

Section 1

Designation of Lead Agency and Official State Designation Letter

Narrative State Community Services Block Grant Plan and Application
FY 2016-2017 STATE PLAN AND APPLICATION

I. This State Plan and Application will cover Federal fiscal years 2016 and 2017.

II. Letter of Transmittal

A cover letter is included with the final plan and will be submitted to the Office of Community Services (HHS/OCS) by September 1, 2015. The letter is addressed to the OCS Director and includes the State CSBG official who is to receive the CSBG Grant Award with complete address, telephone, email address and fax number.

III. Executive Summary

The State of Arkansas hereby submits the Community Services Block Grant State Plan and Application for Fiscal Years 2016-2017. This plan contains the necessary provisions, which adequately describe the programs for which assistance is sought under this subtitle, and which are consistent with the requirements of the CSBG Act.

A. CSBG State Legislation

The State of Arkansas' statutory authority for the Community Services Block Grant Program is the "Community Service and Community Action Program Act of 1985" (Act 345). See Section Two for the State Legislation. Through this Act, the Arkansas Legislature institutionalized the Community Services Program and determined that it will be carried out primarily through the Arkansas Community Action Agencies. The Act also determined service areas of these agencies to include all seventy-five counties and mandated 90 percent pass through of CSBG funds to these agencies. The Act limits state administrative expenditures of CSBG funds to five percent; the remaining five percent will be used as discretionary funds. The types of community services provided are consistent with requirements of the CSBG Federal Act.

B. Designation of Lead State Agency

Section 676(a) of the Community Services Block Grant Act, as amended (42 U.S.C. 9901, et seq.) (The Act), requires the Chief Executive of each State to designate an appropriate State agency to act as lead agency for administration of the Community Services Block Grant.

Under the Federal law referenced above, the Arkansas Department of Human Services, Division of County Operations, Office of Community Services is designated as the State department responsible for administering the Community Services Block Grant in Arkansas. The Assistant Director of the Arkansas Office of Community Services is the State official designated to sign assurances and receive the grant award.

Section 2

State Legislation and Regulation

State of Arkansas
75th General Assembly
Regular Session, 1985
By: Senator Hardin

ACT 345 1985
A BILL

SENATE BILL 348

For An Act To Be Entitled

1 "THE COMMUNITY SERVICES AND COMMUNITY ACTION PROGRAM ACT OF
2 1985; TO RECOGNIZE COMMUNITY ACTION ORGANIZATIONS OPERATING
3 WITHIN THE STATE AND VARIOUS PROGRAMS ADMINISTERED BY SUCH
4 AGENCIES; TO DEFINE OPERATIONAL JURISDICTIONS OF COMMUNITY
5 ACTION AGENCIES; TO PRESCRIBE PROCEDURES FOR THE ALLOCATION
6 AND EXPENDITURE OF FUNDS APPROPRIATED TO THE DIVISION OF
7 COMMUNITY SERVICES FOR THE PROGRAM; TO REQUIRE THAT FUNDS
8 RECEIVED BY THE STATE FROM THE FEDERAL GOVERNMENT UNDER THE
9 COMMUNITY SERVICES BLOCK GRANT BE DISTRIBUTED TO THOSE
10 NON-PROFIT ORGANIZATIONS WHICH ARE DEFINED AS COMMUNITY
11 ACTION AGENCIES BY ACT 477 OF 1977 AND THE COMMUNITY SERVICES
12 BLOCK GRANT ACT OF 1981; AND FOR OTHER PURPOSES."

14 WHEREAS, community action organizations have been organized and are
15 operational as non-profit corporations serving the low-income citizens of
16 Arkansas; and

17 WHEREAS, such agencies have been, and are now, providing human services
18 in such fields as aging, health, transportation, nutrition, housing, home
19 weatherization, developmental child care, family planning and other related
20 activities which the General Assembly considers as vital to the well-being of
21 lower-income persons of the State,

22
23 NOW THEREFORE,

24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

25
26 SECTION 1. (a) This Act shall be known as the "Community Service and
27 Community Action Program Act of 1985". The purpose of this Act is to
28 encourage non-profit community action organizations which have been formed to
29 provide basic and essential human services to low-income and elderly citizens
30 of Arkansas in the areas of health, transportation, housing, home repair and

President of the Senate

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1 weatherization, aging programs and aging alternatives to institutionalization,
2 developmental child care and enrichment, youth opportunity programs, low
3 income home energy assistance programs, and other related activities which the
4 General Assembly recognizes as beneficial to a large number of Arkansas citi-
5 zens. In furtherance of the purposes of this Act, the General Assembly hereby
6 recognizes community action organizations in their efforts to provide services
7 beneficial to low-income citizens of this State, and establishes a program of
8 financial assistance to recognized Community Action Agencies to enable them to
9 continue and expand such aforementioned activities and programs.

10 (b) It is further the purpose of this Act to encourage and promote the
11 operations and activities of Community Action Agencies whether such activities
12 are conducted by one Agency or by two or more cooperating Agencies.

13
14 SECTION 2. (a) The General Assembly of the State of Arkansas hereby
15 recognizes as Community Action Agencies and their jurisdiction, the following
16 nineteen (19) existing community action organizations:

17 (1) Arkansas River Valley Council consisting of Franklin, Scott, Yell,
18 Johnson, Pope, Conway, Perry, Logan and Polk Counties;

19 (2) Black River Area Development Corporation, consisting of Randolph,
20 Clay and Lawrence Counties;

21 (3) Central Arkansas Development Council, consisting of Saline, Hot
22 Spring, Clark, Pike and Montgomery Counties;

23 (4) Community Action Program for Central Arkansas, consisting of White,
24 Faulkner and Cleburne Counties;

25 (5) Crowley's Ridge Development Council, Inc., consisting of Craighead,
26 Greene, Jackson and Poinsett Counties;

27 (6) Crawford-Sebastian Community Development Council, Inc., consisting
28 of Crawford and Sebastian Counties;

29 (7) Community Services Office, Inc., consisting of Garland County;

30 (8) East Central Arkansas Economic Opportunity Corporation, consisting
31 of Cross, St. Francis, Woodruff, Crittenden and Lee Counties;

32 (9) Economic Opportunity Agency of Pulaski County, consisting of Pulaski
33 and Lonoke Counties;

34 (10) Economic Opportunity Agency of Washington County, consisting of
35 Washington County;

36 (11) Mississippi County, Arkansas Economic Opportunity Commission, Inc.

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1 consisting of Mississippi County;

2 (12) Mid-Delta Community Services, Inc., consisting of Phillips, Monroe
3 and Prairie Counties;

4 (13) Northcentral Arkansas Development Council, consisting of Fulton,
5 Izard, Sharp, Stone and Independence Counties;

6 (14) Office of Human Concern, consisting of Benton, Carroll and Madison
7 Counties;

8 (15) Ozark Opportunities, Inc., consisting of Van Buren, Searcy, Boone,
9 Marion, Baxter and Newton Counties;

10 (16) Pine Bluff-Jefferson County Economic Opportunities Commission,
11 Inc., consisting of Jefferson, Grant, Arkansas, Lincoln and Cleveland
12 Counties;

13 (17) South Central Community Action Authority, consisting of Ouachita,
14 Columbia, Calhoun, Dallas and Union Counties;

15 (18) Southeast Arkansas Community Action Corporation, consisting of
16 Bradley, Drew, Desha, Ashley and Chicot Counties; and

17 (19) Southwest Arkansas Development Council, Inc., consisting of Little
18 River, Hempstead, Miller, Lafayette, Howard, Sevier and Nevada Counties.

19 (b) The Department of Human Services, Division of Community Services is
20 hereby authorized to change the boundaries and the number of officially
21 recognized Community Action Agencies, provided that concurrence therein is
22 obtained of the governing boards of each of the affected existing Agencies as
23 recognized in subsection (a) of this Section.

24 (c) Nothing in this Act is intended to change or in any way conflict
25 with the status, boundaries, or functions of regional or metropolitan planning
26 commissions or councils of governments established under Act 26 of 1955 (Ark.
27 Stats. Ann. 19-2820 through 19-2824), as amended, nor the status, boundaries,
28 and functions of Planning and Development Districts as established and
29 recognized under Act 118 of 1969 (Ark. Stats. Ann. 9-324 through 9-328), as
30 amended.

31
32 SECTION 3. (a) The governing boards of directors of the nineteen (19)
33 existing community action organizations are recognized as the representative
34 organizations of the Community Action Agencies as recognized in Section 2 (a)
35 of this Act.

36 (b) The Department of Human Services, Division of Community Services is

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1 hereby authorized, whenever Agency boundaries have been changed in accordance
2 with Section 2 (b), to recognize the representative organizations of the new
3 Community Action Agencies.

4 (c) In order to qualify for recognition and further benefits under this
5 Act, a Community Action Agency shall have been organized and constituted under
6 the provisions of the Community Service Block Grant Act of 1981, and shall
7 have a governing board whose members are elected, and are representatives of
8 specific community interests in accordance with the Community Service Block
9 Grant Act of 1981.

10

11 SECTION 4. The Governor shall appoint a nine person Community Services
12 Advisory Board to advise him and make recommendations to him concerning mat-
13 ters affecting low-income persons in the State. The Board shall provide to
14 the Governor an annual report on poverty conditions in the State. Board mem-
15 bers shall serve terms concurrent with the Governor's term of office. The
16 Board shall be made up as follows:

17 (1) Three (3) Executive Directors of Community Action Agencies, one of
18 whom must be the President of the Arkansas Community Action Agencies
19 Association;

20 (2) Three (3) members from the Boards of Directors of Community Action
21 Agencies;

22 (3) Three (3) members from the public who have received assistance or
23 services from the Community Action Agencies;

24 (4) The Director of the Division of Community Services shall serve as an
25 ex-officio member of the Board.

26 The Board shall elect a chairperson and other officers it deems
27 necessary. The Board shall meet at the call of the Chairperson but no less
28 than quarterly. The Division of Community Services shall provide technical
29 assistance and reimbursement for the expenses of the Board.

30

31 SECTION 5. (a) The Department of Human Services, Division of Community
32 Services, is hereby authorized to make payments from time to time to offi-
33 cially recognized organizations of Community Action Agencies from State funds
34 appropriated for such purpose. Payments shall be scheduled to begin as nearly
35 as possible on July 1 of each fiscal year and on the first day of each calen-
36 dar quarter thereafter.

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1 (b) Funds appropriated for payments to such organizations of Community
2 Action Agencies shall be allocated on the basis of equitable criteria
3 established by the Department of Human Services, Division of Community
4 Services based upon application for programs.

5 (c) If, in the future, any change occurs in the jurisdictions of any of
6 the officially recognized nineteen (19) Community Action Agencies, as
7 authorized in Section 2 (b) of this Act, the first allocation of appropriated
8 funds to the former Agency or Agencies, which comprise counties reorganized
9 under the jurisdiction of a newly recognized Agency, shall be apportioned to
10 the new Agency or Agencies in accordance with equitable criteria established
11 by the Department of Human Services, Division of Community Services.

12 (d) At least ninety percent (90%) of the funds received and appropriated
13 by the State from the United States Government under the Community Services
14 Block Grant shall be allocated to Community Action Agencies, as defined in
15 this Act, under a formula to be determined by the Department of Human
16 Services, Division of Community Service, which is hereby designated as the
17 disbursing agency for Community Services Block Grant funds. The powers of
18 every Community Action Agency governing board shall include the power to
19 appoint persons to senior staff positions to determine major personnel,
20 fiscal, and program policies to approve overall program plans and priorities,
21 and to assure compliance with conditions of and approve proposals for finan-
22 cial assistance under this Act. No more than five percent (5%) of the
23 Community Services Block Grant may be used by the disbursing agency for admi-
24 nistrative purposes. Any subsequently remaining funds may be used for pur-
25 poses to be determined by the disbursing agency.

26 In the event the Community Services Block Grant is eliminated, each Com-
27 munity Action Agency shall be funded, subject to the restrictions of appli-
28 cable law or regulation, in the distribution of other federal funds which can
29 be used to support antipoverty programs.

30
31 SECTION 6. Whenever the General Assembly shall have appropriated funds
32 in order to make payments to officially recognized Community Action Agencies
33 as authorized in this Act, the Department of Human Services, Division of
34 Community Services, shall notify the respective governing boards of such
35 Agencies, of the amount allocated to such Agency as provided in Section 4
36 hereof, and shall notify the respective boards that application for such funds

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President of the Senate

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1 may be made upon forms provided therefor by the Department of Human Services,
2 Division of Community Services. Upon the receipt of application for such
3 funds, the Department of Human Services, Division of Community Services, shall
4 determine that the following conditions have been met before disbursing such
5 payments:

6 (1) That the community action organization is an officially recognized
7 Community Action Agency, in accordance with Section 2 of this Act, and has
8 been constituted in accordance with Section 3 (c) of this Act;

9 (2) The Agency board of directors shall certify that a proposed budget
10 has been established for the expenditure of State funds for purposes con-
11 sistent with the purpose of this Act; and

12 (3) At the end of each fiscal year, an audited report of each Community
13 Action Agency shall be submitted to the Department of Human Services, Division
14 of Community Services. Any amounts of State funds unexpended or unobligated
15 by June 30th shall be returned by the Agency to the State Treasury. If any
16 Community Action Agency shall have expended any State funds for any purpose
17 not within the purpose and intent of this Act, such amount shall be reimbursed
18 by such Agency to the State of Arkansas before any additional payments may be
19 made to such Agency.

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21 SECTION 7. State funds appropriated by the General Assembly to the
22 Department of Human Services, Division of Community Services, for payments to
23 be made to recognized Community Action Agencies in accordance with this Act,
24 shall used by such Agencies for funding antipoverty programs designated by
25 State regulations.

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27 SECTION 8. If any provision of this Act or the application thereof to
28 any person or circumstance is held invalid, such invalidity shall not affect
29 other provisions or applications of the Act which can be given effect without
30 the invalid provision or application, and to this end the provisions of this
31 Act are declared to be severable.

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33 SECTION 9. All laws and parts of laws in conflict with this Act are
34 hereby repealed.

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36 SECTION 10. EMERGENCY. It is hereby found and determined by the General

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President of the Senate

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1 Assembly that Community Action Agencies provide services which are basic and
2 essential to the well-being of low-income and economically disadvantaged per-
3 sons of this State. It is further determined that the delivery of such ser-
4 vices should be officially recognized in order to assure the continuation of
5 such services, and to promote the development of new services to solve
6 existing human service problems. Therefore, an emergency is hereby declared
7 to exist and this Act being necessary for the preservation of the public
8 peace, health and safety shall be in full force and effect from and after its
9 passage and approval.

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Paul Harrison

Wendell E. Bryant
President of the Senate

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APPROVED BY *Bancroft*
GOVERNOR

A. Gray
Speaker of the House

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The State lead agency CSBG policies and procedures are designed to maintain programmatic and fiscal control the State and its eligible entities. These policies and procedures are, in principle, a plan of organization under which the duties are so described as to ensure effective operation and sound organizational functioning.

State Lead Agency

The Arkansas Department of Human Services is the lead agency responsible for the Community Services Block Grant activities in the State of Arkansas. More specifically, the Office of Community Services (OCS), within the Division of County Operations, will be responsible for administering the Community Services Block Grant Program.

Mission and Responsibilities of Lead Agency

The mission of the Arkansas Department of Human Services is to improve the quality of life of all Arkansans by protecting the vulnerable, fostering independence, and promoting better health.

It is the mission of the State Office of Community Services to be the lead agency in state government in dealing with the problems of the poor. This agency is responsible for providing technical assistance to local communities and local agencies in providing community services to low-income persons.

The State is responsible for the administration of the Community Services Block Grant, Emergency Solutions Grant, Low-Income Home Energy Assistance Program, Commodity Distribution Unit and other grant programs designated by state government. The State Office of Community Services is charged with informing the Governor, Legislature and state government about the problems of the poor and the overall efforts of the agency and eligible entities to improve the quality of life for Arkansans.

Goals and Objectives of Lead Agency

The goals of the lead agency in administering the CSBG Program are to provide assistance to local communities through a network of eligible entities for the reduction of poverty and the revitalization of low-income communities, as well as the empowerment of low-income families and individuals in rural and urban areas to become fully self-sufficient; and to support other Federal Statutory Purposes and Goals of the CSBG Act.

The objectives of the lead agency are as follows:

- Develop the CSBG State Plan and Application for Fiscal Years 2016-2017, to be submitted to the U.S. Department of Health and Human Services, by September 1, 2015.
- Hold at least one public hearing in the State, with sufficient time for statewide distribution of notice of such hearing, and provide opportunity for public comment on the proposed use and distribution of Community Services Block Grant funds for Fiscal Years 2016-2017, before September 1, 2015.

- Conduct reviews of eligible entities for program evaluation and administrative compliance, under Section 678, at least once annually, during Fiscal Years 2016-2017.
- Carry out the statutory purposes and goals of the CSBG Act and assure compliance with all applicable statutes, rules, regulations, policies and procedures set forth by Federal and State Government, during Fiscal Years 2016-2017.

Administration of OCS Programs (Section 2100, State CSBG Policy)

The Arkansas Department of Human Services, Division of County Operations, Office of Community Services is designated by the Governor as the agency responsible for administering Community Services Block Grant, Low-Income Home Energy Assistant Program, Emergency Solutions Grant and Commodities. Other Divisions of the Arkansas Department of Human Services provide certain support functions for the State Office Community Services. The State Office of Community Services negotiates subgrant agreements with local agencies and governments, primarily with local eligible entities, to administer specific the State Office of Community Services program functions.

The relationship between the State Office of Community Services and eligible entities is described in the various subgrant agreements. In general, eligible entity responsibilities include outreach, application intake, eligibility determination, provision of services, and other administrative functions specified in the various subgrant agreements and in this manual. Eligible entities are responsible for effective and efficient program implementation in accord with program requirements.

The State Office of Community Services responsibilities include program planning and coordination, development of policy, procedures and forms, evaluation of program implementation by program monitoring, management of program funds, and other administrative functions specified in the various subgrant agreements and in this manual.

All the State Office of Community Services programs will be coordinated in every way feasible to assure that a comprehensive package of services is offered to low-income persons within the resources available.

Applicability of Manual (Section 2110, State CSBG Policy)

This manual is organized as follows: General sections apply to all the State Office of Community Services programs except as specified otherwise. The remaining sections contain policies particular to specific the State of Office of Community Service programs.

Severability (Section 2120, State CSBG Policy)

The provisions of these regulations are severable, and if any provision is held unconstitutional or a violation of statute by any court of competent jurisdiction, or shall otherwise cease to be effective, all other provisions of these regulations shall remain in effect.

Implementation and Waiver (Section 2130, State CSBG Policy)

Each eligible entity shall take all necessary steps, including but not limited to the adoption of amendments to existing by-laws, in order to comply with the requirements of these regulations at the effective date of these regulations. In the event that compliance with any requirement(s) set forth in these regulations would pose a hardship for any eligible entity, that agency may request a waiver. Such a request shall be in writing and shall state with particularity the requirement for which the waiver is sought, the length of delay of implementation requested and the reasons for the request. The Assistant Director of the State Office of Community Services or his/her designee shall grant or deny the request in writing.

Maintenance of the Manual (Section 2140, State CSBG Policy)

Material in this manual will be reviewed periodically and will be updated as necessary by the State Office of Community Services consistent with the requirements of the State Administrative Procedures Act.

Eligible entities will be provided copies of modifications to these materials in a format determined by the State Office of Community Services. Eligible entities are responsible for filing issuance letters, in numerical order, in the front of this manual.

Citizen Access and Privacy (Section 3100, State CSBG Policy)

A. The following documents must be made available for public inspection:

- Funding applications submitted to the State lead agency for funds;
- The eligible entity's most recent Articles of Incorporation, by-laws, board membership list, needs assessment and Statement of Purposes and Strategy;
- All contracts (including funding, consulting, goods and services) pertaining to State lead agency funds;
- All final reports (including audits) made to the State lead agency on projects funded with State lead agency funds;
- Minutes of the meetings of the Board of Directors;
- Position titles, salary ranges and job descriptions for all compensated positions.

- B. These documents may be made available to the public at the eligible entity's office at a reasonable time scheduled by the eligible entity and as agreed to by the person requesting the information. If the requesting person wishes copies of the document and it is feasible to provide such copies, the eligible entity may request a reasonable fee, not to exceed actual costs; for the copying of such documents.
- C. State and federal regulations shall apply for privacy of personal data held by the eligible entity relative to the State Office of Community Services supported personnel, programs and activities.

Personnel Policies and Procedures (Section 3110, State CSBG Policy)

- A. To provide for the consistent and equitable treatment of employees and to insure that all such employees fully understand the terms and conditions of their employment, each eligible entity shall issue published personnel policies which include:
 - 1. Access to a salary schedule listing the salary or salary range with steps for each position or group of positions.
 - 2. Access to a job description for each agency position.
 - 3. Agency rules governing vacations, sick leave, periodic employer evaluations, periodic salary increases and other conditions of employment.
 - 4. A description of any benefit plans with details on agency and employee contributions to those plans.
 - 5. Agency rules governing promotion, separation, resolution of grievances and regulations of employee conduct.
 - 6. Code of Conduct for employees as set forth in Section 3120, State CSBG Policy.
 - 7. A hiring process for the position of the eligible entity's Executive Director, including at a minimum the recruitment and screening process, criteria for selection, annual evaluation, board role in the selection process and other such relevant procedures.
 - 8. Procedures and policies to meet the requirements set forth in Section 3110, State CSBG Policy.
- B. Standards Governing the Selection of Personnel for Employment in OCS-Funded Programs.
 - 1. Each eligible entity shall employ persons who can perform their duties with competence and integrity.

Every consideration must be given to providing employment opportunity to low-income persons who have been denied the benefit of formal education. Each eligible entity shall make certain that its recruiting procedures afford adequate opportunity for the

- hiring and advancement of people to be served by community action programs. The attainment of a high level of education may be important to performance in certain positions. However, formal educational or licensing qualifications, unless required by state or local law, shall not be made a requirement for employment or advancement in either professional or non-professional capacities if a candidate has the ability to perform the duties of the position.
2. When the eligible entity Executive Director position is vacated or about to be vacated, the eligible entity board shall notify the State lead agency immediately by telephone and follow with formal notification in writing.
 3. No eligible entity shall discriminate in its hiring and personnel procedures against any applicant for employment or any employee because of race, creed, or color, national origin, religion, handicap, sex or age.

C. Personnel Practices

1. The salary for each position shall be in accord with prevailing practices for comparable positions in local public and/or private non-profit agencies. The eligible entity shall maintain records of comparability studies that support such salary determination and make them available to the State lead agency upon request.
2. An eligible entity may provide for periodic salary increases that are in accord with prevailing practice in comparable local public and/or private non-profit agencies.
3. An eligible entity may participate in existing benefit plans or establish new plans which are in accord with prevailing practice in comparable local public and/or private non-profit agencies. Grant funds may not be used to provide benefits in excess of the State of Arkansas employee benefit plan or an approved alternate plan.
4. Travel reimbursement policies must be included in the eligible entity's published personnel policies. These policies must not exceed the State of Arkansas travel reimbursement policies or approved alternate plan.
5. Employee grievances shall be given prompt and fair consideration. Eligible entities shall make provision for review of personnel actions by the governing body in any case in which there is a claim of unfair treatment or of dismissal without cause in compliance with the procedures set forth in the eligible entity personnel policies.
6. Eligible entities shall enforce the following provisions relating to outside employment of their employees:
 - a. Such employment shall not interfere with the efficient performance of the employee's duties with the eligible entity.

- b. Such employment shall not involve the performance of duties which the employee shall perform as part of his/her employment with the eligible entity.
 - c. Such employment shall not occur during the employee's regular or assigned working hours in the eligible entity agency unless the employee, during such employment, is on either annual leave, compensatory leave or leave without pay.
- D. Eligible entities shall keep the following records on all employees.
- 1. Appropriate records on all personnel actions including hiring and discharge, status as exempt or non-exempt, promotion and discipline.
 - 2. Records on the salary and any salary increases received by each full time employee.
 - 3. Time and attendance records for all employees signed by both the employee and the employee's supervisor.

Code of Conduct (Section 3120, State CSBG Policy)

The eligible entity shall observe the following minimum standards governing the conduct of board members, employees and their immediate families.

For the purpose of these requirements, immediate family members shall be defined as follows: Husband, Wife, Father, Father-in-law, Mother, Mother-in-law, Brother, Brother-in-law, Sister, Sister-in-law, Son, Son-in-law, Daughter and Daughter-in-law.

- A. Board members, employees and members of their immediate families shall not solicit or accept gifts, gratuities, favors, or anything of monetary value from:
 - 1. Any contractor, potential contractors or subcontractors of the eligible entity.
 - 2. Any person applying for or receiving benefits or services through or from the eligible entity.
 - 3. Any person in a position to benefit otherwise from the activities of the eligible entity.
- B. No board member, employee or member of his/her immediate family shall have a financial interest in a contract of the eligible entity (except an employee's contract of employment) which is supported by any funds received from the State Office of Community Services. This shall not be construed to deny services provided by the eligible entity to a person otherwise eligible to receive such services.
- C. A board member or employee of an eligible entity agency shall not participate in any matter involving any funds or other funds administered by

the State Office of Community Services which affects, to his/her knowledge, the financial interest of:

1. Such board member or employee, or his/her immediate family (this prohibition shall not apply to matters of reimbursement of board members in accordance with these regulations or to an employee's contract of employment);
 2. His/her business partner(s) or a business organization with which he/she is associated;
 3. Any person or organization with whom he/she is negotiating or has any arrangement concerning prospective employment.
- D. No person may serve on the eligible entity board that is an employee of the eligible entity agency, Arkansas Department of Human Services, the U. S. Department of Health and Human Services, or the U. S. Department of Energy.
- E. No person shall be employed while he/she or a member of his/her immediate family serves on a board or committee of an eligible entity if that board or committee has authority to order personnel actions affecting his/her job.
- F. No person shall hold a position of employment in which a member of his/her immediate family exercises supervisory authority.
- G. No person shall be employed in a position in which he/she reports to the same supervisor as a member of his/her immediate family.
- H. Board members and employees of the eligible entity agency shall refrain from conduct which gives the appearance of violating any of the above standards.
- I. Failure of an agency to comply with these policies shall be cause for suspension.

Affirmative Action (Section 3130, State CSBG Policy)

An equal opportunity and affirmative action work plan which must establish objectives to indicate compliance with federal and state laws relative to nondiscrimination in the use of the State Office of Community Services funds must be on file and available for review.

- A. At a minimum, objectives and activities must include: Procedures for addressing any prohibited discrimination and resolving any complaints and grievances pertaining to such discrimination; means for addressing the underutilization of any protected class in employment or receipt of the State Office of Community Services program benefits; and methods to insure that no person is denied program access on account of handicap in accordance with federal and state law.

- B. The following information must be updated: Name of the Equal Opportunity Officer and a description of his/her duties; a description of duties of the Equal Opportunity Governing Board (if any) and a list of its members; a numerical analysis of the composition of the agency's work force by position type and the Governing Board membership on the basis of sector represented.

The agency may not appoint as its Equal Opportunity Officer the Executive Director. The eligible entity shall have this information available for review by OCS Monitors or available upon request by OCS.

Americans with Disabilities Act (Section 3135, State CSBG Policy)

The Americans with Disabilities Act (ADA) of 1990 prohibits discrimination against any individual with a disability in regard to employment, benefits, and services. As an integral part of its overall affirmative action plan, the eligible entities must comply with the guidelines and requirements specified in the ADA.

In accordance with ADA, the eligible entity will not discriminate against any individual with a disability and shall ensure compliance in the following areas:

- A. The eligible entity will not discriminate against any employee, client, or applicant for employment because of physical or mental disability.
- B. The eligible entity further agrees to comply with the rules and regulations promulgated by the State Office of Community Services and specified in the Americans with Disabilities Act of 1990.
- C. The eligible entity agrees to post in conspicuous places relating to clients, employees and applicants for employment, any notices approved by the Director of U.S. Department of Labor or other federal funding agencies.
- D. The eligible entity must notify OCS of any complaints received regarding non-compliance with ADA.

Prohibited Political Activities (Section 3140, State CSBG Policy)

- A. The Coats Human Services Reauthorization Act of 1998 specifically makes eligible entities subject to certain provisions of the federal Hatch Act. Unless superseded by federal statute, guidelines, directives, or regulations, the following is intended to provide guidance to eligible entities as to appropriate standards of conduct relative to political activities, as well as to the use of any funds administered by the State Office of Community Services for political purposes.
 - 1. Eligible entities must administer programs in a politically nonpartisan manner. The use of any funds administered by the State Office of Community Services, the provision of services and the assignment of personnel must not result in the identification of the program with any partisan political activity which is designed to further any election or defeat of a candidate for public or party office.

In addition, the eligible entity may not use any funds administered by the State Office of Community Services, the provision of services, or the assignment of personnel in connection with transporting voters or potential voters to the polls.

2. Anti-poverty programs often include activities which may become the subject of political controversy. Eligible entities may, of course, undertake activities dealing with issues related to their basic program responsibilities, such as organizing and advocating for the needs of low-income persons. In carrying out their basic mission and goals, eligible entities may actively engage in campaigns connected with constitutional amendments, referenda, municipal ordinances, law reform and lawful attempts to influence government officials to respond to the grievances of the poor. Eligible entities need not avoid such activities merely because partisan officials or candidates for public office may take or have taken positions with respect to the issue. Agency officials acting in their official capacities must, however, deal with questions which have become a subject of political controversy on their merits and not because they are supported or opposed by a particular party or candidate.
3. Except as set forth in these requirements, employees of eligible entity agencies are free to engage in various kinds of political activities during their off-duty hours and in their private capacities. A broad range of participation in elections is permitted. These restrictions apply to the use of any funds administered by the State Office of Community Services, the provisions of services, and the assignment of agency personnel in a manner which identifies any State Office of Community Services funded programs with partisan political activity, nonpartisan activity associated with a candidate or contending faction or group in an election for public or party office, voter registration and the transportation of voters to the polls. These restrictions are, in a broad sense, designed to prohibit the use of any funds administered by the State Office of Community Services for certain purposes. Insofar as the individual employee is concerned, however, these restrictions deal only with what he or she does as an employee.
4. The following restrictions apply to all employees, volunteers and board members:
 - a. Must not use their official position, authority or influence with the agency for the purpose of interfering with or affecting the result of an election or a nomination for a party or public office.
 - b. Must not directly or indirectly coerce, attempt to coerce, command or advise an employee or any other person who is subject to these restrictions to pay, lend or contribute personal services to a party, committee, organizations, agency or person for political purposes.
 - c. Must not use any funds administered by the State Office of Community Services for any political purpose or to influence any election for public or party office.

- d. Must not permit the use of equipment or premises purchased or leased with funds administered by the State Office of Community Services for any political purpose or to influence outcome of any election for public or party office. This restriction applies only to facilities when under the control of the eligible entity.
- e. Must not discriminate, or threaten or promise discrimination, against or in favor of any employee or beneficiary in the program, or any potential employee or beneficiary, because of his/her political affiliations or beliefs, or require any applicant, employee or beneficiary to disclose his/her political affiliation.
- f. Must not offer any person employment, promotion or benefits under the program as a reward for the support or defeat of any political party or candidate for public or party office, or threaten or create disadvantage in employment or deprivation of benefits as a penalty for such support, except that a person may be deprived of employment or subject to lesser penalties for engaging in activities which are forbidden by this subsection.
- g. May not, while carrying out the programs of their agencies, engage in voter registration activity or in transporting voters or prospective voters to the polls. (Board members are not included in this restriction.) This restriction applies to the use of any funds administered by the State Office of Community Services, facilities or equipment purchased with Office of Community Services funds, as well as to the provision of the State Office of Community Services, and the assignment of OCS-funded personnel. All persons may participate in voter registration during their off-duty hours, so long as they avoid identification of such off-duty activities with the eligible entity.
- h. An eligible entity may properly conduct a citizenship education program which includes, as part of the curriculum, information about the mechanics and function of voter registration. Such a program may be valuable in educating the poor as to the legitimate and constructive roles they as citizens may play in local community life and in the American democratic process.
- i. Candidates' meetings, even if all rival candidates for one or more public offices appear, shall not be sponsored or conducted with State Office of Community Services funds or facilities. This restriction on the use of any funds administered by the State Office of Community Services does not, however, limit the rights of employees, volunteers or board members to participate in candidates' meetings, subject to these restrictions.

Bonding and Liability Insurance (Section 3140, State CSBG Policy)

- A. The eligible entity must, as a condition for the receipt of OCS funds, secure fidelity bond coverage for appropriate eligible entity officials. Coverage must be secured for each person authorized to sign or countersign checks or to transport, maintain custody of, or disburse sizable amounts of cash (such as for payrolls) in the minimum amount equal to ten percent of total OCS funds awarded to be disbursed (CSBG, ESG, Shelter Plus Care, LIHEAP, Commodities and any other funds awarded by DHS/OCS).
- B. Prior to its initial agreement with OCS for funding, each eligible entity shall submit assurance that this condition has been met. This assurance shall take the form of a letter from a bonding company or agent stating the type of bond, amount and period of coverage, positions covered, and the annual cost of the bond that has been obtained. OCS must be notified by the eligible entity within thirty days of any changes in bonding coverage.

Travel Reimbursement (Section 3140, State CSBG Policy)

- A. Travel costs will be reimbursed at actual cost not to exceed the current rate paid by the State of Arkansas to its employees.
- B. The eligible entity cannot charge travel costs in excess of the maximums outlined in state agency regulations except in an alternative travel reimbursement plan approved by the State lead agency prior to implementation by the eligible entity.
- C. Receipts must be obtained for all travel expenses except meals. Travel forms showing destination and reason for the trip must be approved by the director before reimbursement for mileage.
- D. The travel day shall commence at 6:00 a.m., include breakfast, lunch, dinner and one night's lodging and shall end the following morning at 6:00 a.m.
- E. Before an employee can claim reimbursement for meals and lodging, an "official station" must be established by the Executive Director. Reimbursement cannot be claimed for meals and lodging within the city or town designated as the traveler's "official station". The city or town where meals and lodging were purchased must be listed on the travel form. When privately owned vehicles are used for authorized travel, the eligible entity will assume no responsibility for any maintenance, operational costs, accidents or fines incurred by the owner of the vehicle.
- F. The following are not reimbursable expenses: entertaining, flowers, valet service, laundry, cleaning or other similar services.
- G. When traveling by air on official business, the traveler should use less than "first class" accommodations when available.
- H. All claims for travel by agency employees must be made out by the traveler and payment will be made only to the traveler. One employee may not

include in his travel expense statement the expenses of another employee traveling in his company.

- I. Claims made out in the name of a hotel or claimant other than the traveler will not be approved for payment.
- J. Expenses for rental of space, decorations, entertainment or other arrangements in connection with banquets held solely for the benefit of agency employees are not reimbursable.
- K. For out-of-state travel, reimbursement shall be the lesser of air fare according to H above or the current state mileage reimbursement rate when a private car is used.

Procurement (Section 3147, State CSBG Policy)

- A. The eligible entity shall establish written procurement procedures which provide for, at a minimum, the following:
 - 1. Proposed procurement actions shall follow a procedure to assure that unnecessary or duplicative items are not purchased. Where appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economically practical procurement.
 - 2. Solicitations for goods and services shall be based on a clear and accurate description of the technical requirements for the material, product or service to be procured. Such description shall not, in competitive procurements, contain features which unduly restrict competition. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a "brand name or equal" description may be used as a means to define the performance or other salient requirements of a procurement, and when so used the specific features of the named brand which must be met by bidders/offers shall be clearly specified.
 - 3. The type of procuring instruments used, e.g., fixed price contracts, cost reimbursable contracts, purchase orders, incentive contracts, shall be determined by the procuring party but must be appropriate for the particular procurement and for promoting the best interest of the grant project or program involved. The "cost-plus-a-percentage of construction costs" method of contracting shall not be used.
 - 4. Contracts shall be only with responsible contractors who possess the ability to perform successfully under the terms and conditions of a proposed procurement.
 - 5. All procurement transactions shall be conducted in a manner to provide to the maximum extent practical, open and free competition.
 - a. Purchases up to \$10,000.00 may be made without competitive bids. However, competition should be used to the maximum extent practical.

- b. Purchases that exceed \$10,000.00 and up to \$25,000.00 shall require at least three informal bids. These may be either verbal or written. The records should indicate these bids and how they were obtained.
 - c. Purchases over \$25,000.00 shall be made only after receiving competitive sealed bids in response to advertised requests.
 - d. Written justification must be in the file if other than the lowest bid is accepted.
 - e. Splitting purchases to avoid competitive bids will not be allowed.
 - f. Notice inviting bids shall be given not less than five (5) calendar days nor more than thirty (30) calendar days preceding the date for the opening of bids by publishing such notice at least one (1) time in at least one (1) newspaper having general circulation in the state, but in all instances, adequate notice shall be given. The notice shall include a general description of the commodities or services to be procured and shall state where invitations for bid may be obtained. The notice shall also state the date, time, and place of bid opening.
 - g. Bids shall be opened publicly in the presence of one (1) or more witnesses at the time and place designated in the invitation for bids. Each bid, together with the name of the bidder, shall be recorded and open to public inspection.
6. Solicitations shall clearly set forth all requirements that the bidder/offerer must fulfill in order for the bid/offer to be evaluated. Awards shall be made to the responsible bidder/offerer whose bid/offer in response to the solicitation is most advantageous to the eligible entity, price and other factors considered. Factors such as discounts, transportation costs, and taxes may be considered in determining the lowest bid. Any and all bids/offers may be rejected when it is in the eligible entities interest to do so.

Eligible entities may not place unreasonable requirements on firms in order to qualify to do business or unnecessary experience and bonding requirements.

7. The eligible entity must make some form of price or cost analysis in connection with every procurement action with a total cost of \$500.00 or more. Price analysis may be accomplished in various ways, including the comparison of price quotations, market prices and similar indicators together with discounts. Cost analysis is the review and evaluation of each element of cost proposed by the offerer to determine reasonableness, allocability and allowability.
8. Where an eligible entity proposes to enter into a sole-source contract, or a contract where only one bid or proposal is received, such contract shall be subject to prior approval by the state lead

agency. All contracts, where possible, must be free and open to competition.

9. Eligible entities shall maintain records sufficient to detail the significant history of procurement. These records shall include, but are not necessarily limited to, information pertinent to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection and the basis for the cost or price.
 10. A system of contract administration shall be maintained to ensure contractor conformance with terms, conditions, and specifications of the contract and to ensure adequate and timely follow-up of all purchases.
- B. All contracts for procurement of property and/or services shall be in writing and shall provide appropriate remedies to the eligible entity in case of breach of the contractor.
 - C. Where possible, eligible entities shall make every effort to contract with minority businesses.

Financial Policies and Procedures Manual (Section 3180, State CSBG Policy)

- A. All eligible entities are required to maintain an updated Financial Procedures Manual which establishes procedures to meet each fiscal standard as set forth in these requirements. This manual will set forth the procedures for the authorization of purchases, approval of obligations, preparation of vouchers, the signing of checks, the recording of financial data in books or record, inventory control and, in general, the safeguarding of assets and records. The completed manual (and any amendments thereto) must be approved by the eligible entity's Board of Directors and an informational copy submitted to the State Office of Community Services.
- B. As a condition for receipt of the State Office of Community Services funds, the eligible entity must have a financial management system that meets the following standards:
 1. Accurate, current and complete disclosure of programs so that funds can be traced from receipt to actual delivery of services to low-income persons.
 2. Records that identify adequately the source and application of funds for State Office of Community Services sponsored programs. The records shall contain information pertaining to awards, authorizations, obligation, unobligated balances, assets, outlays and income.
 3. Effective control over and accountability for all funds, property and other assets. Agencies shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.
 4. Comparison of actual outlays with budget amounts for each grant or other agreement. Financial information should be related to performance data.

5. Procedures for determining the reasonableness, allowability and allocability of costs in accordance with the provisions of the applicable cost principles and the terms of the contract.
6. Accounting records that are supported by source documentation.
7. Audit to determine, at a minimum, the fiscal integrity of financial transactions and reports, and the compliance with laws, regulations, and administrative requirements. The eligible entity will schedule and complete such audits annually.
8. A systematic method to assure timely and appropriate resolution of audit findings and recommendations.

C. **Property Management**

1. Real Property. No real property (i.e., land, buildings, or other resources still attached to or within the land) may be purchased in whole or in part with any funds administered by the State Office Of Community Services unless specifically approved by the State lead agency in writing.
2. Property Disposition: When property purchased with any funds administered by the State Office of Community Services funds is no longer needed for the approved project, the eligible entity shall submit a written request for disposition instructions or permission to use that property in other programs consistent with the Office of Community Services purposes. This provision applies to tangible personal property having a useful life of more than one year and an acquisition cost of \$1,000.00 or more per unit.
3. Inventory Procedures:
 - a. The eligible entity shall maintain an inventory listing of all property (with a unit cost of \$500.00 or more) purchased with any funds administered by the State Office of Community Services. This listing shall include the date of purchase, inventory number, cost, portion of funds used to purchase the property, if not fully paid for by State Office of Community Services funds, procurement procedures used for purchase, location of property, and the State Office of Community Services contract/program for which the property was purchased. This listing shall be kept current at all times.
 - b. All property (with a unit cost of \$500.00 or more) shall be labeled with the inventory number assigned to it by the inventory listing required below.
 - c. This inventory listing need not be submitted to the State lead agency but must be made available on request.

- d. A comprehensive inventory to assure inventory listing accuracy must be conducted and recorded at least every two years.
- D. Cost Principles. Each eligible entity shall adhere to the Cost Principles set forth in the U. S. Office of Management and Budget (OMB) Super Circular ("Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards") in the use of OCS funds. All OCS funds shall be maintained in a bank account separate from any other funds an agency might possess. However, this will be waived if the agency can demonstrate that their system provides for program identification of funds. OCS bank statements will be reconciled to the general ledger and checkbook monthly. All checks written on funds administered by the State Office of Community Services bank accounts will require two signatures, one of which will be the Executive Director or designee.
1. Salaries and wages: Regular full-time, part-time, and extra help employees must be supported by time sheets.
 2. Fringe benefits: The agency's proportion of the amounts necessary to contribute the agency's share to match the deductions from the salaries of employees for social security and other approved benefits. The maximum amount allowed in this category shall not exceed the current amount allowed for fringe benefits by the State of Arkansas to its employees.
 3. Professional Fees: Expenses for contractual agreements entered into by the eligible entity with an individual, partnership, corporation or anyone other than an employee of the respective eligible entity to provide a particular document, report, speech, or study must be supported by itemized invoice authorized by the agency director.
 4. Travel: Actual costs of the agency employee's travel, subsistence, meals, lodging, and transportation while traveling on official business and actual cost of travel expense for representatives of agency boards, subject to travel reimbursement provisions of State CSBG Policy 3160.
 5. Space Costs and Rentals, Operating Expense: Postage, equipment, surety and performance bonds, insurance premiums, association dues and memberships, contractual services, newspaper, court cost, and equipment not capitalized must be approved by the Executive Director.
 6. Lease and Purchase of Equipment: Lease or purchase of vehicles, office equipment and furniture and expenditures from this category must have the written approval of the the State Office of Community Services Assistant Director *Equipment* means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000. Each agency must maintain an inventory of fixed assets which can

be reconciled to the accounting records. The approval should be maintained in the property records for audit purposes.

- E. Prohibition on Use of any funds administered by the State Office of Community Services for Lobbying Activities. Such funds of a contract or grant recipient may not be used to pay the salary or expenses of any staff member or agent acting for such recipients to engage in activity designed to influence legislation or appropriations pending before the U. S. Congress or the Arkansas Legislature.

F. Retention and Disposition of Records

1. Financial records, supporting documents, statistical records, and all other records pertinent to an State lead agency contract are covered by these requirements.
2. The retention period for each year's records starts from the end date of the eligible entity's program year.
3. Records shall be retained for a minimum of three years. If any litigation, claim or audit has not been fully resolved before the expiration of the three year period, all relevant records shall be retained until one year after resolution.
4. When records and materials are to be discarded, they will be destroyed by burning or shredding. These methods of destruction will maintain confidentiality by insuring that none of the confidential information can be obtained by unauthorized individuals.
Records, such as data forms, policy issuances, etc., which do not contain client names or information which is traceable to a client, may be discarded as the eligible entity deems best.

G. **Access to Records**

Eligible entities shall provide the State lead agency and/or its authorized representative access to all books, records, documents and compilations of data relating to any programs administered by the State Office of Community Services.

H. **Certification of Accounting System**

1. Before funds will be released to an eligible entity receiving an initial contract using any funds administered by the State Office of Community Services, the eligible entity must submit a statement certifying that its accounting system meets financial requirements and standard acceptable accounting practices. The accounting system must have internal controls adequate to safeguard their assets, check the accuracy and data, promote operating efficiency and encourage compliance with State lead agency policies. The certification shall be furnished by an independent Certified Public Accountant.

2. Within three months after the effective date of an initial contract, an eligible entity must have its accounting system surveyed and evaluated by an independent CPA. If the independent CPA's findings show significant departure from these policies, OCS shall take steps to have the eligible entity correct the deficient practices prior to suspension or termination.
3. Although accounting system certifications are usually required only for the initial contract with an eligible entity, if the submitted annual audit or finance reports indicate system deficiencies, the State lead agency may require a new certification from an ongoing contract agency.

Corrective Action, Suspension, Termination and Establishment of Eligible Entity Status. (Section 3200, State CSBG Policy)

- A. Corrective Action: OCS shall require an agency to submit a Quality Improvement Plan (QIP) when OCS determines that an eligible entity has failed to comply with and meet the requirements contained in regulations or published administrative requirements of OCS, has failed to fulfill its funded work program, or has breached the terms of its funding agreement with OCS.

If the OCS Assistant Director determines that an emergency situation exists due to threat of imminent loss or waste of OCS funds and that immediate action is required due to the seriousness of the violation and/or is necessary to protect OCS funds or property: 1) OCS shall notify the agency (by certified mail) of the deficiency to be corrected and may require that the eligible entity develop a Quality Improvement Plan to correct the deficiency within sixty days from date of notice. OCS will establish a reasonable time frame for the eligible entity to correct the deficiency. 2) OCS may immediately suspend the agency from participation pending an opportunity for appeal. 3) OCS may offer training and technical assistance, if appropriate, to help correct the deficiency.

When technical assistance is offered by the State, OCS will prepare and submit to the Secretary a report describing the training and technical assistance offered within 60 days from the date of notification for QIP. If the state determines that such training and technical assistance are not appropriate, OCS will prepare and submit to the Secretary a report stating the reasons for this determination within sixty days from date of notification for QIP.

OCS will review the Quality Improvement Plan submitted by the agency and inform the eligible entity of its approval or disapproval status within 30 days from the date the Quality Improvement Plan is received by OCS.

If the plan is not approved, OCS will notify the eligible entity of disapproval (by certified mail), specify reason the plan was not approved, and give notice of suspension.

- B. Suspension: The suspension notification shall include a date beyond which no OCS funds may be expended by the entity, or alternatively, such other restrictions on OCS expenditures as OCS may require. If the eligible entity wishes to appeal this determination, it must submit a written request to the Assistant Director to remove the suspension. This request must be made within twenty days of the date of the suspension notice. The eligible entity may include a request for a meeting with the DCO Director upon which the DCO Director shall schedule such a meeting to be held within ten days of receipt of the request and issue a finding, in writing, within ten days of adjournment of the meeting.

If the DCO Director denies the appeal, the eligible entity may appeal to the DHS Director, in writing within ten days. The DHS Director shall schedule such an appeal to be held within ten days of receipt of the request and shall issue written findings within ten days of adjournment of the appeal hearing. If the DHS Director denies the appeal, OCS may initiate termination of status of the agency as an eligible entity according to procedures as set forth in 3200 C. If entity requests review by HHS, no funds determination is final until HHS reviews.

C. Termination.

1. OCS may initiate procedures to terminate the status as an eligible entity of a Community Action Agency in the following instances:
 - a. Where an eligible entity has been suspended under 3200 B., following either passage of the twenty days allotted for the eligible entity's appeal or a denial of the appeal by the DHS Director.
 - b. As provided in any exclusion or debarment law or rule.
2. The procedures for termination of status as an eligible entity of a subgrantee shall be as follows:
 - a. OCS shall provide the eligible entity with written notice (by certified mail) of OCS's intent to terminate the status of the eligible entity and the reasons for this termination. The notice shall specify the effective date of termination of status and termination of all OCS funded activities, which date shall be no sooner than sixty days from the time of sending such notice to the eligible entity. The notice shall also provide necessary program instructions, including any restrictions on eligible entity expenditures, pending the effective date of termination of status.

- b. The eligible entity may appeal, in writing, to the DCO Director within twenty calendar days following receipt of the notice of OCS's intent to terminate status. This appeal shall address the reasons for termination and, where appropriate, any corrective action taken, or proposed to be taken, by the eligible entity. The appeal may also include a request by the eligible entity that the DCO Director or his/her designee hold a public hearing before making a decision, in which case such a public hearing "on the record" shall be held within twenty days. At this hearing the eligible entity shall have the right to present evidence and argument on all issues contained in the appeal.
- c. The DCO Director shall make specific written findings of fact and conclusions of law and enter one of the following decisions:
 - (1) Reverse the agency decision and remove the notice of intent to terminate.
 - (2) Reverse the termination but affirm the specific corrective action that must be taken in order for the agency to maintain its status as an eligible entity. If the eligible entity subsequently fails to take such corrective action, OCS may terminate the agency.
 - (3) Affirm the agency action. The eligible entity may request review by the federal funding agency. If an agency requests a review by the federal funding agency, no determination, other than an emergency action shall be effective until the federal funding agency affirms or rejects the state's finding of cause. The DHHS Director's decision is the final agency determination.

D. Voluntary Suspension of Status as Eligible Entity

An eligible entity may request and OCS may approve voluntary suspension of the status of the eligible entity for a stated period of time. OCS shall make arrangements it deems necessary to assure the continued provision of services during the period of voluntary suspension. The voluntary status of suspension shall be lifted at the agreed upon time. If upon completion of the period of voluntary suspension, OCS determines that suspension shall continue, normal steps for corrective action prior to suspension shall apply, including the rights of appeal by the eligible entity. The eligible entity may request and OCS may approve an extension of the period of voluntary suspension.

E. Establishing Eligible Entity Status

If an existing eligible entity terminates its service, the Governor will solicit applications from eligible entities and designate an eligible entity to provide services in the unserved area. The eligible entity shall be:

1. A private nonprofit organization (which may be an eligible entity), that is geographically located in the unserved area, that is capable of providing a broad range of CSBG services designed to eliminate poverty and foster self-sufficiency. Special consideration will be given to qualifying organizations that are providing related services in the unserved area, consistent with the needs identified by a community-needs assessment.
2. A private nonprofit eligible entity that is geographically located in an area contiguous to or within reasonable proximity of the unserved area and that is already providing related services in the unserved area. The nonprofit eligible entity selected shall have its board constituted so as to assure adequate board representation as follows:
 - a. The private nonprofit eligible entities shall administer the Community Services Block Grant Program through a tripartite board that fully participates in the development, planning, implementation, and evaluation of the program to serve low-income communities.
 - b. The members of the board shall be selected by the entity.
 - c. The board shall be composed so as to assure that (1) elected public officials or their permanent representatives shall comprise one-third of the board. (2) representatives of low-income persons shall comprise at least one-third of the board. (3) Representatives of business, industry, labor, religious, law enforcement, education or other major groups and interests in the community shall comprise the remainder of the board.
3. No Qualifying Organizations in or Near Area:

If there is no private nonprofit organization identified or determined to be qualified to serve as an eligible entity, the Governor may solicit application from, and designate a political subdivision to serve as an eligible entity to provide services in the unserved area. The political subdivision shall have a tripartite board or other mechanism to assure decision making and participation by low-income individuals in the development, planning, implementation, and evaluation of programs. The board

shall be constituted so as to assure that no less than 1/3 of the members are representatives of low-income individuals and families in the neighborhoods and that they reside in the neighborhoods served.

Abuse or Misuse of Funds (Section 3210, State CSBG Policy)

Any evidence of suspected criminal activity related to OCS funds or programs by an eligible entity or any of its staff or board members shall be referred to appropriate authorities for possible prosecution.

Single Agency Audit (Section 3220, State CSBG Policy)

A. Annual Audit.

1. Each eligible entity shall arrange for an annual audit to confirm that the financial statements present fairly and accurately the financial position of the eligible entity, that the eligible entity is complying with applicable OCS requirements and with general and special contract conditions, and that appropriate financial and administrative procedures and controls have been installed, are operating effectively, and are consistent with the eligible entity's Financial Procedures Manual. The audit shall cover the eligible entity's prior audit year in total and shall be submitted to OCS no later than 120 days after the eligible entity's program year ends.
2. Eligible entities are required to conduct a single agency audit in accordance with OMB Super Circular Subpart F.
3. Each eligible entity shall enter into a written agreement with an auditor for this purpose specifically stating the scope of the audit, that DHS/OCS regulations will be applied as the basis of the audit, the auditor's responsibility, the date by which the audit will be completed, and the fee to be paid by the eligible entity.
4. If an audit report does not meet the standards of the Single Agency Audit Act Amendments of 1996, the eligible entity will receive notice as to what further action, if any is necessary, to meet these requirements. The cost of an audit that does not meet these requirements may be disallowed as a charge against DHS/OCS funds.
5. On the basis of resultant findings and conclusions, DHS/OCS will determine whether any of the costs or expenditures incurred shall be disallowed as charges against DHS/OCS funds. In the event of disallowance, DHS/OCS may seek recovery of sums by appropriate means. DHS/OCS may also impose additional requirements to assure that conditions which gave rise to the disallowance have been corrected and are not likely to recur.

B. Audit Resolution

1. The eligible entity shall respond in writing to all findings, recommendations, observations, and questioned costs in its annual audit reports when requested to do so by DHS/OCS. The response shall be submitted to DHS/OCS within thirty calendar days from the date DHS/OCS notifies the eligible entity of its findings and recommendations or the stated time period requested by DHS/OCS.
2. In the response, the eligible entity may take exceptions to particular findings and recommendations. The rationale for such exceptions should be clearly set out in the response. The response should point out corrections already made and state what action is proposed and the estimated completion date of such action. Although the eligible entities need not send DHS/OCS all documentation supporting corrections unless requested to do so, documentation of actions taken is very important and must be available for review during later audits.
3. DHS/OCS will consider the response and any additional requested information in determining whether specific expenditures of DHS/OCS funds will be disallowed. If any are disallowed, DHS/OCS will send the eligible entity written notice of the determination.
4. Any appeal of disallowed expenditures shall be submitted in writing within thirty days of the notice of disallowance and shall contain a clear statement of the issue(s) which the eligible entity wishes to have considered. The eligible entity may include with the appeal statements any supporting facts or arguments which the eligible entity feels should be considered. DHS/OCS shall offer the subgrantee an informal hearing conducted by the DHSOCS Assistant Director or his/her designee. The eligible entity is allowed legal counsel during the course of this appeal. The decision on the appeal shall be made in writing within thirty days of the hearing and be final.

Arkansas Statutes Section 5-713 provides subgrantees the right to appeal this decision to the Circuit Court of any County in which the eligible entity is located or does business or to the Circuit Court of Pulaski County. This request must be filed within thirty days of receipt of the appeal decision.

5. In the absence of an appeal, disallowances become final thirty days after the notice provided for in B.3. All final disallowances shall be satisfied within ninety days of the date on which notification of the disallowance was made through cash payments to DHS/OCS unless the eligible entity has received written notice allowing an alternative means of notification. Failure by the eligible entity to satisfy a final disallowance or take corrective action to remedy deficiencies in its accounting system and internal controls after audit may result in corrective action, suspension, termination of status as an eligible entity or other remedial action. In addition, DHS/OCS reserves the

right to bring suit or take other appropriate legal action to recover the amounts in question.

C. Selection of an Auditor and Auditor Responsibilities

1. The services of an independent Certified Public Accountant shall be secured.
2. An eligible entity receiving an initial DHS/OCS contract shall, within thirty days following the contract starting date, supply DHS/OCS with the name of the auditor or auditing organization which it has selected. DHS/OCS will notify the eligible entity in writing within thirty days if the selection is not acceptable, along with the reason(s).
3. The auditor approved to conduct the preliminary audit survey may also conduct the annual audit. Once an auditor has been selected and approved, it is not necessary to re-nominate the auditor in subsequent years. However, when an eligible entity changes its auditor or when DHS/OCS notifies the eligible entity in writing that its present auditor is unacceptable and why, re-nomination must take place and approval must again be obtained from DHS/OCS.
4. The eligible entity shall furnish the auditor with copies of the DHS/OCS approved work program and budget, all official DHS/OCS contracts, and all applicable DHS/OCS requirements.
5. The auditor selected by the eligible entity is responsible for conducting a preliminary audit survey and/or annual audit in accordance with DHS/OCS requirements and presenting the results to the agency, including the Board of Directors. The audit survey will be directed toward an evaluation of the adequacy of the eligible entity's accounting system and internal controls. The survey should determine whether sufficient internal controls have been established to safeguard assets, check the accuracy and reliability of accounting data, promote operating efficiency and encourage compliance with prescribed management policies and any additional fiscal responsibilities and accounting requirement established by DHS/OCS. The report should include an evaluation of the accounting system and internal controls and make recommendations for improvements.
6. The auditor must submit one electronic copy of all completed audit reports to The Arkansas Department of Human Services Audit Department to the attention of Kelton.Phillips@dhs.arkansas.gov.

In the event of a change in Audit Department contact, DHS/OCS will notify the eligible entities in writing of the change.

Closeout Reports (Section 3230, State CSBG Policy)

Within 45 days after the completion date of each grant administered by OCS, each eligible entity shall submit a financial closeout report and other reports, as required, by the terms and conditions of the award.

The closeout report shall consist of the following:

- Carryover funds from the previous grant year.
- Actual funds received for the respective grant year.
- Actual expenditures on costs incurred and paid within the program year.

COMMUNITY SERVICES BLOCK GRANT

Purpose and Scope

Following passage of the federal Omnibus Budget Reconciliation Act of 1981, which established the Community Services Block Grant (CSBG), the Governor designated the Office of Community Services (OCS) in the Division of County Operations (DCO) in the Department of Human Services (DHS) to administer the CSBG program in Arkansas. Act 345 of 1985 designates the same agency to administer the CSBG program. Community Action Agencies (CAAs) located throughout the state receive CSBG funds from OCS to carry out the purposes of the Act.

In order to meet the requirements of the Act and to encourage the efficient and effective use and management of these funds, OCS is issuing these regulations which are applicable to CAAs and other eligible entities.

Designation of Community Action Agencies (Section 4100, State CSBG Policy)

Act 477 of 1977, as amended by Act 345 of 1985, designates the Community Action Agencies of the state (which are eligible CSBG grantees) and their service areas.

As required by federal law, OCS has established reasonable program and fiscal requirements which a CAA must meet to receive (CSBG) funds from the state.

- A. Purposes of a Community Action Agency. An agency designated as a Community Action Agency has the following purposes:
 1. Community Action Agencies are recognized private non-profit 501 (c)(3) organizations providing to low-income persons in the state human services such as aging, health, transportation, nutrition, housing, developmental child care, and other related activities. An agency designated as a Community Action Agency has the

responsibility of carrying out the purposes of the Community Services Block Grant in the counties its area encompasses.

2. At all reasonable opportunities, the CAA shall provide substantive comment on projects proposed to be operated by the State of Arkansas within its designated area(s) which are to meet the needs of low-income persons and counties.

B. Areas to be served.

1. Act 345 of 1985 specifies the counties to be included in each Community Action Agency's service area. The CAA shall carry out CSBG programs funded by OCS only in these counties, unless specifically approved to do otherwise by OCS. The CAA shall assure access to its programs for all low-income persons in its designated areas.
2. Changes of service areas may be affected only as described in Act 345 of 1985.
3. OCS shall develop formulas for equitable distribution of CSBG funds to the various service areas, taking into account existing levels of services, the share of the state's low-income persons living in the area and other considerations OCS deems appropriate.

Requirements for CAA Eligible Entity Board of Directors (Section 4120, State CSBG Policy)

- A. Composition of the Board. The board shall consist of at least fifteen and not more than thirty-nine members, except in the case of an agency whose designated service area has a population of over 250,000 persons, in which case the board size may be not more than fifty-one.
1. Elected public officials or their permanent representatives shall comprise one-third of the board.
 2. Representatives of low-income persons shall comprise at least one-third of the board.
 3. Representatives of business, industry, labor, religious, law enforcement, welfare, education, and other major groups or interests in the community shall comprise the remainder of the board.

B. Public Officials.

1. For each designated eligible entity, all elected public officials in the service area of the entity shall be afforded equitable opportunity to serve or be represented on the Board of Directors.
2. In the event there are not enough elected public officials available and willing to fill positions on the board, appointed public officials may be selected. Both the elected and the appointed public officials selected to serve on the board shall have either general governmental responsibilities or responsibilities which require them to be involved with poverty-related matters. The selected public official may choose one permanent representative to serve on the board full-time in his/her stead. These representatives need not be public officials themselves, but they shall have full authority to act for the elected (or appointed) official on the board. In a case where the selected representative is not a public official, he/she shall meet the limitation on Board service requirement described in section 4120 F. If the public officials, both elected and appointed, who are willing to serve do not comprise one-third of the board, then those unfilled seats must remain vacant. (The selection of public officials to serve on the board must reasonably reflect the geographic distribution of the low-income population served by the entity.)

C. Representatives of Low-income Persons. Representatives of low-income persons shall be chosen in accordance with democratic selection procedures adequate to assure they represent the low-income persons in the geographic area served by the entity. Representatives of low-income persons may be selected either to represent a specific area, group or neighborhood served by the entity. Among the selection procedures which may be used, either separately or in combination, are the following:

1. Nominations and elections, either within the neighborhoods or within the community as a whole.
2. Selection at a meeting or conference of low-income persons such that the date, time and place of such a meeting or conference have been adequately publicized.
3. Selection on a small area basis (such as a neighborhood or town) of representatives who in turn select members for the eligible entity board.
4. The eligible entity board may recognize a group(s) or organization(s) composed primarily of low-income persons and representing the interests of the low-income population, whose membership may select one or more representatives to the eligible entity board.

Persons at or below one hundred twenty-five percent of the poverty line shall be permitted to vote in these selection processes. An

eligible entity may request a waiver from this one hundred twenty-five percent of poverty line eligibility in order to establish residency or other criteria as a basis for eligibility. The eligible entity shall make the request in writing to the Assistant Director of the Office of Community Services including specific justification.

- D. Representatives of Organizations. Organizations shall be selected in such a manner as to assure the board will benefit from broad community involvement. Once an organization is selected and indicates its agreement to be represented, it shall choose the person to represent it on the board.
- E. Residency Requirement. Each member of the board selected to represent a specific geographic area within the community must reside in the area he/she represents.
- F. Limitations on Board Service. No board member may serve more than ten years at any one community action agency. Public officials or their representatives, serve at the pleasure of the official or officials selecting them and only as long as the public official is currently holding office. A representative of a public official may not serve more than ten years even if the public official represented continues to hold office; in such cases, the public official may choose to serve directly or name a new representative.
- G. The board of a political subdivision shall be constituted so as to assure that no less than 1/3 of the members are representatives of low-income persons.

Board Responsibility (Section 4130, State CSBG Policy)

Board members of a CAA or other eligible entity must recognize that it is they, rather than the staff of the agency to whom the CSBG award is made. The board is responsible to see the funds go to provide the services needed by the low-income persons of their area and that the funds are spent for the purposes stated. Board members may be responsible as individuals where they negligently or knowingly allow the misuse or abuse of CSBG funds. Annual training shall be conducted in order to ensure board members are knowledgeable of their legal and fiduciary responsibilities. The board is responsible for an orientation process for new members.

- A. Board Responsibilities. The governing board of an eligible entity must carry out the following responsibilities:
 - 1. To hire, fire and evaluate the performance of the Executive Director of the entity. (Evaluations must be conducted annually.)
 - 2. To determine major personnel, organization, fiscal and program policies.
 - 3. To determine and approve overall program goals and priorities for the entity, including provisions for evaluating programs against performance.

4. To make final approval of all programs, applications, proposals, budgets and amendments.
5. To enforce compliance with all contract and grant requirements.
6. To oversee the extent and the quality of the participation of the poor in the programs of the entity.
7. To determine rules and procedures for the governing board.
8. To select the officers and the executive committee, if any, of the governing board.
9. To develop short and long range strategic plans for the agency.

B. By-Law Requirements. The by-laws of the eligible entity shall include the following:

1. The total number of seats on the board and the allotment of seats to public officials, representatives of low-income individuals and representatives of organizations.
2. Procedures for selecting board members as follows:
 - a. A description of the selection process for members who are public officials or their representatives.
 - b. A plan for selecting representatives of low-income person, ensuring that all areas of the low-income community will be represented in proportion to their low-income population. This plan shall include procedures and safeguards to limit voting to persons 16 years of age and older, with one vote per person.
 - c. A plan for selecting representatives of organizations, indicating the criteria for such selection. Representatives will be allocated among business and industry, labor, religious, welfare, law enforcement, educational and other major groups or interests in the community.
3. A description of any performance standards (such as attendance, etc.) for members of the board, the violation of which may be grounds for removal. This shall include standards of conduct for board members.
4. A description of specific procedures to be followed in the case of removal of representatives of low-income persons, organizations, and public officials.
5. Procedures for selecting new board members in the case of a vacancy on the board. For the purpose of this paragraph, there is a

vacancy on the board when a member has been notified of his/her official removal by the board for cause; when a member notifies the board of his/her resignation; when a member dies; when a member who is a public official leaves office or is removed by the selecting local official; or, in the case of public officials, when the selected official leaves office.

- a. With respect to representatives of low-income persons, the by-laws shall include one of two methods for filling a vacancy: the selection procedure under 4120 C may be repeated, or alternatively, the remaining low-income representatives may select a replacement to serve for the remainder of the term. In the latter case, the person selected shall, to the maximum extent possible, represent the same constituency as the original representative.
 - b. When the seat of a representative of an organization is vacant, the board shall ask the organization to name another representative to serve the remainder of the term. In the event the organization chooses not to name a new representative, the board shall choose another organization to name a new representative.
 - c. When the seat of a public official is vacant, the board shall request the selecting public official to name a replacement.
6. Procedures for low-income individuals, community organizations, or religious organizations, or representatives of low-income individuals that considers its organization or low-income individuals, to be inadequately represented on the board (or other mechanism) to petition for adequate representation.
 7. The quorum for a meeting of the board shall be at least 50 percent of the non-vacant seats on the board.
 8. The board shall meet at least quarterly. The meetings shall be scheduled for the convenience of its members and of the general public. The eligible entity shall provide notice (in writing) of any meeting and an agenda to all members at least seven days in advance. The eligible entity shall provide public notice of its meeting at least five days in advance. The eligible entity shall provide OCS copies of meeting minutes and notices of Board meetings no later than 30 days after each meeting. Minutes will also be made available for public review during normal business hours.
 9. All meetings of the eligible entity boards shall be open to the public. Executive sessions may be held where consistent with the rules for openness of meetings in state regulations. The board shall keep written minutes for each meeting in accordance with Robert's Rules of Order. These minutes shall be signed by the Board Secretary and maintained in an orderly manner at the principle office of the eligible entity.

10. The board may appoint an executive committee composed of some of its members to transact business for the full board. Each sector of the board must be fairly represented. The executive committee shall provide a written report and obtain board ratification for its actions at the next meeting of the full board. The quorum for the executive committee may not be less than fifty percent of the non-vacant seats on the committee.
11. The board may establish any committees it considers necessary for carrying out its business. Each sector of the board must be fairly represented on such committees to the maximum extent feasible.
12. Voting by proxy is not permitted at meetings of the board or of its committees. This prohibition applies to all members of the board.
13. The by-laws shall designate the procedures, including persons responsible, for convening board meetings.
14. Alternates may be provided for only under the following conditions:
 - Selection and service of alternates must be described in the by-laws of the agency
 - Alternates must be elected/selected in the same manner, at the same time and by the same body that elected/selected the representative
 - Representatives of public officials may not select alternates to substitute for them
 - All alternates must be listed on the membership roster of the Board of Directors
 - No alternate may be counted toward a quorum or cast a vote when his/her primary board member is attending the meeting
 - No alternate may hold an office of the board

Planning, Funding Application, and Reporting Requirements (Section 4140, State CSBG Policy)

A. Local Community Services Plans.

1. In order to be eligible for CSBG funding, each eligible entity shall conduct a public hearing on the needs of low-income persons in the service area, every two years and by the seventh month prior to the end of the State's second CSBG fiscal year of a two year plan. The needs assessment of the primary poverty problems of the area,

including the causes and effects of poverty, shall be updated at this time through citizen input. Poverty problems to be addressed shall include: problems of low-income persons in: 1) securing and retaining meaningful employment; 2) attaining an adequate education; 3) making better use of available income; 4) obtaining and maintaining adequate housing and a suitable living environment; 5) obtaining emergency assistance; including urgently needed health services, nutritional food, and other human services; 6) removing obstacles and solving problems blocking attainment of self-sufficiency; and 7) participating in decisions which affect their lives. 8) to address the needs of youth in low-income communities; and 9) to make more effective use of and coordinate with other programs. As a result of this hearing the board shall adopt a Community Action Plan which will indicate the primary poverty problems the eligible entity will address and the share of available funds to be allocated to each.

This CAP (and any subsequent amendments) must be approved by the eligible entity's Board of Directors and will serve as a basis for the projects proposed by the board for CSBG funding.

- B. CSBG Purposes and Eligible Activities. The following eligible entity program activities are eligible for funding by OCS with Community Services Block Grant funds. In the funding application, each eligible entity shall demonstrate that its goals and objectives address, at a minimum, (1), (2) g, (3), (4), (5) and (6) of the eligible activities set forth below. In addition, the State OCS may set out goals and objectives within which the eligible entities shall develop their priorities.
1. To provide a range of services and activities having a measurable and potentially major impact on causes of poverty in the community or those areas of the community where poverty is a particularly acute problem; this may include advocacy, organizing and development of self-help institutions as a means of improving community conditions.
 2. To provide activities designed to assist low-income participants including the elderly poor:
 - to secure and retain meaningful employment
 - to attain an adequate educational level
 - to make better use of available income
 - to obtain and maintain adequate housing and a suitable living environment
 - to obtain emergency assistance through loans or grants to meet immediate and urgent individual and family needs, including the need for health services, nutritious food, housing and employment related assistance

- to remove obstacles and solve problems which block the attainment of self-sufficiency; and
 - to achieve greater participation in the affairs of the community
3. To make more effective use of other programs related to meeting the needs of low-income persons and communities.
 4. To provide on an emergency basis for the provisions of such supplies and services, nutritious foods and related services as may be necessary to counteract conditions of starvation and malnutrition among the poor.
 5. To coordinate and establish linkages between governmental and other social services programs to assure the effective delivery of such services to low-income individuals.
 6. To encourage the use of entities in the private sector of the community in efforts to ameliorate poverty in the community.

C. Eligible Population

1. Eligible entities shall use the most current poverty line definition as promulgated by the Director of the Office of Management and Budget and published in the U. S. Federal Register to establish eligibility of individuals to receive service provided with CSBG funds.
2. No person on the basis of race, sex, religion, national origin, age or handicap shall be excluded from participation in, or be denied the benefits of, or otherwise be subjected to discrimination in any eligible entity program funded with CSBG funds.

D. Funding Application

1. OCS shall notify the eligible entity of the amount of funds available for application in accordance with the Arkansas CSBG State Plan (as amended), any special conditions for funding, and the documents necessary for submission prior to the beginning of its program year. Those documents that are to be submitted upon request or updated and submitted:
 - any changes in the Articles of Incorporation, By-laws, and Personnel Policies and Procedures,
 - Financial Procedures,
 - Administrative Procedures,

- evidence of current bond and Equal Opportunity and Affirmative Action Plan
- current listing of eligible entity board members by sector and by county
- inventory list

The eligible entity shall be notified by letter which of these documents are required to be submitted to OCS, in whole or in part, along with any other documents that are necessary. All of these documents will be reviewed at the time of the annual on-site monitoring.

2. The eligible entity Board of Directors shall review, amend as appropriate, and approve the following agency documents: Articles of Incorporation, By-Laws, Personnel Policies and Procedures, Financial Procedures, and administrative procedures. Upon approval, the Board Chairperson must attest to the date each document was approved.
3. No later than ninety days before the end of its federal fiscal year, the eligible entity shall submit a funding application in conformance with any special requirements contained in the notification from OCS. This application shall include the following:
 - A work program with objectives and activities for the eligible entity to accomplish in each project area which the eligible entity will operate during its CSBG program year. These objectives shall state in verifiable terms the results to be achieved in each quarter of the program year
 - A budget which specifies the CSBG program costs to accomplish each of the projects
 - An agency wide and a comprehensive administrative budget for the eligible entity which indicates how CSBG funds and funds from other funding sources finance the efforts of the eligible entity
 - These work programs and budgets shall be submitted in a form prescribed by OCS

- E. Use of CSBG Funds for Agency Administration. Each eligible entity may use CSBG funds for agency administration of CSBG-related activities of an eligible entity provided the costs do not exceed 10 percent of the agency's total budget consisting of all funds received which are CSBG-related.

For purposes of this paragraph, administrative services are considered to be management and operating functions which span several or all agency functions. With the approval of the Assistant Director of OCS, a different definition for administrative services may be used by an eligible entity for purposes of this paragraph.

All requests to use CSBG funds for administration must include full justification. Additionally, where application is made to utilize CSBG funds for administrative support of programs funded from other sources than CSBG, the agency shall:

- submit the total eligible entity budget
- list the amount and sources of funds in (1) above
- indicate the amount of funds from each source in (2) above which are actually to be used for administrative costs, and
- document efforts by the agency to obtain the use of funds for administrative costs from each source in (2) above

- F. Match. There is no match requirement for CSBG funds; however, CSBG funds may be used as match for HUD programs in accordance with CSBG regulations.
- G. Accrued Leave. Funds must be reserved for accrued leave monthly. The amount reserved shall be based on salaries and fringe costs in effect that month. As leave is used, funds will be released from the reserve on a first in first out basis.
- H. Transfer of Funds. An eligible entity may transfer up to ten percent between line items of costs within the same cost center/program activity. (An agency may not transfer funds between cost centers/program activity without a formal request to, and approval by, OCS. Additionally, a subsequent budget revision incorporating the change is required.) The Assistant Director of OCS may waive these prior approval requirements in the case of natural disaster or health threatening emergency.
- I. Separate Firms. Any eligible entity whose bookkeeping/accounting is being performed by an independent accounting firm may not use the same firm for auditing purposes.
- J. Carryover Funds. Eligible entities will be allowed to reprogram up to 20% CSBG funds from their annual CSBG budget. Eligible entities are encouraged to conduct periodic internal evaluations of programs, compare

actual expenditures with budgets and develop appropriate programs in order to ensure a pattern of reprogramming funds is not a practice.

- K. Grant Award. If OCS determines that the eligible entity has met the requirements for CSBG funding, OCS shall provide the eligible entity with a CSBG funding grant containing such terms and conditions as OCS may require, which shall accord with the officially adopted Arkansas CSBG State Plan, the promulgated CSBG regulations, and other state and federal laws or regulations which may be applicable. The State Agency shall notify the eligible entities of the amount of federal funds available to them ninety days prior to the application date, subject to that information being made available by the federal funding source.

When the CSBG section of OCS has completed review of the application work program and budgets, the Assistant Director of OCS will determine whether the application should be approved as submitted, or he may place special conditions on the grant, or he may require changes. He will notify the applicant agency of his decision in writing. The state agency shall reply to the eligible entity within forty five days of receipt of a completed application. If no response is sent by the state agency within forty five days, the application shall be deemed to be complete and acceptable as submitted. The state agency shall issue a Notice of Grant Award within fifteen days after a work program has been approved, subject to receipt of federal funds.

In the event the eligible entity does not accept any stated conditions or does not agree to any required changes, the eligible entity may appeal, in writing, to the Assistant Director of OCS within ten days, stating the reasons why the stated conditions or changes should not be required. If the Assistant Director does not agree with the appeal, he will so notify the eligible entity, in writing, within ten days. At this point, the eligible entity, within ten days, may request the Assistant Director of OCS to seek the advice of an appeals body to be appointed by him. The body shall be appointed and directed to meet within ten days of receipt of the request by the OCS Assistant Director. The appeals body shall consist of two eligible entity directors and a staff member of the Division of County Operations not previously involved in the decision. The appeals body shall review the application file, discuss, deliberate and issue a written recommendation to the OCS Assistant Director within five days of adjournment. If the appeals body cannot reach a consensus, dissenting members may submit separate written recommendations within the same five day period. After reviewing the advice of the appeals body, the Assistant Director of OCS will make his finding to the eligible entity, in writing, within ten days. At this point, within ten days, the eligible entity may appeal, in writing, to the DCO Director. The DCO Director shall notify the eligible entity of his finding within ten days. The eligible entity may appeal his finding, within ten days, to the Director of DHS. The Director of DHS shall respond within ten days. The findings of the Director of DHS shall be final.

- M. Reporting. The eligible entity shall provide a monthly fiscal report on the operation of funded projects. This report is to be submitted to OCS not later than ten days after the end of each month of the funding period. Reports will meet this requirement if postmarked by the tenth (10th) of the

month. Additionally, at the end of each quarter of its program year, the eligible entity shall report on the status of the implementation and operation of its work programs. This report is to be submitted to be received in OCS not later than thirty calendar days after the end of the period covered by the report and is required for the release of funds for the second month of each program quarter. All reports submitted to OCS subsequent to the last board meeting shall be presented for review and approval by the board.

Failure to comply with this requirement by a timely and accurate reporting of financial and program activity in the format requested may result in corrective action prior to suspension of funding for the respective project. Where an eligible entity has a history of failure to comply with reporting requirements, OCS may suspend all funding to the eligible entity which fails to submit any required report in a timely and complete manner or fails to respond to any other reasonable request by OCS regarding their program. Any financial or program report at least thirty days in arrears may serve as the basis for the initiation of corrective action proceeding prior to suspension of all funding.

Monitoring and audit reports shall be submitted to the Board for review and approval.

- N. Amendments. The eligible entity may propose amendments to its planned work program and budget for review and approval by OCS. Amendments are required to delete, add or change the planned work program or budget. Proposed amendments must be submitted to OCS in advance of the applicable quarter(s), along with a written request and explanation of why the change is necessary.
- O. Failure of agency to provide services as agreed upon in the agency approved work program. When an agency submits its quarterly program reports, it shall adequately explain any variances of twenty percent or more from the approved work program in any activity or objective when the goal was not met. The agency shall include any necessary corrective actions the agency intends to make to satisfy the work program activity or objective where the goal was not met. The Assistant Director of OCS shall determine the adequacy of the explanation and of the intended corrective actions. If they are not adequate, he will inform the agency of any steps necessary to meet the requirements of the grant and set a time for their accomplishment. If the agency does not agree to the corrective actions or fails to meet them in the stated time, the Assistant Director of OCS may withhold any further funding to the agency until such time as the conditions are met, or he may institute corrective action proceedings prior to suspension of agency funds. If no notification is sent by the OCS within thirty working days after receipt of quarterly reports, the report shall be deemed to be accepted as submitted.
- P. Administrative Procedures. Eligible entity will maintain an Administrative Procedures Manual which outlines management and operating procedures.

Section 3

State Plan Development and Statewide Vision and Goals

State Lead Agency

The Arkansas Department of Human Services is the lead agency responsible for the Community Services Block Grant activities in the State of Arkansas. More specifically, the Office of Community Services (OCS), within the Division of County Operations, will be responsible for administering the Community Services Block Grant Program.

Mission and Responsibilities of Lead Agency

The mission of the Arkansas Department of Human Services is to improve the quality of life of all Arkansans by protecting the vulnerable, fostering independence, and promoting better health.

It is the mission of the State Office of Community Services to be the lead agency in state government in dealing with the problems of the poor. This agency is responsible for providing technical assistance to local communities and local agencies in providing community services to low-income persons.

The State is responsible for the administration of the Community Services Block Grant, Emergency Solutions Grant, Shelter Plus Care Grant, Low-Income Home Energy Assistance Program, Commodity Distribution Unit and other grant programs designated by state government. The State Office of Community Services is charged with informing the Governor, Legislature and state government about the problems of the poor and the overall efforts of the agency and eligible entities to improve the quality of life for Arkansans.

Goals and Objectives of Lead Agency

The goals of the lead agency in administering the CSBG Program are to provide assistance to local communities through a network of eligible entities for the reduction of poverty and the revitalization of low-income communities, as well as the empowerment of low-income families and individuals in rural and urban areas to become fully self-sufficient; and to support other Federal Statutory Purposes and Goals of the CSBG Act.

The objectives of the lead agency are as follows:

- Develop the CSBG State Plan and Application for Fiscal Years 2016-2017, to be submitted to the U.S. Department of Health and Human Services, by September 1, 2015.
- Hold at least one public hearing in the State, with sufficient time for statewide distribution of notice of such hearing, and provide opportunity for public comment on the proposed use and distribution of Community Services Block Grant funds for Fiscal Years 2016-2017, before September 1, 2015.
- Conduct reviews of eligible entities for program evaluation and administrative compliance, under Section 678, at least once annually, during Fiscal Years 2016-2017.

- Carry out the statutory purposes and goals of the CSBG Act and assure compliance with all applicable statutes, rules, regulations, policies and procedures set forth by Federal and State Government, during Fiscal Years 2016-2017.

The State accessed the State National Performance Indicators, the U.S. Census data, eligible entities community assessments and eligible entities CSBG work plans in the development of the State Plan.

The State also attended meetings, conferences and teleconferences with the eligible entities and with the State Community Action Association and with regional associations in gathering data for the State Plan.

All the eligible entities and the State Association were given a draft copy of the State Plan, made of aware of the public comment period and invited to the public hearing.

Section 4

CSBG Hearing Requirements

Public Hearing Requirements

The State of Arkansas has complied with public and legislative hearing requirements of the CSBG Act regarding the State Application and Plan, as follows:

1. Public Hearing

The Act requires the designated lead agency to conduct at least one Public Hearing to provide an opportunity for comment on the proposed use and distribution of funds, in conjunction with development of the State Application and Plan. Arkansas held one public hearing, _____. Notice of the hearing was published in the statewide daily newspaper for three consecutive days and posted on the Arkansas Department of Human Services website. The public was offered the opportunity to comment on the proposed use and distribution of funds for the plan period (fiscal years 2016-2017).

2. Legislative Hearing

The Act requires the State to hold at least one legislative hearing every three (3) years in conjunction with the development of the State Plan. The Arkansas Legislative Council of the Arkansas General Assembly conducted a legislative hearing for fiscal years 2016-2017 on _____. The Legislative Council also held a legislative hearing in conjunction with the development of the 2016-2017 State Plan on _____.

3. Public Inspection of State Plan

The Act requires the State to make the Plan available for public inspection, to facilitate review of and comment on the plan. The State Plan for fiscal years 2016-2017 was made available for public inspection and comment from _____ - _____, at the Arkansas Department of Human Services website. Those who wished to comment could respond orally at the Public Hearings or submit comments directly to the Arkansas Department of Human Services, Division of County Operations, Office of Community Services. Notice of the public hearing and comment period was provided in the Arkansas statewide daily newspaper and via the Arkansas Department of Human Services website.

Copies of the plan will be made available at the Arkansas State Library, Arkansas Department of Human Services, Legislative Council, Community Action Agencies, and the Arkansas Department of Human Services website www.dhs.arkansas.gov.

Section 5

CSBG Eligible Entities

CSBG Eligible Entity	Nonprofit	Type of Agency	Geographical (Counties)Area Served
Arkansas River Valley Area Council, Inc 613 North 5th Street Dardanelle, Arkansas 72834	Nonprofit	CAA	Conway, Franklin, Johnson, Logan, Perry, Polk, Pope, Scott, Yell
Black River Area Dev. Corp. 1403 Hospital Drive Pocahontas, Arkansas 72455	Nonprofit	CAA	Clay, Lawrence, Randolph
Central Arkansas Dev. Council 321 Edison Benton, Arkansas 72015	Nonprofit	CAA	Calhoun, Clark, Columbia, Dallas, Hot Spring, Lonoke, Montgomery, Ouachita, Pike, Pulaski, Saline, Union
Community Action Program for Central Arkansas, Inc 707 Robins Street, Ste. 118 Conway, Arkansas 72034	Nonprofit	CAA	Cleburne, Faulkner, White
Crowley's Ridge Dev. Council, Inc. 2401 Fox Meadow Lane Jonesboro, Arkansas 72401	Nonprofit	CAA	Craighead, Crittenden, Cross, Greene, Jackson, Poinsett, St. Francis, Woodruff
Crawford-Sebastian Comm Dev. Council, Inc. 4831 Armor Street Fort Smith, Arkansas 72914	Nonprofit	CAA	Crawford, Sebastian
Community Services Office, Inc. 600 West Grand Avenue Hot Springs, Arkansas 71901	Nonprofit	CAA	Garland
Economic Opportunity Agency of Washington, Co. Inc. 614 East Emma Avenue, Suite M401 Springdale, Arkansas 72764	Nonprofit	CAA	Washington
Mississippi County, Arkansas Economic Opportunity Commission, Inc. 1400 North Division Street Blytheville, Arkansas 72316-1289	Nonprofit	CAA	Mississippi
Mid-Delta Community Services, Inc. 610 South Biscoe Street Helena, Arkansas 72342	Nonprofit	CAA	Lee, Monroe, Phillips, Prairie
Northcentral Arkansas Dev. Council, Inc, 550 9th Street Batesville, Arkansas 72503	Nonprofit	CAA	Fulton, Independence, Izard, Sharp, Stone

CSBG Eligible Entity	Nonprofit	Type of Agency	Geographical (Counties)Area Served
Office of Human Concern, Inc. 506 East Spruce Street Rogers, Arkansas 72757	Nonprofit	CAA	Benton, Carroll, Madison
Ozark Opportunities, Inc. 701 East Prospect Avenue Harrison, Arkansas 72601	Nonprofit	CAA	Baxter, Boone, Marion, Newton, Searcy, Van Buren
Pine Bluff-Jefferson County Economic Opportunities Commission, Inc. 817 South Cherry Pine Bluff, Arkansas 71611	Nonprofit	CAA	Arkansas, Cleveland, Grant, Jefferson, Lincoln
Southeast Arkansas Comm. Action Corp. 1208 North Myrtle Street Warren, Arkansas 71671	Nonprofit	CAA	Ashley, Bradley, Chicot, Desha, Drew
Southwest Arkansas Dev. Council, Inc. 3902 Sanderson Lane Texarkana, Arkansas 71854	Nonprofit	CAA	Hempstead, Howard, Lafayette, Little River, Miller, Nevada, Sevier

There are 16 Community Action Agencies (eligible entities) in the State of Arkansas. There has been no changes in the number of entities or in the list since the submission of the State's last State Plan.