

WARNING SIGNS FOR AGENCY CRISIS

A CSBG ENTITY SELF-ASSESSMENT INSTRUMENT

*Produced by the
Texas Association of Community Action Agencies, Inc.*

*In collaboration with the
Texas Department of Housing and Community Affairs*

April 2008

Introduction:

This instrument is designed to raise awareness to operational ‘red flags’ that may be warning signs to managers, executives, and board members that their organization may need to consider making some changes. Use of this tool requires a thorough and honest evaluation of the organization’s processes and practices paired with a willingness to recognize potential vulnerability as early as possible. If warning signs are detected, the entity is encouraged to seek appropriate, expert advice in order to determine the extent and/or severity of the suspected problem.

The ‘warning sign’ answer to each question has not been indicated in this version of the instrument. There is a separate instrument that reveals the flagged answers which is available on the TACAA web site. All answers are worded as ‘Yes’ or ‘No,’ with a ‘Yes’ answer also meaning ‘True’ and a ‘No’ answer meaning ‘False.’ There is ample room for notes and plans for corrective action on the reverse of each page.

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Agency Name: _____ Date: _____

Item #	Section 1 – Audit	Circle One		
1.01	Did the most recent audit contain findings or disallowed costs?	Yes	No	n/a
1.02	If answer to question 1.01 was YES, were they unresolved from previous years?	Yes	No	n/a
1.03	If answer to question 1.01 was YES, were corrective measures taken?	Yes	No	n/a
1.04	If answer to question 1.01 was YES, were the issues resolved?	Yes	No	n/a
1.05	Audit Certification Form for the most current fiscal year end (FYE) was submitted to TDHCA <i>within</i> sixty (60) days of the FYE.	Yes	No	n/a
1.06	Audit Certification Form was submitted <i>after</i> sixty (60) days of the FYE any time in the last five (5) years.	Yes	No	n/a
1.07	Does the most recent audit management letter contain statements of material weakness?	Yes	No	n/a
1.08	If answer to question 1.07 was YES, were those statements addressed?	Yes	No	n/a
1.09	If answer to question 1.07 was YES, were the weaknesses remedied?	Yes	No	n/a
1.10	The asset to debt ratio is less than one (1).	Yes	No	n/a
1.11	Agency has followed approved procurement procedures to secure audit firm at least once in the last four (4) years.	Yes	No	n/a
1.12	The same audit firm has been used for more than six (6) years.	Yes	No	n/a
1.13	Audit reports have been submitted by the due date each year of the last five (5) years.	Yes	No	n/a
1.14	The external auditors presented the audit report and management letter (if included) in person to the Audit/Finance Committee and/or to the Board of Directors.	Yes	No	n/a
1.15	The Executive Director and Chief Financial Officer agree with the audit.	Yes	No	n/a
1.16	The Executive Director and Chief Financial Officer believe the audit to be fair and accurate.	Yes	No	n/a
1.17	The Executive Director and Chief Financial Officer have prepared plans for addressing and correcting issues raised by the audit.	Yes	No	n/a
1.18	Policy in place to assess fraud risks.	Yes	No	n/a

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Item #	Section 2 - Bank Accounts	Circle One		
2.01	The number of agency bank accounts is based on financial management functions rather than on programs or funding streams.	Yes	No	n/a
2.02	The agency can demonstrate justification for using multiple bank accounts.	Yes	No	n/a
2.03	The agency can demonstrate justification for using multiple banks.	Yes	No	n/a
2.04	Bank statements are reconciled within ten (10) working days of their receipt.	Yes	No	n/a
2.05	Bank statements are reconciled by someone who does not deposit funds or issue checks.	Yes	No	n/a
2.06	Bank statements are reconciled to the general ledger.	Yes	No	n/a
2.07	There is a pattern of use of inter-fund transfers.	Yes	No	n/a

Item #	Section 3 - Financial Procedures	Circle One		
3.01	The agency has written, current, and approved fiscal procedures.	Yes	No	n/a
3.02	The agency has a written, current, and approved cost allocation plan.	Yes	No	n/a
3.03	The agency has a current IT disaster recovery plan.	Yes	No	n/a
3.04	Accounting documents and records reflect application of the fiscal procedures.	Yes	No	n/a
3.05	Financial procedures are applied uniformly and universally throughout the organization and incorporate special requirements of specific grants/contracts into agency policies and procedures (e.g., Head Start or satellite offices don't use separate systems, procedures).	Yes	No	n/a
3.06	Purchase orders are prepared before purchases are made and invoices are received.	Yes	No	n/a
3.07	Purchases are made following procurement/bidding procedures.	Yes	No	n/a
3.08	Agency has a current and fully paid fidelity bond.	Yes	No	n/a
3.09	Staff timesheets reflect allocation by activity or fund source.	Yes	No	n/a

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Item #	Section 4 - Cash Flow	Circle one		
4.01	Vendors complain about late payments.	Yes	No	n/a
4.02	If answer to question 4.01 was YES, the ED and CFO are routinely made aware of a pattern of complaints from vendors.	Yes	No	n/a
4.03	A process is in place for handling complaints from vendors.	Yes	No	n/a
4.04	There are frequent meetings to decide whom to pay.	Yes	No	n/a
4.05	Vendors receive duplicate payments.	Yes	No	n/a
4.06	The Board of Directors reviews and approves the use and amount of the organization's line of credit at least every six (6) months.	Yes	No	n/a
4.07	Short-term loans are extended beyond their original term.	Yes	No	n/a
4.08	All grant advances received are consistently and timely reconciled.	Yes	No	n/a
4.09	Vendor payment checks are being held.	Yes	No	n/a
4.10	At least one (1) check has been outstanding more than ninety (90) days in the previous twelve (12) months.	Yes	No	n/a

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Item #	Section 5 - Financial Statements	Circle one		
5.01	The CSBG entity has a current agency-wide budget.	Yes	No	n/a
5.02	Program Directors receive current monthly financial statements that allow them to make sound management decisions.	Yes	No	n/a
5.03	The Board of Directors receives current financial statements that allow it to make sound policy decisions.	Yes	No	n/a
5.04	The CSBG entity can provide an agency-wide balance sheet on request.	Yes	No	n/a
5.05	The CFO can substantiate the balance sheet line items.	Yes	No	n/a
5.06	The financial officer or Board Treasurer presents financial information at Board meetings.	Yes	No	n/a
5.07	The CSBG entity submits financial reports to funders on time.	Yes	No	n/a
5.08	Financial reports are correct when first submitted.	Yes	No	n/a

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Item #	Section 6 - Strategic Planning	Circle one		
6.01	The agency has a written mission statement that is understood by staff and Board.	Yes	No	n/a
6.02	The agency has a current (less than five years old), written strategic direction/plan.	Yes	No	n/a
6.03	The strategic plan reflects understanding and application of the National Performance Indicator goals and measures.	Yes	No	n/a
6.04	The strategic plan includes all programs and activities.	Yes	No	n/a
6.05	The strategic plan follows guidance provided by the community assessment.	Yes	No	n/a
6.06	The strategic plan was developed using input from staff and members of the Board of Directors.	Yes	No	n/a
6.07	The strategic plan encourages all functional areas of the organization to collaborate with each other.	Yes	No	n/a
6.08	The strategic plan is reviewed and/or revised annually.	Yes	No	n/a
6.09	The strategic plan is realistic and feasible.	Yes	No	n/a
6.10	Past items in the strategic plan have been effectively achieved.	Yes	No	n/a
6.11	The agency collects and analyzes community, program, and financial data and applies its analysis to management decisions.	Yes	No	n/a

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Item #	Section 7 - Board of Directors	Circle one		
7.01	The Board has been trained in its oversight and fiduciary duties.	Yes	No	n/a
7.02	Board members can identify the sector they represent.	Yes	No	n/a
7.03	Board composition meets legal requirements.	Yes	No	n/a
7.04	Minutes of the Board meetings indicate that formal decision-making occurs (motions).	Yes	No	n/a
7.05	The Board reviews its by-laws annually.	Yes	No	n/a
7.06	The Board approves grant applications before they are submitted.	Yes	No	n/a
7.07	Staff members other than the Executive Director and CFO attend Board meetings.	Yes	No	n/a
7.08	Staff members other than the Executive Director and CFO present information to the Board.	Yes	No	n/a
7.09	Board members have served continuously for longer than terms defined in the by-laws.	Yes	No	n/a
7.10	The composition of the Board matches the individual and household demographics reported for the service area.	Yes	No	n/a
7.11	The Board consistently has a quorum.	Yes	No	n/a
7.12	The Board has operating committees that make recommendations for Board action.	Yes	No	n/a
7.13	Minutes reflect that the Board has made operational decisions without a prior request for support from the Executive Director.	Yes	No	n/a
7.14	The Board consistently holds regularly scheduled meetings.	Yes	No	n/a
7.15	The Executive Committee meets more frequently than the full Board.	Yes	No	n/a
7.16	The Board holds frequent 'special' or 'emergency' meetings.	Yes	No	n/a
7.17	The Board approves alternate members.	Yes	No	n/a
7.18	The Board allows proxy voting.	Yes	No	n/a

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Item #	Section 8 - Staff Turnover	Circle one
8.01	A top management team position has turned over more than once in the last three (3) years.	Yes No n/a
8.02	More than thirty-three percent (33%) of top management team positions have turned over in the last three (3) years.	Yes No n/a
8.03	Staff turnover is higher than ten percent (10%) annually in key areas such as top level management or positions requiring special skills or knowledge or that are hard to fill.	Yes No n/a
8.04	The agency has plans to address instances of high turnover, based on regular analysis of reasons for employee departure.	Yes No n/a

Item #	Section 9 - Wages and Benefits	Circle one
9.01	There is more than a twenty percent (20%) difference between the Executive Director's salary and that of other top leadership positions.	Yes No n/a
9.02	The Executive Director—or other leadership positions—receives different fringe benefits than the rest of the staff.	Yes No n/a
9.03	Positions are classified properly as exempt or non-exempt.	Yes No n/a
9.04	Increases in wages and fringe benefits have been supported by increased revenue.	Yes No n/a
9.05	The fringe benefit package has been documented as a reason qualified people do not accept employment with the organization.	Yes No n/a
9.06	The organization has a policy specifying its compensation goal(s) and the frequency with which comparative wage studies must be undertaken.	Yes No n/a
9.07	Changes in wages, organizationally and individually, are based on Board-approved criteria.	Yes No n/a

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Item #	Section 10 - Staff	Circle one		
10.01	The Board conducts an annual, written evaluation of the Executive Director's performance.	Yes	No	n/a
10.02	The agency conducts an annual, written evaluation of all staff.	Yes	No	n/a
10.03	The organization has an established procedure for assessing staff morale at least annually and for comparing the results over time.	Yes	No	n/a
10.04	Agency management regularly analyzes data about formal disciplinary actions to identify areas for improvement in supervision and leadership.	Yes	No	n/a
10.05	Key agency leaders and managers meet regularly to review strategic plans, program performance, and resource needs.	Yes	No	n/a
10.06	The agency encourages all employees to gain additional training and/or education.	Yes	No	n/a
10.07	There are positive inter-departmental relationships.	Yes	No	n/a
10.08	Each employee has a personal copy of the organization's Personnel Policies.	Yes	No	n/a

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Item #	Section 11 - Management	Circle one		
11.01	The agency has been cited for noncompliant conditions or practices by one or more of its funders.	Yes	No	n/a
11.02	The agency has been cited for similar issues in more than one (1) program.	Yes	No	n/a
11.03	Formal plans have been developed and implemented to correct issues raised in audit and monitoring reports.	Yes	No	n/a
11.04	The agency is open to seeking the assistance and support of funders for rapid corrective action when it recognizes that problems or difficulties have occurred.	Yes	No	n/a
11.05	When faced with the loss of program funding, the agency actively seeks replacement funds to continue the work.	Yes	No	n/a
11.06	The agency has information systems and skilled employees sufficient to generate and understand statistical reports on its activities and achievements.	Yes	No	n/a
11.07	In the absence of the Executive Director, there are competent people left in charge to make sure the day-to-day operation of the agency continues at a high level.	Yes	No	n/a
11.08	The Executive Director or other top leaders are frequently unavailable during regular business hours.	Yes	No	n/a
11.09	The agency has unrestricted reserve funds in excess of five percent (5%) of its annual budget.	Yes	No	n/a
11.10	The agency is in danger of losing one (1) or more major programs.	Yes	No	n/a
11.11	Management and program staff regularly talk about low-income people and how best to serve them.	Yes	No	n/a
11.12	The agency can demonstrate partnerships and collaborations with other community organizations.	Yes	No	n/a

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Item #	Section 12 - CSBG Performance	Circle one		
12.01	The current year CAP Plan has been submitted and accepted by TDHCA.	Yes	No	n/a
12.02	Agency adheres to all components of current CAP Plan.	Yes	No	n/a
12.03	Services are coordinated with other local providers to the fullest potential.	Yes	No	n/a
12.04	The Performance Statement, as submitted through the current CAP Plan, is being adequately implemented and activity is reflected in monthly reporting.	Yes	No	n/a
12.05	National Performance Indicators are reported in accordance with CSBG Policy Issuance #2006-12.11, Amendment #1.	Yes	No	n/a
12.06	If operating a Community Revitalization Project, progress is being made toward reaching outcomes stated in the CAP Plan.	Yes	No	n/a
12.07	Agency met at least ten percent (10%) of targeted Case Management goals specified in CSBG Information Action Item 2007-9.28 during the previous CSBG program year.	Yes	No	n/a
12.08	National Performance Indicator targets are realistic and therefore will take longer than the first quarter to achieve.	Yes	No	n/a
12.09	All counties in service area receive equitable service.	Yes	No	n/a
12.10	Number of unduplicated persons served reported on Part V of MFFPR reconciles with numbers from the monthly summaries and tally sheets.	Yes	No	n/a
12.11	Income for all clients over eighteen (18) years of age that received direct CSBG services has been properly documented.	Yes	No	n/a
12.12	Proper documentation (e.g. – bill, voucher, copy of check) has been retained in client file when direct monetary assistance was provided.	Yes	No	n/a
12.13	New program application is taken on each client once during a program year.	Yes	No	n/a
12.14	First-time served persons are counted according to CSBG Policy Issuance #2006-12.11.	Yes	No	n/a
12.15	Case Management procedures are in accordance with CSBG Issuance 96-11.5.	Yes	No	n/a

