



COMMONWEALTH of VIRGINIA

DEPARTMENT OF SOCIAL SERVICES

June 22, 2013

Mr. William Reisner, Chair
Board of Directors
Bay Aging
PO Box 248
Wicomico Church, VA 22579

Dear Mr. Reisner:

On May 21th through 23th, 2013, the Virginia Department of Social Services' Office of Community Services (OCS) conducted an on-site monitoring review of Bay Aging Community Action Agency.

OCS has responsibility for administering the federal Community Services Block Grant (CSBG), state general funds appropriated to accomplish the purposes of the Virginia Community Action Act, and for overseeing the operations of Virginia's community action network. On-site reviews provide OCS a way of ensuring local compliance with federal and state law, regulations, and guidelines and an opportunity to make recommendations designed to improve the governance and administration of local community action agencies and programs.

We are pleased to report that our on-site review resulted in no findings or weaknesses.

Because this report contains no findings or weaknesses, a written response is not required.

I want to thank the staff and board of directors for your hospitality and cooperation during the on-site visit. We commend your agency for the important work you do and for the difference you are making in the lives of the low-income families you serve.

If you have any questions, please feel free to contact me at (540) 556-9656 or by email at dottie.avalon@dss.virginia.gov.

Sincerely,

A handwritten signature in cursive script that reads "Donalda Avalon".

Donalda (Dottie) Avalon
Program Specialist

cc. Kathy Vesley, Executive Director

CSBG Review Report

Agency: Bay Aging

Date: May 21-23, 2013

Reviewer(s): Donalda (Dottie) Avalon

Agency Staff Interviewed: Kathy Vesley, CEO
Diana Giles, CFO
Jean Duggan, Planner
Kay Sheldon, Director of Human Resources
Mary Davis, Accountant
Staff Focus Group

Agency Board Members Interviewed: Bill Reisner, Chair
Stanley Clarke, Vice Chair
Jimmie Carter, Treasurer
Dianna Pitts, Member

Agency Overview

Bay Aging is a private, non-profit community action agency based in Urbanna, Virginia. The Agency serves as the community action agency for the Counties of Essex, Gloucester, King and Queen, King William, Lancaster, Mathews, Middlesex, Northumberland, Richmond and Westmoreland. Bay Aging is extremely diverse in the programs it offers through three major divisions-Community Living, Bay Transit, and Bay Family Housing. Among the programs offered by the agency are Housing and Weatherization, Public Transportation, the operation of senior apartments with supportive services and several other programs to allow seniors to remain in their homes.

During FY 2012 Bay Aging managed total resources of \$12 million. This includes \$215,454 in a Federal Community Services Block Grant and an additional \$14,166 in Virginia General Fund money.

Since the time of our last review Bay Aging has lost a portion of the funding for the Adult day Care Program. The funding was in the form of a special appropriation to help cover unmet needs. The agency has discontinued the HUD Housing Counseling Program due to funding cuts.

Bay Aging has been successful in partnering with local businesses and other non-profits to provide coordinated services. Using formal partnerships, MOUs and less formal agreements the agency works with local law enforcement (TRIAD), Legal Aid, Department of Social Services, County Resource Counsels, and Hands Across Counties, among others.

Governing Board

Bay Aging is governed by a fifteen (15) member Board of Directors. As of this date there is one (1) vacancy on the Board. Board members and agency staff state that they are working to fill this slot as quickly as possible. Open Board seats are taken very seriously and every effort is made to fill any vacancy as quickly as possible. The Board tries to anticipate future vacancies and have Board members ready to step in when vacancies occur.

Agency By-Laws provide for two (2) standing committees: Executive and Finance. The Finance Committee meets every other month before the Board meeting. The Executive Committee meets on an as needed basis. Other committees are created as the need dictates. The minutes from committee meetings along with the report are then shared with the full board at the next meeting. The agency's board meeting minutes indicate which committees met and reported during that period.

New board members receive an orientation handbook which includes the Articles of Incorporation, Bylaws, personal policies, Organization Chart and fiscal policies. The Board orientation material is also available on the agency's website. Bay Aging has also had Ken Ackerman in to conduct Board training.

Board members interviewed indicated that they develop a strategic plan once every three years which is reviewed and updated as needed. The agency's needs assessment and the prior strategic plan are used as a starting point to develop the strategic plan. Success of and adherence to the strategic plan are addressed at each Board meeting.

Board members report that all agency programs are evaluated bi-monthly. Bi-monthly program reports provided to the Board include fiscal and outcome data by program. The Board also receives and reviews all monitoring reports from funding sources. Any findings are discussed and the members help construct an action plan.

The By-Laws were last amended in January, 2013. Board members indicated that they are currently involved in reviewing the By-Laws. The review/amended dates are documented in the By-Laws. It is recommended that the board also compare the Articles of Incorporation to the By-Laws to ensure there are no discrepancies.

Bay Aging's Accounting & Financial Policies and Procedures Manual was revised and approved by the Board in September, 2012. The Board minutes substantiate this. The agency's Accounting & Financial Policies and Procedures Manual is reviewed at least annually. The Finance Committee, with input from staff, conducts the review then reports recommendations to the full Board. The review/amended dates are documented in the policy.

The agency's Personnel Policies were last updated in September, 2012. The agency's Personnel Policies are reviewed, at least, annually. The Executive Committee, with input from the staff, takes the lead in the review. The review/amended dates are documented in the policy.

The Executive Committee reviews the agency's salary scale/range as needed. The salary scale/range was updated in 2012. Bay Aging hired Goodman and Company to conduct the review and submit a report. While an external review is useful it is not required. OCS staff suggested sharing data with similarly sized businesses and non-profits operating in similar demographic areas to gather required data to complete the review.

The Board members report that they just completed the annual evaluation of the performance of its CEO. The process begins with each Board Member filling out an evaluation instrument. All completed questionnaires are then forwarded to the Board Chair. The Board Chair summarizes the information and shares it with the CEO. The completed evaluation is shared with the Board. The CEO was last evaluated in April, 2013.

The Board Members interviewed indicated that they perform self-analysis to evaluate their work annually. They use an evaluation instrument to conduct the analysis. All form are filled out and turned in to the CEO. Interns summarize and score the evaluations. The information is shared with the Board Members.

The Board Members report that low-income representatives are elected to serve by identifying and targeting low income groups and inviting them to vote for a representative. Community organizations are asked to help in identifying possible representatives. Notice is given to community via flyers and posters. The agency retains the letter or ballots from each election.

Detailed financial reports are presented to the finance committee before each Board meeting. Reports include data on current month and year to date actual and budgeted revenues and expenditures by program. The agency budget is reviewed at each meeting and revisions are made as changes in the agency's financial situation occur.

Needs Assessment

Bay Aging's management reports that it completes a needs assessment annually. The needs assessment process includes information gleaned from surveys, census data, online data gathering services, local partners, labor statistics, changes in employment and transportation in the service area and public hearings, among other things. The information is gathered and summarized by staff then shared with committee members to prioritize. The report is then presented to the board for review and approval.

Agency Administration and General Operations

Bay Aging's programs are reviewed monthly. Both fiscal bench marks and outcomes are evaluated. The program directors and managers receive reports that include a comparison of their program budget with the actual amount spent to date. The CEO and the Board review all program monitoring reports. The agency is committed to identifying the needs of the clients and in referring them to other programs, both within the agency and outside, that might be helpful.

To safeguard the confidentiality of client records all client records are kept in locked file cabinets in locked rooms. Staff is provided with a copy of the confidentiality policy and a signed confirmation is included in the employee's file. Client confidentiality policies are contained in the agency's Personnel Policies and Procedures.

The agency maintains client records for a minimum of seven (7) years after the audit date or as dictated by the funding contract.

Bay Aging uses a variety of methods and documentation to determine income eligibility for program services. These include, but are not limited to, pay stubs (or employer verification), social security statements, tax returns, Department of Social Service statements, and food stamp documentation along with federal guidelines. Examination of client records by OCS confirms this.

Bay Aging uses its CSBG funds to support the operational costs (primarily salaries, fringe benefit costs, and administrative costs) of its programs and services. TANF funds, when available, are also used for operational costs as well as for emergency services.

Bay Aging provided OCS with a copy of the latest monitoring report of its Virginia Department of Housing and Community Development (DHCD) and Virginia Department for the Aging. Findings in the reports have been addressed and the agency is working with the funding sources to have the findings closed. The Board worked with the CEO and staff to remedy each finding and bring the programs into compliance.

Bay Aging's Business Recovery Plan appears to be thorough and comprehensive. A copy of the plan is in each office and senior staff keeps copies in their car and home. The plan is reviewed annually in May. The plan provides for daily data backup, agreements with local companies to provide computer hardware and space, evacuation plans, and other contingencies.

Bay Aging's written policies governing restrictions on political activities are contained in the Personnel Policies and Procedures Manual and staff is required to sign a statement confirming that they received and understood it. The policy is reviewed and re-communicated to staff often.

Human Resources Management

OCS staff reviewed twenty (20) personnel files including both staff paid all or in part by CSBG funding and randomly chosen files. The agency files VA-4s and W-4s separately from the personnel files which is in accordance with current Human Resource recommendations. All files were in order and contained all required information. Performance evaluations and job descriptions were current. Timesheets and salary confirmations were performed with no discrepancies.

Program Administration

Bay Aging operates a variety of programs to help the economically disadvantaged in their service area. All program directors are provided with monthly management reports that include both revenue and expenditures by line item. The directors compare the program progress to the budgeted objectives. The Board is active in the on-going monitoring of program effectiveness, using the Needs Assessment as a guide.

The agency secures feedback from clients in a number of ways. Surveys, focus groups, volunteer questionnaires, and participant review of program effectiveness are all used. OCS staff reviewed sixteen (16) client files. There were no issues found.

Financial Management

While the financial management team is small, the CEO and other staff contribute to making sure separation of duties is maintained. Separation of financial duties appears adequate to reduce the likelihood of fraud or theft. Because of the challenges inherent in maintaining adequate internal controls over Bay Aging's financial management transactions with a limited financial staff, it is critically important that the Board Members (or Finance Committee) maintain a very active role in overseeing the agency's Financial Management system and transactions.

Bay Aging has an approved indirect cost rate. The indirect cost pool is identified and tracked. The agency uses a direct charge method whenever practical.

Bay Aging's FY 2012 A-133 Audit report contained no findings or reportable conditions.

The audit's "Statement of Financial Position" shows a healthy ratio of 4:1 in current assets to current liabilities (quick or current ratio).

The agency has an unrestricted cash reserve of approximately \$3,297,002. Estimated cost for three months of salary and fringe benefit costs is \$1,500,195. Bay Aging meets the OCS recommendation of holding a cash reserve equal to or greater than, three months of salary, tax, and fringe costs.

Bay Aging has used the same auditing firm for 2 years. The agency puts the audit out to bid once every three years. A new audit firm is chosen each time the audit is put out for bid.

The Accounting & Financial Policies and Procedures Manual was revised and reviewed/approved by the Board in September of 2012. The manual is reviewed, at least, annually. The review is instigated by staff who then presents recommendations to the Finance Committee. The committee reviews and makes recommendations to the Board.

Bay Aging uses a sound budget preparation process beginning with a review of prior year's actual expenditures. Budgets are adjusted for known changes in funding or contractual requirements. The CFO then compiles all program budgets into an agency-wide budget that is then reviewed by the finance committee and reviewed/approved by the board. A monthly budget

analysis that includes both expenditure and revenue data is reviewed by the program managers/directors.

CONCLUSION

Board governance appears to be strong and complete. Board Members seem to be committed and well-qualified. During the last three years, the agency's By-Laws, Personnel Manual, and Manual of Accounting Policies were all reviewed and updated.

The agency appears to be managed by experienced, dedicated, and professional staff. Staff seem to share the agency's mission.

OCS staff found Bay Aging to be in compliance with all CSBG requirements.

OCS commends the staff, management and board of Bay Aging for the positive changes in management procedures since our last visit, three years ago. The agency continues to expand its program offerings to identify and address the unmet needs of the people it serves while conducting the agency management in a professional manner.

FINDINGS: *OCS defines "Findings" as instances of non-compliance with statutes, regulations, policies, or procedures established by the agency itself, the Commonwealth of Virginia, or federal agencies.*

None

WEAKNESSES: *OCS defines "Weaknesses" as conditions that have the potential to lead to findings or problems for the agency including deficiencies in agency management and governance systems.*

None

RECOMMENDATIONS: *OCS defines "Recommendations" as "best practices" that can contribute to increased agency effectiveness.*

None