



NeighborWorks America:
**Building a Culture
of Accountability
and Belonging**

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Table of Contents

Stewardship, Governance, and Oversight.....	1
GAO Review	2
Technology.....	2
Financial Oversight and Audits.....	3
Procurement	4
Administrative Streamlining.....	4
Organizational Culture.....	5
Race, Equity, Diversity, and Inclusion.....	5

Strengthening a culture of accountability and belonging at NeighborWorks America

NeighborWorks America believes that people come first. To create a culture of accountability and belonging among its dedicated professional staff, NeighborWorks leans heavily on its core values of stewardship, accountability, integrity, inclusion, and collaboration. NeighborWorks is committed to institutionalizing equity and inclusion as part of the fabric of the organization's culture, processes, and staff capacity across all levels of the organizations. Similarly, as NeighborWorks embraces a fully hybrid workplace, the organization is focused on ensuring accountability mechanisms are consistently ingrained across the organization to optimize performance.

Stewardship, Governance, and Oversight

NeighborWorks America creates value by using resources both efficiently and effectively while helping network organizations to do the same. By statute, NeighborWorks' Board of Directors is comprised of senior representatives of the federal financial regulatory agencies (the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Federal Reserve Board, and the Office of the Comptroller of the Currency) along with the Department of Housing and Urban Development. The active, engaged Board, which meets at least six times per year as a full Board, with additional Audit Committee meetings, ensures that the organization maintains a high level of accountability and transparency. The Board is also connected directly to the network through in-person and virtual site visits, participation at significant conferences and community events, and through formal meetings with representatives of the National NeighborWorks Association. Through this engagement, Board members and Board Agency staff have been able to garner real-time perspective on issues that face communities and how the strategies supported by NeighborWorks America have made a difference.

NeighborWorks takes very seriously the responsibilities associated with stewarding public resources. This commitment is borne out through a continuous effort to remain compliant with all regulatory and contractual obligations, as well as through continued investment and improvements to information technology (IT) infrastructure, procurement processes, enterprise risk management, and internal financial controls. NeighborWorks is also undertaking a comprehensive review of internal policies and procedures and implementing enhanced staff training.

GAO Review

As part of the Consolidated Appropriations Act of 2022, Congress directed GAO to conduct an audit of NeighborWorks America. In June 2023, GAO released its audit report which provided ten recommendations to strengthen the organization by enhancing policies, procedures and internal controls related to procurement, whistleblowers, conflicts of interest, and audits, among others. NeighborWorks agreed with the findings and has made significant progress in implementing the recommendations by hiring a Senior Advisor to the CFO and standing up a Compliance Committee to shepherd the processes, protocols, and training being developed as part of the Corporation's comprehensive corrective action plan. These efforts further enhance steps already taken in response to recommendations surfaced through the dialogue that took place during the audit. As work continues, NeighborWorks will demonstrate accountability by releasing periodic progress reports detailing the actions that have been taken to address the GAO's recommendations.

In response to recommendations included in the audit, NeighborWorks is chartering a Change Management Center of Excellence. Even though the GAO recommendation focused on change management in the procurement area, NeighborWorks determined that change management policies and processes across the organization could benefit from a unified approach.

Technology

Recognizing the importance of leveraging technology to advance the overall management and strategy of the organization, NeighborWorks created and filled a Chief Information Officer position in FY 2022. This executive-level position is responsible for enterprise-wide management of information technology infrastructure, applications, and projects, including the development and operation of NW Compass.

NeighborWorks continues to invest in the modernization of its information technology infrastructure and enhancing the corporation's cybersecurity defenses to ensure reliability and continuity of operations as well as the protection of the organization's data. In FY 2021, NeighborWorks invested in an email security gateway to reduce security risks from inbound email attacks including both phishing attacks and malware delivery. On an annual basis, all staff undergo security awareness training. In FY 2023, NeighborWorks adopted a four-year strategic roadmap to guide investments in IT infrastructure and applications as well as continue to enhance the IT security posture of the organization.

To support the business needs of a hybrid workforce, NeighborWorks is undertaking a modernization regime for its information technology infrastructure. In early FY 2023, NeighborWorks completed migration of server and voice infrastructures to the cloud to

provide more reliable and scalable services. As part of this transition, NeighborWorks was able to shift from dedicated physical phones to integrating the ability to make and receive phone calls via the Microsoft Teams platform to improve communication and collaboration. In addition, NeighborWorks upgraded its network infrastructure which improved security and bandwidth for remote, Wi-Fi, and network connectivity. With the completed transition to cloud-based services, NeighborWorks has decommissioned its on-premises data center and avoided a major information technology investment in server and voice infrastructure hardware, generating significant cost savings.

Financial Oversight and Audits

NeighborWorks remains focused on promoting financial and management best practices to maximize the value of appropriated resources. As part of NeighborWorks' continual efforts to ensure compliance with all financial and accounting requirements, NeighborWorks has worked to modernize financial systems and invested in its accounting systems. These investments ensure that NeighborWorks appropriately manages processes including applicable sales tax collection for vendors from customers, vendor verification in the SAM.gov system, and all applicable accounting guidance.

NeighborWorks is committed to achieving and maintaining the highest levels of financial oversight and performance. NeighborWorks America itself undergoes two annual [audits](#) by a nationally recognized, independent audit firm:

- a financial statement audit conducted in accordance with auditing standards generally accepted in the United States (GAAS) that provides an opinion as to whether the financial statements present fairly, in all material respects, the Corporation's financial position, results of its operations, and its cash flows in conformity with generally accepted accounting principles in the United States (GAAP); and,
- an organization-wide compliance audit commonly referred to as a Single Audit under government auditing standards (GAGAS) and U.S. Code of Federal Regulations (CFR) Part 200, the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

For FY 2022, NeighborWorks received an unmodified "clean" opinion from BDO USA on its financial statements. In the compliance audit, the auditors identified procurement findings and issued a "qualified" opinion. The findings stated that NeighborWorks' written internal procurement policies and procedures were not in conformity with the requirements identified in the Uniform Guidance procurement requirements for noncompetitive contracts and that inappropriate justifications for noncompetitive

contracts were used. Management agreed with the findings and recommendations and is taking corrective action.

To ensure compliance with established financial and operational procedures, NeighborWorks America also employs a full-time Internal Auditor and staff whose responsibilities are similar to those of an Inspector General in a federal agency. The Internal Auditor is responsible for an annual audit work plan, including regular review of financial transactions and systems, internal controls, and monitoring adherence to established policies and procedures. To ensure the objective review of transactions and procedures, the Internal Auditor reports directly to NeighborWorks America's Audit Committee of the Board of Directors, and administratively to the CEO.

Procurement

In FY 2022, NeighborWorks invested in a new procurement management system. Additional build out and implementation to integrate necessary controls continued through FY 2023, along with a wholesale review of the organization's procurement policy. In FY 2024, per the GAO's recommendation, NeighborWorks is implementing automated controls and will undertake two quarterly reviews to audit their effectiveness.

As part of the implementation of the new system, and in line with the recommendations from the GAO, staff received initial training, with additional training ongoing. As the organization completes the transition to the new procurement system, much greater transparency into procurement and contracting milestones will be achieved, including improved protocols for sole source procurement. Going forward, the focus will be on optimizing the new system, building out additional integrations with existing financial systems within the organization, and strengthening subject matter expertise among internal users and system administrators on the new procurement system.

Administrative Streamlining

Over the last several years, NeighborWorks America has continued to take steps to control facility costs by renegotiating expiring leases, moving to smaller or more cost-effective locations, reducing space in offices, and closing satellite offices where leases have expired. In tandem with the organization's decision to formally adopt a hybrid workplace model, NeighborWorks moved its headquarters office to a new location in Washington, DC. The LEED Gold certified office occupies a smaller footprint and has been designed to support increased collaboration and communication, both for those participating in-person and virtually from other locations. In addition to better supporting hybrid work functions, the move to the new office will also result in cost savings for the organization. In FY 2024, NeighborWorks will continue to seek opportunities to leverage increased administrative efficiencies and savings.

Organizational Culture

By taking an intentional approach to strengthening organizational culture, NeighborWorks America is ensuring the organization is positioned to advance its mission. Like so many others, the organization has been impacted by the changes wrought by the pandemic, coupled with a new hybrid work model, workforce turnover and leadership transitions. Through an iterative, learning approach engaging staff at all levels of the corporation and augmented through outside expertise, NeighborWorks' culture will be developed around a vision that fosters innovation, collaboration, alignment and accountability that will allow the corporation to be nimble and better support the network.



Race, Equity, Diversity, and Inclusion

As part of its commitment to developing strong leadership, NeighborWorks has placed a strong emphasis on advancing race, equity, diversity, and inclusion (REDI) efforts, both within NeighborWorks America and with network organizations. NeighborWorks is focused on fostering an organizational culture and climate that identifies and addresses inequities while assisting network organizations to advance equitable outcomes for their communities. Through an ongoing equity plan, NeighborWorks systematically and strategically identifies patterns that allow inequities to exist and implements changes in practices, protocols and policies to advance inclusive excellence.

Throughout the development of the FY 2022-2024 strategic plan, NeighborWorks considered equity implications, and a similar approach will be implemented for development of the next plan. By applying an equity lens to each goal, NeighborWorks is working to consistently interweave efforts to advance equity into its work through the

associated metrics and implementation strategies. NeighborWorks is committed to using its resources to promote strategies that uplift historically underserved communities, including communities of color and areas of persistent poverty, as well as the organizations that serve them.

NeighborWorks seeks to build an organizational culture around equity and inclusion, ensuring that diverse voices and perspectives are present, acknowledged and valued to generate strategies and solutions that guide the corporation's work. To advance REDI efforts, NeighborWorks focuses on diversity, equity and inclusion in both the workforce and workplace. NeighborWorks also prioritizes community engagement strategies which include evaluating innovative and forward-thinking marketing, branding, and best practices employed by network organizations and others in the field.

To engage staff in REDI efforts, NeighborWorks stood up an Employee Advisory Committee to inform organizational strategies and offer recommendations and feedback to enhance policies, protocols, and practices that ensure a diverse and inclusive workplace and organization. The EAC was intended to develop broad ownership of equity and inclusion work and deep intercultural competence across the organization. NeighborWorks has also provided specialized training for 20 staff REDI Facilitators, who model behavior and facilitate conversations that support organizational efforts to advance equity and inclusion. The facilitators work to build organizational capacity and create more inclusive and responsive participation and leadership. Facilitators are available to work with divisions, individual business units, cross-divisional teams, and individuals seeking to integrate more inclusive practices, projects, and policies into their work. They serve as an internal resource for both formal and informal conversations by asking questions and encouraging thoughtful and intentional inquiry around race, equity, inclusion, and diversity.

The values of equity and inclusion are intertwined with the history and embedded in the practice of NeighborWorks America and the network. To support intentional equity and inclusion efforts in the network more deeply, in 2017, NeighborWorks launched the inaugural REDI cohort comprised of sixteen network organizations dedicated to developing and strengthening diversity and inclusion within their organizations. During an 18-month series of convenings, members developed strategies and received ongoing coaching to drive REDI-related work within their organizations and communities. The cohort functioned as a "community of practice," meeting regularly to identify effective tools, resources and strategies that can be used at the organizational level and to share experiences, best practices and learnings. The first REDI cohort completed its term in early 2019 and the second REDI cohort of 16 organizations commenced meetings in late 2019. NeighborWorks and the network continue to investigate other ways to advance equity and inclusion in the community development field, including investing in efforts

to cultivate and support a more diverse leadership pool of high-performing, mid-career professionals.