

THOUGHTS ON THE ADDITIONAL SEPARATE AUDIT
IN THE SENATE CSBG REAUTHORIZATION BILL
by Connie Greer, NASCSP Chair

During the week of the NASCSP Conference, attendees had the opportunity to hear from both Republican and Democratic Congressional staff regarding the Senate CSBG reauthorization bill. This lengthy discussion regarding the reauthorization made for a rich exchange of information and thought. The membership and additional conference attendees did a great job of sharing their support for certain aspects of the bill. In addition, membership took advantage of the opportunity and made their concerns about the additional separate audit known to the Congressional staff. All should feel good about the hard work that was done during that session.

Later in the week attendees also had the pleasure of hearing from David Bradley, Executive Director of the National Community Action Foundation (NCAF) regarding reauthorization. During Bradley's speech, he requested the states propose an alternative to the language found in Section 112 of S. 1786 regarding the additional separate audit. On behalf of the members of NASCSP, I extend my appreciation to NCAF for this request. After much dialogue and discussion, membership feels strongly that the audit language should be replaced with the following, "Upon request, the Secretary shall require a state to conduct an additional separate audit of CSBG funds. At the end of every funding period, the Office of Community Services will review all relevant audits, financial status reports, and CSBG-Information Survey Reports to certify that assurances have been met and will report any findings to Congress."

The additional separate audit requirement found in S. 1786 will not uncover any new information. Under the current Act, all of the information detailed in the three line items is already available through the Office of Management and Budget's (OMB) required Standard Form 269s (financial status reports), annual CSBG/IS Statistical Report, and the Single Audit.

NASCSP feels the right tools are currently in place. The problem is in the execution and use of those tools. The alternative language NASCSP has proposed will better utilize the data available to address the concerns of NCAF.

States should be required to provide data that enables the Office of Community Services (OCS) to:

1. Ensure that the requirements of the CSBG Act are met by certifying that the state has been rigorously audited as a part of the Single Audit.
2. Ensure that the state has submitted three Standard Form 269s (financial status reports) to the Secretary each fiscal year. OMB made this report a requirement in 2001. On these forms states report how much of the block grant was spent and how much is obligated and unobligated for each grant period. S. 1786 codifies the OMB requirement with the addition of Section 678(D)(1)(E). This addition requires states to submit a full financial report to the Secretary not later than 6 months following the end of each fiscal year.
3. Ensure that the state has submitted an annual report. The language is also in S. 1786, SEC. 678E. (a)(2). The report must include an accounting of the expenditure of funds received by the

state through the Community Services Block Grant program, including an accounting of funds spent on administrative costs by the state and eligible entities. States submit their annual reports to the Secretary and NASCSP. The CSBG-IS contains the following:

- Financial information, specifically detailed expenditure and disbursement information on all CSBG funds, including administration, discretionary and the 90 percent allocation to eligible entities.
- Information on all leveraged resources, including other federal, state, local and private funds used by eligible entities.
- Performance Measurement: The state compiles information from all eligible entities and other service providers that identifies local goals and measures and the results that were achieved.

The NASCSP alternative would require the OCS to reconcile these three reports and certify that the state has met the requirements of the CSBG Act. NASCSP feels this new system will address the concerns of NCAF and better strengthen accountability.

It is estimated in Pennsylvania that the additional separate audit would cost about 1.30% of the amount audited. In Pennsylvania this would amount to \$351,000. Texas estimates that the additional audit would cost between \$350,000 and \$400,000. These funds are currently being used for building the capacity of Community Action Agencies and providing direct services to low-income people. If the current language is retained, these funds which are used to provide technical assistance, monitor, and to get the money out on a timely basis, would be diverted.

The above-mentioned alternative has been thoughtfully determined. We appreciate all of the membership's input and insight regarding this issue. Of course the discussion remains open and fluid. As our position continues to evolve, we continue to strive to dialogue and work with our national, state and local partners to make this reauthorization the best it can be for the Network. Please feel free to contact Vaughn Clark, Director of the Office of Community Development at the Oklahoma Department of Commerce and NASCSP Legislative Chair by phone at 405/815-5370 or me by phone at 651/284-4470 if you would like to discuss this issue further.