Appendix D:

Sample State CSBG Office Letter Setting Forth Monitoring Findings

This letter is based on state CSBG office letters reviewed by CAPLAW. The letter and comments are intended to provide CAAs and states with ways to think about and approach monitoring findings.

[STATE CSBG OFFICE LETTERHEAD]

May 28, 2026

Ms. Executive Director
Community Active Agency, Inc.
23 West Wilcox Street
Helpful City, Imagination 09645

Dear Ms. Executive Director:

A sincere thanks to you and your staff for accommodating the on-site review process. I appreciate the time everyone spent meeting with us and discussing CAA's CSBG funded activities.

Strengths:
Strengths observed while reviewing the agency were:

- The CSBG funded job training program exceeded its goal of helping five program participants find jobs after completing six months in the program. Seven participants were gainfully employed after completing six months of training in the program.
- CAA's collaboration with Free Food Pantry, Inc. enabled CAA to expand its reach in the four counties it serves and resulted in unserved low-income individuals and families in rural areas receiving much needed assistance.

Compliance Issue(s):

1. <u>Tripartite Board</u>
    - CAA is not in compliance with the tripartite board structure required by the federal CSBG Act, 42 U.S.C. § 9910, and CSBG Organizational Standard 5.5 which requires the tripartite board to fill vacancies as set out in the bylaws. The CAA has a twelve member board with two board seats that have been vacant for over three months. The vacancies greatly exceed the limits established in the CAA's bylaws which require the board of directors to fill a vacancy within 75 days.
2. <u>Safeguarding of Assets</u>
    - CAA failed to maintain complete equipment inventory records and facilitate a physical inventory for at least three years. CAA's procedures did not ensure that staff received detailed property record information such as serial numbers for all technology equipment. The state CSBG office incorporates 2 C.F.R. 200.313(d) in its CSBG agreement with CAAs, which requires CAAs to maintain a property management system that accounts for equipment acquired with federal funds and federally owned. The system must maintain accurate records that include a description of the equipment; serial numbers; model numbers; source of funding for the property (including the FAIN); title holder; acquisition date and cost; HHS's share of the

equipment; location, use and condition; and ultimate disposition. Additionally, the CAA is required to take physical inventory of equipment and reconcile the results with equipment records at least once every 2 years.

3. Computer Security
    - CAA does not have the following: (1) adequate computer security procedures; (2) a formal computer access policy; (3) password protected employee computers; and (4) adequate procedures for data removal from computers. The National Institute of Standards and Technology Special Publication 800-53, Rev. 3 requires an organization to develop and disseminate a formal, documented access control policy for computer access and requires information systems to uniquely identify and authenticate users.
4. Personnel Management
    - CAA is experiencing more employee turnover than other eligible entities in the state. One reason for this high rate of turnover is the failure of CAA to conduct exit interviews. Exit interviews help organizations identify issues with workplace dynamics contributing to employee departures.

Deficiency(s):

1. Limitations on Use of CSBG funds
    - For a second time in three years, CAA used CSBG funds to pay for permanent improvements to its administrative office building. CAA used the funds to partially pay for the replacement of the building's roof. The federal CSBG Act at 42 U.S.C. § 9918(a) states that, unless the U.S. Department of Health and Human Services (HHS) provides a waiver to the state, an eligible entity is prohibited from using CSBG funds to permanently improve any building.

Best Practice Recommendations:

The following are not deficiencies but are best practice recommendations

1. Add term limits for board members to the bylaws.
2. Develop a succession plan for board members.

The CAA has thirty (30) days from receipt of this letter to develop a Quality Improvement Plan (QIP) and submit it to the state CSBG office. The QIP should address how the CAA intends to correct the compliance issues and deficiency addressed in this letter. CAA's response should include a timeline of specific actions. CAA should include requests for training and technical assistance (T/TA) as part of its QIP.

The state CSBG office will review the QIP and will either approve it or ask for additional time to review it within thirty (30) days of receiving it. If T/TA is requested, the state CSBG office will work with the Executive Director and the board of directors to address those needs.

Please contact me if you have any questions or concerns.

Sincerely,

CSBG Program Specialist

cc [Board Chair/President of CAA board of directors]