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Date: June 25, 2019

CSBG Numbered Memo 2019-04

To: Community Action Agencies of New Mexico

From: Gayla Delgado, CSBG Program Manager

CC: Arleen Martinez, WFSB Chief, Karen Thomas WFSB Staff Manager

Subject: On-Site CSBG Management Evaluations/Performance Reviews

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Effective July 1, 2019, the on-site CSBG Management Evaluation/Performance Review process of eligible entities will be conducted every three (3) years instead of every two (2) years. While on-site reviews will be moved to every three (3) years, other management evaluations or performance reviews will be conducted annually as desk reviews, specifically for the organizational standards, amendment/application and the annual report.

The desk reviews will be handled just as the on-site reviews whereby the State CSBG Office will notify the eligible entity of all findings, observations, exceptions and recommendations within thirty (30) days of the review.

Section 6.9 of the Policy and Procedures Manual for the Community Services Block Grant (CSBG) Program for On-site CSBG Management Evaluations/Performance Reviews will be updated to reflect the following:

WFSB will schedule on-site management evaluation/performance reviews, as required by the COATS Act, at their discretion but at least every three years. The intent of the management evaluation/performance review is to ensure that the eligible entity is in compliance with all federal and state requirements as well as with the Professional Services Contract with HSD. A full onsite management evaluation includes but is not limited to items in Attachment 17.12. Within thirty (30) days of the exit conference of the management evaluation/performance review, WFSB will send a letter to the eligible entity documenting all findings, observations, exceptions, and recommendations.

Summary of Exceptions, Findings, and Recommendations:

- An **exception** is an instance of the reviewer discovering any deviation from the requirements. Exceptions will either be resolved during the review and reported as an exception or, if not resolved, be forwarded to the report in the form of a finding.
- A **finding** is a deviation from the Federal Laws, State Laws and Grant Agreement requirements and is considered to be a more prevalent problem than an exception. A

finding is noted in the report with recommendations for resolving what was considered to be the cause of the problem. A finding is not subject to negotiation.

- A **serious deficiency** is a finding where the eligible entity is not in compliance with federal or state laws or eligible entity bylaws; or the entity has committed fraud, is in financial difficulty, or is not able to provide services. A serious deficiency is more significant than a finding. A serious deficiency will result in the State CSBG Office following the federally established procedures for possible reduction or termination of funding to the involved eligible entity. The State CSBG Office will describe the essential components of the corrective action plan. The eligible entity will develop and implement the detailed plan.
- **Observations** are issues where there is currently no finding, but conditions could result in future findings if steps are not taken immediately.
- A **training issue** is a recommendation for improved processes that may require training or information dissemination to employees.
- A **recommendation** is the State CSBG Office's suggested response to one or more Observations. The State CSBG Office may request that the agency respond to a recommendation.

The following are actions for any findings identified during a CSBG management evaluation/performance review:

1. Based on the management evaluation findings, WFSB may disallow costs, as defined by OMB Super Circular, charged to CSBG. In the event of a disallowance, WFSB may seek recovery of such sums by the appropriate means.
2. WFSB may impose requirements to ensure that the conditions which resulted in the disallowed expenditure have been corrected and are not likely to reoccur.

If a Corrective Action Plan (CAP) is required, the State CSBG Office will create the essential components of the corrective action plan. Using these components, the eligible entity will develop and implement the detailed plan within 60 days. Once the State CSBG Office receives the CAP, we will evaluate the entities detailed plan and formally approve the plan if it sufficiently addresses the essential components within 30 days. The State CSBG Office will notify the eligible entity in writing of the approval and establish a future review date. Prior to that review date, the State CSBG Office will notify the eligible entity of the review and request documentation to evaluate the status of the CAP. Based on the analysis of the documentation, the State CSBG Office will determine if the finding is resolved. Depending on the results, the State CSBG Office will determine if the CAP has resolved all findings and should be closed, or if another future review should be scheduled. The State CSBG Office will notify the eligible entity of the decision in writing, including the date of the future review, if applicable.

The eligible entity is required to respond to the management evaluation/performance review in writing within the time frame specified in the evaluation letter. The response shall address all observations, exceptions, findings and recommendations.

WFSB will review the eligible entities response and will take appropriate action if necessary. WFSB will provide training and technical assistance, as necessary, to promote compliance with federal and state requirements and to ensure prudent management of government dollars.

Attachments

1. ME Annual Report Tool
2. ME Application/Amendment Tool
3. ME On-site Tool
4. ME Organizational Standards Tool