auditor to review their financial statements and Federal expenditures. The auditing firm for the State conducts the fieldwork, issues the audit report, and submits the required reporting forms to the Federal Audit Clearinghouse (FAC) with reportable findings. The State CSBG Plan submitted to OCS requires that an audit report is prepared annually.

State audits are performed to determine whether: 1) costs and program income activities were properly summarized and reported; 2) internal controls meet the State's standards; 3) costs charged to the grant were allowable; and 4) the State is in full financial compliance.

The State audits are conducted under the standards of the Institute of Internal Auditors. In the performance of their duties, the State's auditing firm also considers the government auditing standards promulgated by the Comptroller General, U.S. Government Accountability Office. OCS reviewers noted no findings in the State's A-133 audit reports pertaining to CSBG.

OCS reviewers examined the SF-SAC Data Collection Form for reporting on Audits of States, Local Governments, and Non-Profit Organizations found on the FAC website. The OCS reviewers found the State forms were submitted in accordance with the Federal requirements. The State Auditor found no areas of noncompliance, reportable conditions, including material weaknesses, questioned costs, fraud, or other reportable items for CSBG. OCS reviewers also determined that the State adheres to the accounting principles and financial reporting standards established by the Governmental Accounting Standards Board.⁴

Recapture and Redistribution

Language in Section 675(C)(3) of the CSBG Act permits States the discretion to recapture and redistribute unobligated funds in excess of 20 percent of the amount distributed to an eligible entity to another eligible entity or to a private nonprofit organization. However, since 2001, Congressional Appropriation language has provided instruction that supersedes the language in Section 675(C)(3) of the enabling legislation. States are required to continue recapture and/or redistribute to eligible entities in accordance with annual appropriation instructions requiring that, "to the extent Community Services Block Grant funds are distributed as grants by a State to eligible

⁴ The authoritative bodies of establishing accounting principles and financial reporting standards are the Governmental Accounting Standards Board (State and local governments) and the Financial Accounting Standards Board (nongovernmental entities).

entities provided under the Act, and have not been expended by such entity, the funds shall remain with such entity for carryover into the next fiscal year for expenditure by such entity for program purposes.”

OCS reviewers noted that Tennessee’s 2008 State Plan includes a policy for recapture & redistribution of funds as stated in CSBG Sec 675C(a)(3). However, the State’s CSBG Manual of Policies and Procedures did not include a step-by-step plan on how the recapture & redistribution process is implemented. Our recommendation is that the State update their CSBG Manual to specify the process accordingly.

Carryover Balance

During our assessment, OCS reviewers noted deficiencies in Federal Reporting Procedures for CSBG. The TDHS did not have controls in place to ensure the accuracy and timeliness of the FSR Form 269 in accordance with federal requirements. As a result, there is an increased risk of errors or incorrect calculations in reporting the financial activities of CSBG funds. In accordance with 45 C.F.R. §92.40, §92.41, and §96.30(b)(4), respectively, the grantee shall submit annual program progress and FSRs using OMB Standard Form 269A FSR (short form). The FSRs are due within 90 days of the close of the applicable statutory grant periods. Failure to submit reports on time may be the basis for withholding financial assistance payments, suspension, or termination of funding.

Grantees are required to adhere to a provision of the law under the Consolidated Appropriations Act of 2005, which requires that to the extent FY 2008 CSBG funds are distributed by a State to an eligible entity and have not been expended by such eligible entity, they shall remain with such eligible entity for carryover and expenditure into the next fiscal year.

The State reported a carryover balance of \$482,194 for FY 2008. No carryover balance was reported for FY 2009. Tennessee’s policy on carryover funds states that eligible entities shall retain any carryover amount to the next program year. When a CAA has determined that it will not utilize all of the current program year funds, it will notify the State, which will re-contract the carryover funds.

Hearings

According to Section 676(a)(2)(B), at the beginning of each fiscal year, a State must prepare and submit an application and State Plan covering a period of one year and no more than two fiscal years. Each year the State’s CSBG State Plan is sent to the CSBG Advisory Committee, the State General Assembly, and all eligible entities. In conjunction with the development of the State Plan, the State holds at least one public hearing. OCS reviewers examined the State Plan and could not determine when the required Public Hearing was held. No additional State documentation was provided therefore it was determined that the State did not adhere to the requirements of Section 676.

Tripartite Boards

The State requires CAAs to submit a listing of their Tripartite Board membership prior to being approved to administer CSBG funding. CAAs must comply with Section 676B of the CSBG statute, which requires that members are chosen in accordance with democratic selection procedures to assure that not less than one-third of its members are representatives of low-income individuals

and families who reside in the neighborhoods served. One-third of the members of the Board are elected public officials and the remainder of the members are members of business, industry, labor, religious, law enforcement, education, or other major groups interested in the community served. Members must actively participate in the planning, implementation, and evaluation of the program that services their low-income communities.

According to the State CSBG Policies and Procedures Manual the grant/contract is usually signed by the board chairperson, thus making the board of directors or governing board financially liable for the service program described in the legal agreement. In some instances the board may delegate responsibility for signing grant/contract to the agency head. The State-outlined responsibilities of the Tripartite Board include:

- Ensuring that all administrative requirements are met;
- Establishing policies, rules, regulations and by-laws consistent with the agency's mission;
- Establishing accounting systems and fiscal controls consistent with generally accepted accounting principles;
- Establishing policies prohibiting nepotism;
- Avoiding conflict of interest;
- Involvement in directing the agency's operation through regular board meetings; and
- Acceptance of liability for and resolving any questioned cost identified by audits.

In accordance with State Plan, each CSBG grantee, in order to be in full compliance, is required to adhere to the composition, documentation, by-laws, Board manual, and Board meeting minutes. The State CSBG office is required to monitor board composition and follow-up with the CAAs when representation needs to be adjusted. OCS reviewers determined that the State needs to strengthen their internal controls for monitoring and approving the Tripartite Board certifications, and the State should revise CSBG policies to include Tripartite Board requirements.

Fiscal Operations

The State is required to maintain a current financial procedure manual in order to meet fiscal standards set forth by Federal regulations. In accordance with the Federal Terms and Conditions financial reports are required monthly, quarterly and annually. Failure to comply with State and Federal reporting requirements may result in corrective action including suspension of grant awards.

According to 45 C.F.R. § 96.30(a) Fiscal and administrative operations require: (a) Fiscal control and accounting procedures. Except where otherwise required by Federal law or regulation, a State shall obligate and expend block grant funds in accordance with the laws and procedures applicable to the obligation and expenditure of its own funds. Fiscal control and accounting procedures must be sufficient (b) permit the tracing of funds to a level of expenditure adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of the statute authorizing the block grant.

Administrative Controls

According to the CSBG statute, the State is required to have processes in place to provide oversight of CSBG funds. OCS reviewers conducted analyses of the State's records and procedures that

included administrative, financial, and programmatic operations, and determined that the State demonstrated deficiencies with internal controls when administering CSBG.

OCS reviewers determined that the State's written policies and procedures were not centralized or current. OCS suggests the State update the following in the State's CSBG Policies and Procedures Manual: (1) Income eligibility requirements that are based on 2003 guidelines, (2) Tripartite Board requirements; and (3) Corrective Action, Termination, and Reduction requirements (4) Designation/Re-designation Policy; and (5) Child Support Services and Referrals.

Program Operations⁵

The State reported demographic information on individuals who received services using CSBG funds in FY 2008. CAAs operate numerous programs designed to meet the needs identified in their respective service areas. Due to different local needs, not all CAAs provide services in all priority areas. During this SA, agency records were reviewed to assess actual services provided. The assessment instrument addressed the following areas: client services received, expenditures, staff responsibility, Board governance, by-laws, Board meeting minutes, Board manual, personnel, planning and operations, CSBG assurances, fiscal operations, T&TA grants, T&TA grant reviews, and agency postings (i.e., worker's compensation, client appeals).

The State and CAAs categorize their expenditures of CSBG funds according to the statutory list of program purposes. The categories are as follows:

- Securing and maintaining employment;
- Securing adequate education;
- Improving income management;
- Securing adequate housing;
- Providing emergency services;
- Improving nutrition;
- Creating linkages among anti-poverty initiatives;
- Achieving self-sufficiency; and
- Obtaining health care.
- Programs for Youth and Seniors

The State requires agencies receiving CSBG funds to prepare and submit an application referred to as a Community Action Plan to the State.

The process requires CAAs to submit an application to the State for approval based on: 1) standard forms; 2) governing board approval; 3) information based on priority needs; and 4) information about how the entities will provide services in their communities. Appendix 1 (page 18), shows the reported characteristics of individuals and families served throughout the State.

The CSBG statute outlines the following requirements for the State's CAAs:

- A community needs assessment;

⁵ FY 2009 State CSBG IS Report

- A description of the service delivery system for low-income individuals and families in the service area;
- A description of linkages that will be developed to fill gaps in service through information, referral, case management, and follow-up consultations;
- A description of how funding will be coordinated with other public and private resources; and
- A description of outcome measures for providing services and promoting self-sufficiency and Tennessee community revitalization.

The program activities associated with CSBG funds as used by the CAAs in FY 2008 are detailed below:

Employment Programs

The State reported spending \$238,192 in CSBG funds to support a range of services designed to assist low-income individuals in obtaining and maintaining employment. These services may include:

- Support for TANF recipients who are preparing to transition to self-sufficiency or for former TANF recipients who need additional support to find or maintain employment;
- Support for job retention, including counseling, training, and supportive services, such as transportation, child care, and the purchase of uniforms or work clothing;
- Skills training, job application assistance, resume writing, and job placement;
- On-the-job training and opportunities for work;
- Job development, including finding employers willing to recruit through the agency, facilitating interviews, creating job banks, providing counseling to employees, and developing new employment opportunities in the community;
- Vocational training for high school students and the creation of internships and summer jobs; and
- Other specialized adult employment training.

Education Programs

The State reported spending \$423,620 in CSBG funds to provide education services. These services may include:

- Adult education, including courses in English Second Language (ESL) and General Equivalency Diploma (GED) preparation with flexible scheduling for working students;
- Supplemental support to improve the educational quality of Head Start programs;
- Child care classes, providing both child development instruction and support for working parents or for home child care providers;
- Alternative opportunities for school dropouts and those at risk of dropping out;
- Scholarships for college or technical school;
- Guidance regarding adult education opportunities in the community;
- Programs to enhance academic achievement of students in grades K–12, while combating drug or alcohol use and preventing violence; and
- Computer-based courses to help train participants for the modern day workforce.

Housing Programs

The State reported spending \$876,794 for CSBG funds to provide housing programs to improve the living environment of low-income individuals and families. These services may include:

- Homeownership counseling and loan assistance;
- Affordable housing development and construction;
- Counseling and advocacy about landlord/tenant relations and fair housing concerns;
- Assistance in locating affordable housing and applying for rent subsidies and other housing assistance;
- Transitional shelters and services for the homeless;
- Home repair and rehabilitation services;
- Support for management of group homes; and
- Rural housing and infrastructure development.

Emergency Services Programs

The State reported spending \$5,698,976 in CSBG funds for emergency services and crisis intervention. These services may include:

- Emergency temporary housing;
- Rental or mortgage assistance and intervention with landlords;
- Cash assistance/short-term loans;
- Energy crisis assistance and utility shut-off prevention;
- Emergency food, clothing, and furniture;
- Crisis intervention in response to child or spousal abuse;
- Emergency heating system repair;
- Crisis intervention telephone hotlines;
- Linkages with other services and organizations to assemble a combination of short-term resources and long-term support; and
- Natural disaster response and assistance.

Nutrition Programs

The State reported spending \$1,316,276 in CSBG funds to support nutrition programs. These services may include:

- Organizing and operating food banks;
- Supporting food banks of faith-based and civic organization partners with food supplies and/or management support;
- Counseling families on children's nutrition and food preparation;
- Distributing surplus USDA commodities and other food supplies;
- Administering the Women, Infants, and Children (WIC) nutrition program;
- Preparing and delivering meals, especially to the homebound elderly;
- Providing meals in group settings;
- Initiating self-help projects, such as community gardens, community canneries, and food buying groups to help families and individuals preserve fruit and vegetables;

- Nutrition information/referral/counseling;
- Hot meals, such as breakfasts, lunches, or dinners for congregate or home delivery meals; and
- Nutritional training in home economics, child and baby nutrition, diets, and available Federal or State programs.

Self-Sufficiency Programs

The State reported spending \$1,380,135 in CSBG funds on self-sufficiency programs to offer a continuum of services to assist families in becoming more financially independent. These services may include:

- An assessment of the issues facing the family or family members, and the resources the family brings to address these issues;
- A written plan for becoming more financially independent and self-supporting; and
- Services that are selected to help the participant implement the plan (i.e. clothing, bus passes, emergency food assistance, career counseling, family guidance counseling, referrals to the Social Security Administration for disability benefits, assistance with locating possible jobs, assistance in finding long-term housing, etc.).

Health Programs

The State reported spending \$165,902 in CSBG funds on health initiatives to address gaps in the care and coverage available in the community. These services may include:

- Recruitment of uninsured children to a State insurance group or State Children's Health Insurance Program (SCHIP);
- Recruitment of volunteer medical personnel to assist uninsured low-income families;
- Prenatal care, maternal health, and infant health screening;
- Assistance with pharmaceutical donation programs;
- Health-related information for all ages, including Medicare/Medicaid enrollment and claims filing;
- Immunization;
- Periodic screening for serious health problems, such as tuberculosis, breast cancer, HIV infection(s), and mental health disorders;
- Health screening of all children;
- Treatment for substance abuse;
- Other health services including dental care, health insurance advocacy, CPR training, education about wellness, obesity, and first-aid; and
- Transportation to health care facilities and medical appointments.

Income Management Programs

The State reported spending \$268,417 in CSBG grant funds on income management programs. These services may include:

- Development of household assets, including savings;
- Assistance with budgeting techniques;
- Consumer credit counseling;

- Business development support;
- Homeownership assistance;
- Energy conservation and energy consumer education programs, including weatherization;
- Tax counseling and tax preparation assistance; and
- Assistance for the elderly with claims for medical and other benefits.

Linkages

The State reported spending \$1,969,293 in CSBG funds on linkage initiatives that involve a variety of local activities because of the CSBG statutory mandate to mobilize and coordinate community responses to poverty. These services may include:

- Coordination among programs, facilities, and shared resources through information systems, communications systems, and shared procedures;
- Community needs assessments, followed by community planning, organization, and advocacy to meet these needs;
- Creation of coalitions for community changes, such as reducing crime or partnering businesses with low-income neighborhoods in order to plan long-term development;
- Efforts to establish links between resources, such as transportation and medical care or other needed services and programs that bring services to the participants, for example, mobile clinics or recreational programs, and management of continuum-of-care initiatives;
- The removal of the barriers such as transportation problems, that keep the low-income population from jobs or from vital everyday activities; and
- Support for other groups of low-income community residents who are working for the same goals as the CAAs.

At the local level, CSBG coordinates with labor programs, transportation programs, educational programs, elderly programs, energy programs, community organizations, private businesses, churches, the United Way, and various youth organizations and programs. A State's eligible entity will coordinate with other service providers and act as a focal point for information on services in their local area. The CAA identifies gaps in services and works with other providers to fill those gaps. The entity has organized meetings and participates in task forces with local service provider groups.

Programs for Youth and Seniors⁶

The State reported spending \$274,377 in CSBG funds on the programs serving youth and spending \$2,101,365 on programs serving seniors. Services noted under these categories were targeted exclusively to children and youth from ages 6–17 or persons over 55 years of age. Seniors' programs help seniors to avoid or address illness, incapacity, absence of a caretaker or relative, prevent abuse and neglect, and promote wellness. These services may include:

Youth services may include:

- Recreational facilities and programs;
- Educational services;

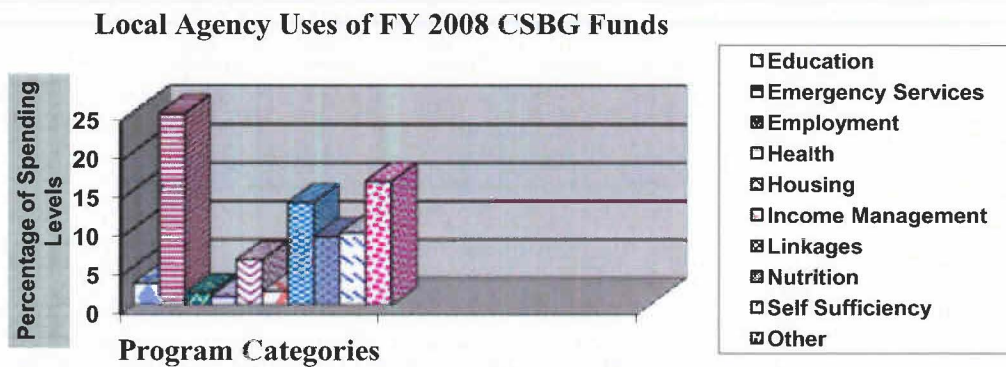
⁶ Programs for Youth and Seniors are recorded separately in the CSBG IS Report Section E and therefore not listed on the local agency use of funds chart.

- Health services and prevention of risky behavior;
- Delinquency prevention; and
- Employment and mentoring projects.

Senior services may include:

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

The chart below also illustrates the proportion of CSBG local expenditures reported by the State⁷



ROMA System

Beginning in FY 2001, States were required to participate in a system to measure the extent to which programs are implemented in a manner that achieves positive results for the communities served. States may participate in the model evaluation system designed by the OCS in consultation with the CSBG network called ROMA. Alternatively, States may design their own similar system. States are to report to OCS their progress on the implementation of performance measurement practices.

During our review, the State discussed the use of DOS software system that is utilized by all but two of the eligible entities to gather data for ROMA reporting. Use of the DOS system was not State mandated. The State's new system, Community Services Management System, is a Window based system and will be utilized by all eligible entities. Documentation was provided by the State to support Section 678E(a)(2) of the CSBG Act.

III. CAA On-site Review Summaries

South Central Human Resource Agency

South Central Human Resource Agency (SCHRA) is a non-profit organization that originally began operating in 1973. SCHRA's mission is to help people help themselves by providing knowledge and resources to improve their quality of life. SCHRA services over 13 counties across Central Tennessee covering over 6,500 square miles. In FY 2008, SCHRA had an annual budget of \$16,592,612 of which \$798,073 were CSBG funds. SCHRA provided housing services, emergency services, nutrition services and linkages services to 8,231 families in FY 2008. SCHRA employed a CSBG staff of 28.

SCHRA administers other programs in the central region such as Head Start, Low Income Home Energy Assistance Program (LIHEAP), weatherization services, homemaker services, and community corrections services. SCHRA provides over 1,500 meals a day through nutrition services. In 2004, the organization began a catering service that provides additional revenue to supplement the nutrition program's budget.

Metropolitan Action Commission

Metropolitan Action Commission (MAC) is a public organization created by ordinance in 1964 for the purpose of securing and expending federal grants in accordance with regulations regarding the eradication of poverty. MAC provides services to residents in Nashville City and Davidson County. In FY 2008, MAC had an annual budget of \$22,439,400 of which \$1,201,237 were CSBG funds. The total number of families served in 2008 was 8,382. MAC employed a CSBG staff of 16.

The organization administers Head Start, LIHEAP, adult education services and nutrition services. MAC utilizes CSBG funds to provide a College Preparatory program that prepares Adult Education graduates with entrance into a two-year or four-year college or university, through assisting clients with financial aid and preparing them for college. In FY 2008, the College Preparatory program assisted 14 households in preparing them for college.

Mid-Cumberland Community Action Agency

Mid-Cumberland Community Action Agency (MCCAA) is a non-profit agency that originally was established in 1971. The agency services residents through 7 area offices in Middle Tennessee. In FY 2008, MCCAA had an annual budget of \$11,981,144 with a CSBG budget of \$906,244. The total number of families served in FY 2008 was 8,352. MCCAA employed a CSBG staff of 14.

MCCAA uses CSBG funds to provide housing services, emergency services, nutrition services, self-sufficiency services and health services. Through their mission to help families and individuals achieve self-sufficiency, MCCAA provided money management classes to 50 residents in FY 2008. By the end of the program 20 participants opened their first savings account.

IV. Assessment Findings and Recommendations

Through a review of the State policies, procedures, and documentation, OCS reviewers determined that the State was not in compliance with the CSBG statute, the Terms and Conditions of the CSBG, and other applicable policies. Internal controls for eligible entities are listed in the State Plan and the CSBG Policies and Procedures Manual for State of Tennessee. The State utilizes a comprehensive monitoring tool and maintains a monitoring schedule that assures all eligible entities are monitored for compliance with State and Federal statutes. Through a review of the accounting procedures, OCS reviewers determined that the State adheres to the accounting principles and financial reporting standards established by the Governmental Accounting Standards Board (GASB).

Finding 1

The State did not submit FSR 269s, within 90 days of the close of the applicable statutory grant period in accordance with Section 678E. The ACF, Office of Grants Management (OGM) did not have a record of submission from the State for FYs 2008 – 2009. TDHS did not have controls in place to ensure timely submission and accuracy of the preparation of the CSBG financial status in accordance with Federal requirements.

Recommendations:

OCS recommends the State:

- 1.1 Provide additional technical training and assistance to State CSBG staff to ensure timely submission and accuracy of SF-269 Financial Status Report. This training may be available through the SA, NASCSP or Federal Program Specialist.
- 1.2 Strengthen internal controls to ensure adequate review and verification of amounts reported on SF-269. In addition to the review of supporting documentation, the amount reported should be reviewed for reasonableness based on program management expectations.

Finding 2

OCS could not determine when the Public Hearing was held as required by Sec. 676 of the CSBG Act.

Recommendation:

OCS recommends the State:

- 2.1 The State should provide documentation to support when the Public Hearing was held.

Finding 3

OCS could not determine how the State verified and assured Eligible Entities' adherence to the Statute at Section 676B regarding the placement and function of Tripartite Boards.

Recommendation:**OCS recommends the State:**

3.1 The State should update the CSBG Policies and Procedures Manual to include information regarding the tripartite board requirements and how the State intends to monitor tripartite board compliance in its CSBG policy manual.

Finding 4

The State did not have a policy that requires custodial parents to be referred to local child support enforcement offices in accordance to Section 678G(b) of the CSBG Act.

Recommendation:**OCS recommends the State:**

4.1 OCS reviewers recommend the State develops and implements child support enforcement policy as required by statute.

Finding 5

The State CSBG Policies and Procedures Manual did not address designation or re-designation policies in accordance to Section 676A of the CSBG Act.

Recommendation:**OCS recommends the State:**

5.1 OCS reviewers recommend the State develops and implements policy for designation and re-designation of eligible entities in un-served areas.

5.2 The State should include designation and redesignation of eligible entities policies in the CSBG Policies and Procedures Manual.

Other Recommendations

OCS recommends the State update the following in the State's CSBG Policies and Procedures Manual: (1) Income eligibility requirements that are based on current Federal Poverty Income Guidelines, (2) Corrective Action, Termination, and Reduction requirements.

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

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Table 3

CSBG Client Characteristics and Statistics Reported by State ⁶	
Race/Ethnicity By Number of Persons:	
Hispanic or Latino	3,247
African American	97,596
White	192,341
Other	3,856
Multi-race	8,562
Education: Years of Schooling by Number of Persons:	
0-8 years	28,960
9-12, non graduates	39,900
High school graduate/GED	61,813
12+ some postsecondary	9,521
2 or 4 year college graduates	3,532
Insured/Disabled:	
No Health Insurance	44,100
Disabled	83,961
Surveyed About Insurance	210,237
Surveyed About Disability	228,840
Family Structure:	
Single parent/Female	30,899
Single parent/Male	2,137
Two Parent Household	18,808
Single Person	47,730
Two Adults, No Children	18,808
Family Housing by Number of Families:	
Own	42,404
Rent	68,076
Homeless	3,313
Level of Family Income as Percentage of Federal Poverty Guideline by Number of Families:	
Up to 50%	36,255
51% to 75%	34,155
76% to 100%	33,933
101% to 125%	15,341
126% to 150%	2,503
151% or more	1,205
Age	
0-5	45,315
6-11	29,141
12-17	24,903
18-23	18,710
24-44	71,914
45-54	37,597
55-69	42,682
70+	38,695
Totals	308,957
Gender	
Male	115,648
Female	190,212
Totals	305,860

⁶The CSBG Client Characteristics and Statistical data was retrieved from the CSBG IS data