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COMMUNITY SERVICES BLOCK GRANT

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COVID-19 COMMUNITY SERVICES BLOCK GRANT

State Project/Program: COMMUNITY SERVICE BLOCK GRANT PROGRAM

U. S. Department of Health and Human Services

Federal Authorization: 42 United States Code (USC) Section 9901-9920, 45 Code of Federal Regulations (CFR) Part 96, Public Law (PL) 105-285 Community Opportunities, Accountability, Training and Educational Services Act of 1998, Section 681; Public Law 97-35, 42 U.S.C. 9910

State Authorization: North Carolina Administrative Code (NCAC) 10ANCAC 97C; 10ANCAC 97C.0107; 10ANCAC 97C.0109

**N. C. Department of Health and Human Services
Division of Social Services
Office of Economic Opportunity**

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SFY 2023 audit confirmation reports for payments made to Counties, Local Management Entities (LMEs), Managed Care Organizations (MCOs), Boards of Education, Councils of Government, District Health Departments and DHHS Grant Subrecipients will be available by mid-October at the following web address: <https://www.ncdhhs.gov/about/administrative-offices/office-controller/audit-confirmation-reports> At this site, click on the link entitled “Audit Confirmation Reports (State Fiscal Year 2022-2023)”. Additionally, audit confirmation reports for Nongovernmental entities receiving financial assistance from DHHS are found at the same website except select “Non-Governmental Audit Confirmation Reports (State Fiscal Years 2021-2023)”

The auditor should not consider the Supplement to be “safe harbor” for identifying audit procedures to apply in a particular engagement, but the auditor should be prepared to justify departures from the suggested procedures. The auditor can consider the supplement a “safe harbor” for identification of compliance requirements to be tested if the auditor performs reasonable procedures to ensure that the requirements in the Supplement are current.

The grantor agency may elect to review audit working papers to determine that audit tests are adequate.

Auditors may request documentation of monitoring visits by the State Agencies.

COMMUNITY SERVICE BLOCK GRANT PROGRAM

This compliance supplement must be used in conjunction with the OMB 2023 Compliance Supplement which will be issued in the summer. This includes "Part 3 - Compliance Requirements," for the types that apply, "Part 6 - Internal Control," and "Part 4 - Agency Program" requirements if the Agency issued guidance for a specific program. The OMB Compliance Supplement is Section A of the State Compliance Supplement.

I. PROGRAM OBJECTIVES

The objective of the Community Services Block Grant (CSBG) program is to provide assistance to a network of eligible entities at the local community level for the purpose of ameliorating the causes and consequences of poverty and revitalizing low-income communities. These entities (primarily Community Action Agencies) provide a range of services designed to assist low-income people with attaining the skills, knowledge, and motivation necessary to achieve self-sufficiency.

Low-income participants are assisted with an array of comprehensive case management services inclusive of, but not limited to, employment, education, income management, housing, emergency assistance, community involvement, and accessing other needed resources.

CSBG funds are used to support positive youth development, promote civic engagement, and improve the organization infrastructure for planning and coordinating service activities with other organizations that address poverty conditions in the designated service area and across the State.

Additional funding was set aside for Relief NC and CARES NC for the NC Community Action Agencies.

The three national goals of the Results-Oriented Management and Accountability (ROMA) system summarize the objectives of the CSBG Program. These six goals for community action respect the diversity of the network and provide clear expectations of results. ROMA was incorporated in the CSBG Act in 1998.

Goal 1: Individuals and families with low incomes are stable and achieve economic security.

Goal 2: Communities where people with low incomes live are healthy and offer economic opportunity

Goal 3: People with low incomes are engaged and active in building opportunities in communities.

II. PROGRAM PROCEDURES

The CSBG Program is administered by the North Carolina Department of Health and Human Services, Office of Economic Opportunity (OEO). CSBG funds are 100% federal dollars obtained by the State in accordance with a pre-defined formula, upon submission of an application to the U. S. Secretary of Health and Human Services, and then redistributed based upon State laws and rules. State rules require that ninety percent of funds received be distributed to local community action agencies, five percent for discretionary purposes and five percent for program administration. Funds are allocated to grantees based on the number of poor individuals in the area(s) served by the grantee as compared to the total number of poor persons in the total area being served by the grant program. Since FY 1986-87, no grantee has received less than \$120,000 or less than eighty percent of their funding. To receive funds, each eligible entity must submit an application that meets prescribed criteria set forth by OEO annually. After application approval, the grant recipient must sign a contractual grant agreement with DHHS that incorporates various terms and conditions.

COMMUNITY SERVICE BLOCK GRANT PROGRAM

Eligible program participants make application to subrecipients based on the policies and procedures of the local organization. Community Action Agencies operating comprehensive case management utilize the intake application in the Accountable Results for Community Action (AR4CA) database system.

Grantees are required to submit monthly financial expenditure (DSS-OEO Form 1571) reports and program performance reports during the grant period. Grant funds are disbursed by the Office of the Controller to grantees on a monthly basis. On-site monitoring visits are made to each grantee by Office of Economic Opportunity (OEO) staff to verify reported programmatic progress, to review financial records, and to review administrative structures and practices. Correspondence summarizing the results of program performance and on-site monitoring visits are shared with the grantee board chairperson and the agency executive director.

Federal and State requirements are communicated to the subrecipients through use of quarterly conference calls, OEO annual Contractors' training, use of the Office's Guidance Memoranda and the OEO website <https://www.ncdhhs.gov/divisions/office-economic-opportunity>. Subgrantees may use CSBG funds for any programs, services or other activities related to achieving the broad goals of the CSBG programs such as reducing poverty, revitalizing low-income communities, and assisting low-income individuals and families. Based on (42 U.S.C. 9918(a)), funds may not be used to purchase or improve land or to purchase, construct, or permanently improve buildings or facilities, other than low-cost residential weatherization or other energy-related home repairs, unless waived by the Secretary of DHHS. Additionally, funds may not be used to support any partisan or non-partisan political activity or to provide voters or prospective voters with transportation to the polls or provide similar assistance in connection with an election or any voter registration (42 USC 9918(b)).

The following applies for Relief NC:

The NC Department of Health and Human Services, Office of Economic Opportunity (OEO) was awarded *\$9,701,359 from the US Office of Community Services (OCS) to administer disaster supplemental funds to the designated NC Community Action Agencies (CAAs). Funding supports a range of locally identified services and strategies focused on residents with low-incomes and disaster-related needs.

OEO's disaster supplemental funds program, called Relief NC, specifically targets individuals and families that have unmet needs as a result of Hurricane Florence that occurred in 2018. Eligible funding domains are employment, education, cognitive development, infrastructure, housing, health and social/behavior development, transportation, home repair and emergency assistance.

Regulations outlined in CSBG 45 CFR 96 are applicable to the Relief NC Program.

**(These numbers are not final allocations. At the time of the Stage 3 application, OCS will assess expenditures and amounts remaining to assure that all awarded funds can be expended to meet community disaster needs –(Letter dated April 2020 Stage 1 &2 allocation \$4,845,781; \$4,855,578)*

The following applies for CARES NC:

The NC Department of Health and Human Services, Office of Economic Opportunity (OEO) was awarded \$26,243,124 from the US Office of Community Services (OCS) to administer CSBG CARES Act supplemental funds to the NC Community Action Agencies (CAAs). Funding supports a range of locally identified services and strategies focused on residents with low incomes.

COMMUNITY SERVICE BLOCK GRANT PROGRAM

Supplemental funds, called CARES NC, specifically targets individuals and families that have income below 200% of the poverty rate and unmet needs as a result of COVID-19. Funding supports a range of emergency assistance activities including employment, education, health, transportation, and housing among other activities. Funding is subject to regulations outlined in CSBG 45 CFR 96, IM 154, CSBG IM-2020-157 and 158.

III. COMPLIANCE REQUIREMENTS

Noted below in the following matrix are the types of compliance requirements that are applicable to the federal program. These Types are determined by the federal agency, noted as “Y,” on the “Matrix of Compliance Requirements” located in Part 2 of the OMB 2023 Compliance Supplement; however, the State Agency may have added the Type and this is noted by “Y.” If the State determines that the federal requirement does not apply at the local level or if the State modifies the federal requirements, this is noted in the supplement under the type of compliance requirement. If the federal and/or State agencies have determined that the type is not applicable, it is noted by “N.”

If the Matrix indicates “Y,” the auditor must determine if a particular type of compliance requirement has a direct and material effect on the federal program for the auditee. For each such compliance requirement subject to the audit, the auditor must use the OMB 2023 Compliance Supplement, Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and Part 4 (which includes any program-specific requirements) to perform the audit.

If there is no program listed on the “Matrix” in Part 2 or Part 4, the State has determined the Type that is applicable. If a Type is determined direct and material, the auditor should refer to the requirements found in Part 3 and listed in this supplement.

A	B	C	E	F	G	H	I	J	L	M	N
Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment/ Real Property Management	Matching, Level of Effort, Earmarking	Period Of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
Y	Y	N	Y	N	N	Y	Y	N	N	Y	Y

A. Activities Allowed or Unallowed

Sub-grantees may use CSBG funds for any programs, services or other activities related to achieving the broad goals of the CSBG programs such as reducing poverty, revitalizing low-income communities, and assisting low-income individuals and families. Funds may be used to:

1. promote economic stability, employment, education and literacy, housing, and civic participation.

COMMUNITY SERVICE BLOCK GRANT PROGRAM

2. support community youth development programs.
3. fill gaps in services through information dissemination, referrals, and case management.
4. provide emergency assistance financially, by providing supplies, services, food, medical assistance, etc.
5. secure more active involvement of the private sector, faith-based institutions, neighborhood-based organizations, and charitable groups; and
6. plan, coordinate, and develop linkages among public (Federal, States and local), private, and non-profit resources to improve their combined effectiveness in ameliorating poverty (42 USC 9901 and 42 USC 9908(b)).

Relief funds cannot be in addition to FEMA or Insurance reimbursements.

B. Allowable Costs/Cost Principles

Eligible entities and other subrecipients of CSBG are subject to cost principles in the Uniform Administrative Requirements (45 CFR Part 75, Subpart E).

Funds may not be used to purchase or improve land or to purchase, construct, or permanently improve buildings or facilities, other than low-cost residential weatherization or other energy-related home repairs, unless waived by the Secretary of DHHS. (42 U.S.C. 9918(a))

Funds may not be used to support any partisan or non-partisan political activity or to provide voters or prospective voters with transportation to the polls or provide similar assistance in connection with an election or any voter registration (42 USC 9918(b)).

Title to equipment purchased by a local grantee vest in the local grantee. Local governments shall follow the OMB Circular 2 CFR Part 200 Common Rule for equipment acquired. Non-profit grantees shall follow the provisions of OMB Circular 2 CFR Part 200 for equipment acquired. Both local governments and non-profit grantees shall also follow 10A NCAC 97C .0702 and the CSBG contract Attachment G.

All grantees that expend State funds (including federal funds passed through the N. C. Department of Health and Human Services) are required to comply with the cost principles described in the N. C. Administrative Code at 09 NCAC 03M .0201.

OMB administrative requirements and cost principles circulars apply to sub-grantees receiving CSBG funds (42 USC 9916(a) (1) (B)).

RELIEF costs must relate to Hurricane Florence

CARES costs must relate to COVID.

E. Eligibility

The official poverty guidelines established by the U. S. Department of Health and Human Services shall be used as criteria of eligibility for all services provided to program participants by grant recipients. "Services" is defined as an act of assistance and/or direct benefit to a

COMMUNITY SERVICE BLOCK GRANT PROGRAM

family unit. The poverty guidelines are revised annually (10ANCAC 97C. 0107). Other eligibility criterion can be determined at the discretion of the subrecipient agency.

H. Period of Performance

The contract period is one year and extends for the period July 1 through June 30 or as indicated in the contract terms.

I. Procurement, Suspension and Debarment

Procurement

All grantees that expend federal funds (received either directly from a federal agency or passed through the N. C. Department of Health and Human Services) are required to conform to federal agency codifications of the grants management common rule accessible on the Internet at <http://www.whitehouse.gov/omb/>.

All grantees that expend State funds (including federal funds passed through the N. C. Department of Health and Human Services) are required to comply with the procurement standards described in the North Carolina General Statutes and the North Carolina Administrative Code, which are identified in the State of North Carolina Agency Purchasing Manual accessible on the Internet at http://www.pandc.nc.gov/documents/Procurement_Manual_5_8_2013_interactive.pdf.

Suspension and Debarment

Suspension and Debarment does not apply at the local level.

M. Subrecipient Monitoring

This is performed at the state level and does not apply at the local level.

N. Special Tests and Provisions

Compliance Requirement

1. Board of Directors: Each private grant recipient must have a tripartite board of directors consisting of at least 15 members and structured to ensure that

a. one-third of the members of the board are elected public officials (or their representatives) currently holding office, unless the number of elected officials willing to serve is less than one-third of the membership of the board, membership on the board of appointive public officials may be considered as meeting the one-third requirement;

b. at least one-third of the members are persons chosen in accordance with democratic selection procedures adequate to assure that they are representative of the poor in the area served; and

c. the remainder of the members are officials or members of business, industry, labor, religious, welfare, education, or other major groups and interests in the community (10ANCAC 97C .0109).

Audit Objective: To determine whether the grantee board structure met statutory requirements.

Suggested Audit Procedure – Examine by-laws, board roster, board minutes, and board correspondence and determine compliance with the above.

2. Conflicts of Interest and Certification Regarding No Overdue Tax Debts

All non-State entities (except those entities subject to the audit and other reporting requirements of the Local Government Commission) that receive, use or expend State funds (including federal funds passed through the N. C. Department of Health and Human Services) are subject to the financial reporting requirements of G. S. 143C-6, effective July 1, 2007. These requirements include the submission of a Notarized Conflict of Interest Policy (see G. S. 143C-6-23(b)) and a written statement (if applicable) that the entity does not have any overdue tax debts as defined by G. S. 105-243.1 at the federal, State, or local level (see G. S. 143-6-23(c)). All non-State entities that provide State funding to a non-State entity (except any non-State entity subject to the audit and other reporting requirements of the Local Government Commission) must hold the sub-grantee accountable for the legal and appropriate expenditure of those State grant funds.

Audit Objective: To determine whether duty of disclosure of any Conflict of Interest reported to the Board of Directors for approval.

Suggested Audit Procedure – Examine by-laws, policies and procedures, board minutes, and board correspondence and determine compliance with the above.

Audit Objective: To determine whether the grantee isn't in violation of No Overdue Tax Debts.

Suggested Audit Procedure – Examine financial policies and procedures, financial records, correspondence and determine compliance with the above.