

Office of Inspector General Corporation for National and Community Service

AGREED-UPON PROCEDURES FOR CORPORATION GRANTS AWARDED TO THE UNIVERSITY OF MARYLAND CENTER ON AGING

OIG REPORT 10-05



Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

Prepared by:

Clifton Gunderson LLP
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Calverton, MD 20705

This report was issued to Corporation management on October 23, 2009. Under the laws and regulations governing audit follow-up, the Corporation is to make final management decisions on the report's findings and recommendations no later than April 23, 2010, and complete its corrective actions by October 23, 2010. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.



OFFICE OF INSPECTOR GENERAL

October 23, 2009

TO: Lois Nembhard
Acting Director, AmeriCorps*State and National

Margaret Rosenberry
Director, Office of Grants Management

FROM: Stuart Axenfeld /s/
Assistant Inspector General for Audit

SUBJECT: Report 10-05, *Agreed-Upon Procedures for Corporation Grants Awarded to the University of Maryland Center on Aging*

We contracted with the independent certified public accounting firm, Clifton Gunderson LLP, to perform agreed-upon procedures in its review of a Corporation for National and Community Service grant awarded to RFCUNY. The contract required the firm to conduct the engagement in accordance with generally accepted government auditing standards.

Clifton Gunderson is responsible for the attached report, dated March 12, 2009, and the conclusions expressed therein. We do not express opinions on the Schedule of Award and Claimed Costs by Grantee/Subgrantees, supporting schedules, and conclusions on the effectiveness of internal controls; or compliance with laws, regulations, and grant provisions.

Under the Corporation's audit resolution policy, a final management decision, by the Corporation, on the findings in this report is due by April 23, 2010. Notice of final action is due by October 23, 2010.

If you have questions pertaining to this report, please call me at (202) 606-9360 or Jim Elmore at (202) 606-9354.

Attachment

cc: Laura Wilson, Chair, Department of Health Services Administration,
University of Maryland
Kristin McSwain, Chief of Program Operations
William Anderson, Acting Chief Financial Officer
Rocco Gaudio, Deputy Chief Financial Officer, for GFFM
Claire Moreno, Senior Grants Officer, Office of Grants Management
Bridgette Roy, Audit Resolution Coordinator
Gregory Hook, Director, Fiscal Compliance Audits, Office of Legislative
Audits
Denise Wu, Partner, Clifton Gunderson LLP

**AGREED-UPON PROCEDURES FOR CORPORATION GRANTS
AWARDED TO THE UNIVERSITY OF MARYLAND CENTER ON AGING**

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Executive Summary

The Office of Inspector General (OIG), Corporation for National and Community Service (Corporation), contracted with Clifton Gunderson LLP (auditors) to perform agreed-upon procedures on grant expenditures and compliance with grant terms and provisions (including compliance with applicable laws and regulations) for Corporation-funded Federal assistance provided to the University of Maryland Center on Aging (UMCA).

Results

As a result of applying the procedures, the auditors questioned claimed Federal-share costs of \$9,734, education awards of \$38,750. For match costs, the auditors questioned \$59,956. A questioned cost is an alleged violation or non-compliance with grant terms and/or provisions of laws and regulations governing the expenditure of funds; or a finding that, at the time of testing, adequate documentation supporting a cost item was not readily available. The results of our agreed-upon procedures are summarized in the Consolidated Schedule of Award and Claimed Costs.

UMCA claimed total Federal costs of \$1,660,909 and total match costs of \$833,282 from September 20, 2006 through September 30, 2008, for grant number 05NDHMD001. Based on testing a judgmentally selected sample of transactions, the auditors questioned claimed costs as detailed below:

Type of Questioned Costs	Federal Share	Education Award	Match Share
Cost Reconciliation	\$3,745	\$ -	\$ 18,073
Unsupported Member Living Allowances	-	-	1,300
Administrative Costs	629	-	-
Unallowable Non-Program Cost	250	-	-
Eligibility Requirement Not Met	-	1,250	-
Unallowable Incentive Costs	-	-	40,583
Criminal Background Check Not Documented or Incomplete	5,110	13,750	-
Timesheet Hours Were Not Sufficient to Support Hours Certified for Education Awards	-	13,750	-
Timesheet Not Signed by Supervisor	-	1,250	-
Documentation of End-of-Term Member Evaluation	-	8,750	-
Totals	\$9,734	\$38,750	\$59,956

Participants who successfully complete terms of service under AmeriCorps grants are eligible for education awards and, in some cases, accrued interest awards funded by the Corporation's National Service Trust. These award amounts are not funded by Corporation grants and thus are not included in claimed grant costs. However, at grant award, and due to the grant award, these amounts become immediate obligations of the National Service Trust. Therefore, as part of our agreed-upon procedures and applying the same criteria used for the grantee's claimed costs, we determined the effect of our findings on AmeriCorps members' entitlement to education and accrued interest awards.

The auditors compared the inception-to-date drawdown amounts with the amounts reported in the last Financial Status Reports (FSR) for the periods tested and determined that the drawdowns were reasonable.

We questioned education awards of \$38,750 mostly because the members lacked criminal background and/or National Sex Offender checks, lacked support for certified hours of service, or lacked end-of-term evaluations for their second term of service.

Details of questioned costs and awards appear in the *Schedule of Findings* that follows.

The results of our agreed-upon procedures included the following instances of non-compliance with grant provisions, and applicable laws and regulations:

- Lack of controls or controls not implemented over reporting and recording of Federal share and match costs, including the lack of reconciliation between the reported grant expenditures and accounting records;
- Lack of adequate procedures to ensure program compliance, such as a member eligibility, incomplete criminal background checks, signing the member contract after the start of service, paying living allowances when the member performed no service and prior to signing the contract, unequal payment of living allowances, and FICA not deducted from member living allowances;
- Missing timesheets, timesheets not signed by supervisor, late submission of some members' forms, and enrollments prior to having a signed member contract;
- Missing documentation of final end-of-term member evaluations and lack of documentation that members attended orientation;
- Lack of documented review of potential subgrantees' financial systems during pre-evaluation; and
- Subgrantee not meeting match requirements.

Background

The Corporation, pursuant to the authority of the National Community Service Trust Act of 1993 (as amended), awards grants and cooperative agreements to State commissions, nonprofit entities, and tribes and territories to assist in the creation of full- and part-time national and community service programs. Through these grantees, AmeriCorps members perform service to meet educational, human, environmental, and public safety needs throughout the nation. In return for this service, eligible members may receive a living allowance and post-service education benefits.

UMCA is organizationally under the Department of Health Services Administration (UMDHSA) within the School of Public Health and is part of the University of Maryland. The Chief Operating Officer/Vice Chancellor for Administration and Finance for the University of Maryland handles the financial functions of UMCA, such as payments to subgrantees and cash management. The University of Maryland comes under the State of Maryland, which has been subject to the Single Audit Act and received unqualified opinions on its financial statements and no findings were identified relating to AmeriCorps funding.

UMCA's Legacy Corps for Health and Independent Living program is a multigenerational model of respite service teams comprised of two AmeriCorps members, one over the age of

50 and the other between the ages of 16 and 49, who provide the in-home respite care to frail senior citizens.

UMCA awarded funds to 11 subgrantees (7 nonprofits, 3 Native American Indian tribes, and the State of Florida) in each of the two program years, 2006-2007 and 2007-2008, covered in our scope. The subgrantees used the funds to support their operations and provide member support. The subgrantees maintain supporting documentation for the claimed costs and member files. UMCA submits its monthly Periodic Expense Report (PER) into the Corporation's Web-Based Reporting System (WBRS) and submits its Financial Status Reports (FSR) for its AmeriCorps grant to the Corporation for inclusion in eGrants. UMCA prepares the aggregate FSR for the Legacy Corps by accumulating the expenses reported on subgrantees' and UMCA's PERs.

UMCA monitors subgrantees by reviewing member information in WBRS, reimbursement requests, performing annual Technical Assistance Site Assessment visits and desk audits, and through regular communication with subgrantees.

UMCA claimed Federal costs, totaling \$1,660,909, during the scope of this engagement.

Agreed-Upon-Procedures Scope

The auditors performed the agreed-upon procedures during the period December 10, 2008, through February 28, 2009. The agreed-upon procedures covered the allowability, allocability, and reasonableness of financial transactions reported between September 20, 2006, and September 30, 2008, for grant number 05NDHMD001. The auditors also performed tests to determine compliance with certain grant terms and provisions. The procedures performed were based on the OIG's "Agreed Upon Procedures for Corporation Awards to Grantees (including Subgrantees) dated July 2008." The engagement focused on UMCA and two of its subgrantees: Area Agency on Aging of Palm Beach/Treasure Coast, Inc. (AAA) and the Pueblo of Zuni (Zuni). We tested transactions totaling \$46,648 for UMCA. We also tested transactions totaling \$14,752 for AAA and \$11,823 for Zuni.

Exit Conference

The draft content of this report was provided and discussed with the Corporation, UMCA, and applicable subgrantees at an exit conference held on March 12, 2009, at the University of Maryland, College Park, MD.

UMDHSA responded to the report on behalf of UMCA. UMDHSA disagreed with some findings and agreed with others; its response to the findings and recommendations in the draft report are included in Attachment I and summarized after each recommendation. The Corporation did not respond to the individual findings and recommendations. Its response is in Attachment II.

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Corporation for National and Community Service
Office of Inspector General

We have performed the procedures enumerated in the agreed-upon procedures listed in the "Agreed Upon Procedures for Corporation Awards to Grantees (including Subgrantees) dated July 2008" attached to the Statement of Work CNSIG-08-F-0029 (not included herein), which were agreed to by Corporation OIG, solely to assist you in evaluating certain information reported by UMCA in accordance with their Corporation grant terms and provisions, and applicable laws and regulations, for the period from September 20, 2006 through September 30, 2008. UMCA and its subgrantees, AAA and Zuni are responsible for the accuracy and completeness of the reported information. This Agreed-Upon Procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of the procedures is solely the responsibility of the Corporation OIG specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose(s) enumerated in the "Agreed-Upon Procedures for Corporation Awards to Grantees (including Subgrantees) dated July 2008" attached to the Statement of Work CNSIG-08-F-0029 or for any other purpose.

Findings noted that resulted from the procedures performed are described in the Schedule of Findings.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the reported information. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the OIG, the Corporation, UMCA, and the U.S. Congress, and is not intended to be, and should not be used by anyone other than these specified parties.

Clifton Gunderson LLP

Calverton, Maryland
March 12, 2009

Consolidated Schedule of Award and Claimed Costs
Award Period September 20, 2006 through September 30, 2008
University of Maryland Center on Aging – 05NDHMD001

			<u>Reference</u>
Authorized Budget (Corporation Funds)		\$2,266,970	Note 1
Claimed Federal Costs		\$1,660,909	Note 2
Authorized Match Budget		\$1,110,911	Note 3
Claimed Match Costs		\$ 833,282	Note 4
Questioned Federal Costs:			
Cost Reconciliation	\$ 3,745		Note 5
Administrative Costs	629		Note 7
Unallowable Non-Program Cost	250		Note 8
Criminal Background Check Not Documented or Incomplete	<u>5,110</u>		Note 9
Total Questioned Federal Costs		<u>\$ 9,734</u>	
Questioned Match Costs:			
Reconciliation	\$18,073		Note 5
Member Living Allowances	1,300		Note 6
Unallowable Incentive Costs	<u>40,583</u>		Note 12
Total Questioned Match Costs		<u>\$ 59,956</u>	
Questioned Education Award			
Eligibility Requirement Not Met	\$ 1,250		Note 13
Criminal Background Check Not Documented or Incomplete	13,750		Note 9
Timesheet Hours Were Not Sufficient to Support Hours Certified for Education Awards	13,750		Note 10
Timesheet Not Signed by Supervisor	1,250		Note 11
Documentation of End-of-Term Member Evaluation	<u>8,750</u>		Note 14
Total Questioned Education Awards		<u>\$ 38,750</u>	

Notes to Consolidated Schedule of Award and Claimed Costs

Notes

1. The amount as approved budget represents the funding to UMCA according to the grant agreement.
2. Claimed costs are UMCA's reported Federal expenditures for the period September 20, 2006, through September 30, 2008.
3. The amount as approved match budget represents the funding to UMCA according to approved budget reported in WBRS.
4. Claimed costs are UMCA's reported match expenditures for the period September 20, 2006, through September 30, 2008.
5. AAA and Zuni claimed \$3,745 Federal and \$18,073 match costs that were not supported by its accounting records (see Finding 1).
6. Zuni claimed \$1,300 match costs in member living allowances that were unsupported (see Finding 2).
7. AAA claimed \$629 in unallowable Federal administrative expense (see Finding 3).
8. Zuni claimed \$250 in Federal grant cost that was unallowable because the cost was not related to the AmeriCorps Program (see Finding 3).
9. AAA and Zuni had \$5,110 in Federal questioned member living allowances, \$13,750 in questioned education awards due to State criminal registry searches not being performed and/or incomplete National Sex Offender Registry searches (see Finding 5).
10. AAA and Zuni had \$13,750 in questioned education awards due to missing timesheets (see Finding 5).
11. Zuni had \$1,250 in questioned education awards due to the supervisor not signing the member timesheets (see Finding 5).
12. AAA had \$40,583 in match questioned incentive costs that are unallowable (see Finding 3).
13. AAA had \$1,250 in questioned education awards due to member not meeting eligibility requirements (see Finding 5).
14. AAA had \$8,750 in Federal questioned education awards due to lack of end-of-term evaluation for members who had previously served (see Finding 7).

**Schedule of Award and Claimed Costs By Grantee/Subgrantee
September 20, 2006, through September 30, 2008**

Grantee/Subgrantee	Claimed Costs		Questioned Costs		Questioned Education Awards	Reference
	Federal	Match	Federal	Match		
University of Maryland Center on Aging	\$ 380,165	\$187,279	\$ -	\$ -	\$ -	
Area Agency on Aging	174,890	91,411	1,632	40,583	21,250	Schedule B
Florida Dept of Elder Affairs	147,228	54,762	-	-	-	Note 1
Alpert Jewish Family & Children's Service	83,506	100,012	-	-	-	Note 1
Lutheran Social Services of Illinois	107,416	80,943	-	-	-	Note 1
Lutheran Social Services of Minnesota	136,836	50,681	-	-	-	Note 1
Nevada Rural Counties RSVP Program	102,765	51,622	-	-	-	Note 1
Pueblo of Isleta	135,058	58,286	-	-	-	Note 1
Salt Lake County Aging Services	131,434	61,299	-	-	-	Note 1
Aging and Independence Services	88,685	26,677	-	-	-	Note 1
Pueblo of Zuni	101,440	34,188	8,102	19,373	17,500	Schedule C
Santa Clara Indian Pueblo	71,486	36,122	-	-	-	Note 1
Totals	\$1,660,909	\$833,282	\$9,734	\$59,956	\$38,750	

1. Transactions at this subgrantee were not tested.

**Schedule of Award and Claimed Costs:
Area Agency on Aging of Palm Beach/Treasure Coast, Inc. (AAA)
September 20, 2006, through September 30, 2008**

		<u>Reference</u>
Authorized Budget (Federal Funds)	\$182,008	Note 1
Claimed Federal Costs	\$174,890	Note 2
Authorized Match Budget	\$ 91,411	Note 3
Claimed Match Costs	\$ 91,411	Note 4
Questioned Federal Costs:		
Cost Reconciliation	\$ 1,003	Note 5
Administrative Costs	<u>629</u>	Note 6
Total Questioned Federal Costs	<u>\$ 1,632</u>	
Questioned Match Costs:		
Unallowable Incentive Costs	<u>\$40,583</u>	Note 7
Total Questioned Match Costs	<u>\$ 40,583</u>	
Questioned Education Award		
Eligibility Requirement Not Met	\$ 1,250	Note 8
Criminal Background Check Not Documented or Incomplete	5,000	Note 9
Timesheet Hours Were Not Sufficient to Support Hours Certified for Education Awards	6,250	Note 10
Documentation of End-of-Term Member Evaluation	<u>8,750</u>	Note 11
Total Questioned Education Awards	<u>\$ 21,250</u>	

Notes

1. The amount as approved budget represents the funding to AAA according to the subgrant agreement.
2. Claimed costs are AAA's reported Federal expenditures for the period September 20, 2006, through September 30, 2008.
3. The amount as approved match budget represents the funding to AAA according to approved budget reported in WBRS.
4. Claimed costs are AAA's reported match expenditures for the period September 20, 2006, through September 30, 2008.

5. AAA claimed \$1,003 Federal costs that were not supported by its accounting records (see Finding 1).
6. AAA claimed \$629 in unallowable Federal administrative expense (see Finding 3).
7. AAA had \$40,583 in match questioned incentive costs that are unallowable (see Finding 3).
8. AAA had a \$1,250 questioned education award due to one member not meeting the eligibility requirements (see Finding 5).
9. AAA had \$5,000 in questioned education awards due to incomplete National Sex Offender Registry searches (see Finding 5).
10. AAA had \$6,250 in questioned education awards due to missing timesheets (see Finding 5).
11. AAA had \$8,750 in questioned education awards due to lack of end-of-term evaluations for members with prior service (see Finding 7).

**Schedule of Award and Claimed Costs:
Pueblo of Zuni
Award Period September 20, 2006 through September 30, 2008**

		<u>Reference</u>
Authorized Budget (Federal Funds)	\$168,750	Note 1
Claimed Federal Costs	\$101,440	Note 2
Authorized Match Budget	\$ 67,113	Note 3
Claimed Match Costs	\$ 34,188	Note 4
Questioned Federal Costs:		
Cost Reconciliation	\$ 2,742	Note 5
Unallowable Non-related Cost	250	Note 7
Criminal Background Check Not Documented or Incomplete	<u>\$ 5,110</u>	Note 8
Total Questioned Federal Costs		
	<u>\$ 8,102</u>	
Questioned Match Costs:		
Reconciliation	\$18,073	Note 5
Member Living Allowances	<u>1,300</u>	Note 6
Total Questioned Match Costs		
	<u>\$ 19,373</u>	
Questioned Education Award		
Criminal Background Check Not Documented or Incomplete	\$ 8,750	Note 8
Timesheet Hours Were Not Sufficient to Support Hours Certified for Education Awards	7,500	Note 9
Timesheet Not Signed by Supervisor	<u>1,250</u>	Note 10
Total Questioned Education Awards		
	<u>\$ 17,500</u>	

Notes

1. The amount as approved budget represents the funding to Zuni according to the grant agreement.
2. Claimed costs are Zuni's reported Federal expenditures for the period September 20, 2006, through September 30, 2008.
3. The amount as approved match budget represents the funding to Zuni according to approved budget reported in WBRB.
4. Claimed costs are Zuni's reported match expenditures for the period September 20, 2006, through September 30, 2008.
5. Zuni claimed \$2,742 Federal and \$18,073 match costs that were not supported by its accounting records (see Finding 1).
6. Zuni claimed \$1,300 match costs in member living allowances that were unsupported (see Finding 2).
7. Zuni claimed \$250 in unrelated Federal grant costs that was unallowable (see Finding 3).
8. Zuni had \$5,110 in Federal questioned member living allowances, \$8,750 in questioned education awards due to State criminal registry searches not being performed and incomplete National Sex Offender Registry searches (see Finding 5).
9. Zuni had \$7,500 in questioned education awards due to missing timesheets (see Finding 5).
10. Zuni had \$1,250 in a questioned education award because the supervisor had not signed the member timesheets (see Finding 5).

Schedule of Findings

Finding 1 - Lack of controls over reporting of Federal and match costs

Cost Reconciliation

The UMCA did not establish written policies and procedures requiring its subgrantees to perform a reconciliation of the financial information maintained in their accounting systems with the PERs submitted to UMCA and the Corporation through WBRS. As a result, the subgrantees we reviewed, AAA and Zuni, were unable to reconcile their accounting records with claimed costs for the period September 20, 2006 to September 30, 2008.

We found differences between the PERs and the subgrantees' accounting records, as follows:

Subgrantee	Program Year	PER Federal	GL Federal	Federal Difference	PER Match	GL Match	Match Difference
AAA	2006-2007	\$91,004	\$90,001	\$1,003	\$44,798	\$112,218	(\$67,420)
	2007-2008 ¹	\$83,886	\$87,091	(\$3,205)	\$46,613	\$51,506	(\$4,893)
	Totals	\$174,890	\$177,092	(\$2,202)	\$91,411	\$163,724	(\$72,313)
ZUNI	2006-2007	\$65,721	\$63,021	\$2,700	\$28,455	\$11,568	\$16,887
	2007-2008 ²	\$35,719	\$35,677	\$42	\$5,733	\$4,547	\$1,186
	Totals	\$101,440	\$98,698	\$2,742	\$34,188	\$16,115	\$18,073

AAA's Federal costs claimed in the PERs were more than the amount supported by its accounting records by \$1,003 for program year 2006 to 2007. It was also noted that AAA's accounting reports for the match costs far exceeded the monthly costs reported in the PER in most cases. Further discussions with AAA confirmed that the same fund account used to support this grant was also used to support other programs. However, AAA was unable to provide an accounting report that breaks out the match costs that relates just to the Corporation grant. Consequently, we were unable to determine the match costs. As of March 12, 2009, the date of the exit conference, AAA was still working on providing this information.

Zuni's Federal costs claimed in the PERs were more than the amount supported by its accounting records by \$2,700 and \$42 for PYs 2006-2007 and 2007-2008, respectively. Match costs claimed in the PERs were more than the amount supported by Zuni's accounting records by \$16,887 and \$1,186 for PYs 2006-2007 and 2007-2008, respectively. It should be noted that due to the lack of a detailed reconciliation, we were unable to determine if these questioned costs were a duplication of what was noted in the other findings that follow. In addition, Zuni did not provide the auditors with the accounting report they requested for March 2008 for the match costs for PY 2006-2007. Instead, Zuni provided a summary spreadsheet indicating that it had incurred match costs of \$15,287 related to supplies, membership training, and travel. However, none of these costs was reflected in the match cost transaction listings that were provided to the auditors to represent the match costs incurred by Zuni in support of this grant for the period under

¹ Information provided was as of 9/30/08.

² Information provided was as of 9/30/08.

review. As a result, we were unable to include those match costs as part of our match cost testing.

We questioned Federal costs totaling \$3,745 (AAA \$1,003 and Zuni \$2,700 for PY 2006-2007 and Zuni \$42 for PY 2007-2008). Total questioned match cost for Zuni is \$18,073.

Criteria:

AmeriCorps General Provisions (2007 ed.), Section V.B.1., Financial Management Standards, states in part:

The grantee must maintain financial management systems that include standard accounting practices, sufficient internal controls, a clear audit trail and written cost allocation procedures, as necessary. Financial management systems must be capable of distinguishing expenditures attributable to this grant from expenditures not attributable to this grant. The systems must be able to identify costs by programmatic year and by budget category and to differentiate between direct and indirect costs or administrative costs. Further details about the grantee's financial management responsibilities can be found in OMB Circular A-102, *Grants and Cooperative Agreements with State and Local Governments*, and its implementing regulations (45 C.F.R. §2543) or OMB Circular A-110, *Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*, and its implementing regulations (45 C.F.R. §2541), as applicable.

Recommendations:

We recommend that the Corporation:

- 1a. Resolve questioned costs of \$3,745 in Federal and \$18,073 in match costs and recover any disallowed costs.
- 1b. Ensure that UMCA develops and implements financial reconciliation requirements for subgrantees and monitors to ensure that the subgrantees' financial information is reconciled to their submitted PERs.
- 1c. Ensure that UMCA requires its subgrantees to adjust their accounting systems to be able to track and report on grant expenditures (i.e., federal and match) incurred. In addition, the Corporation should work with UMCA to obtain a reconciliation of the costs incurred in its subgrantees' accounting system and the costs claimed to the corporation grant.
- 1d. Work with UMCA to resolve the discrepancies between the reported claimed Federal and match costs and its accounting records after the reconciliation is performed and reviewed for its reasonableness.
- 1e. Perform testing of Zuni's \$15,287 in match costs that the auditors could not review due to Zuni's late disclosure of those expenses.

UMDHSA's Response

UMDHSA indicated that the subgrantees provided documentation for the questioned Federal amount of \$1,003 for AAA and \$1,328 for Zuni in UMDHSA's March 23, 2009 response report to the auditors. Zuni in January 2009 also submitted additional documentation to the auditors supporting the cost of an additional \$11,568 in questioned match. This information will be submitted separately to Corporation. AAA's match costs for the Corporation grant are now tracked in a separate account to avoid future questioned costs. UMDHSA terminated the Zuni grant in April 2009. This was after two years of on-going technical assistance and corrective action measures to increase program compliance with both fiscal and program issues. The core issue for Zuni revolved around continuous staff turnover in both the program and fiscal departments, making it difficult to consistently meet compliance standards. The same is documented in numerous UMDHSA monitoring reports prior to Zuni's termination.

UMDHSA indicated that it has always audited and reconciled financial records of subgrantees during its annual monitoring visits. Additionally, subgrantee sites are required to reconcile their monthly PER in conformance to UMDHSA Policy #11. UMDHSA stated that it also provided extensive financial training every other year at its own National Direct Training through Walker and Company. Training was provided in 2006 (January 22-24) and 2008 (May 12-14). All participants received training workbooks for future reference. Topics included financial reconciliation and accounting records/systems. All sites are required to code AmeriCorps funds separately from other funding sources. All fiscal employees of subgrantees are required to attend these training events. To augment its on-going financial training and onsite monitoring visits, UMDHSA also committed to writing its internal policy on financial reconciliation titled "Fiscal Reconciliation of Periodic Expense Reports." The policy was written in March of 2009 and disseminated to all Site Directors on March 18, 2009. Policy #11 has been sent to the Corporation under separate cover. UMDHSA stated that additional desktop audits are conducted for "at-risk" sites based on compliance standards.

Auditors' Comments

The Corporation should follow up on the information to be provided by the subgrantees to UMCA to resolve the questioned Federal and match costs. Based on the information provided to us, we were unable to resolve the questioned costs noted above in the finding. The cost information related to \$15,287 in match costs was not initially disclosed to the auditors when Zuni was requested to provide transaction data for the period being reviewed. The Corporation should ensure that a full reconciliation, and not just one PER for the grant year, is performed at the time of UMCA's annual monitoring visits.

Unmet Match Requirements

Zuni's PER, as of September 30, 2008, for PY 2007-2008, shows that it did not meet match amounts required by UMCA, as follows:

	Actual Cost	Percentage of Total Cost	Match Cost Requirement	Percentage of Total Cost
Section I. Operating costs	\$ 5,733	29.2%	\$24,069	54.9%
Section II. Member Support Costs	-	00.0%	12,918	16.7%
Section I. & II. Total Cost	\$ 5,733	13.8%	\$36,987	30.5%

Zuni stated that it did meet the match requirements, but that it had incorrectly reported match costs as Federal costs. We were unable to confirm that this was the case or that corrections had been made.

By not meeting its match requirements, Zuni's program could be adversely affected by the lack of financial support. In addition, Zuni is also placing UMCA at risk of not meeting the matching requirements for the overall grant. Zuni's grant document, awarded by UMCA, mandates these match costs, which were reflected in the application proposal for PY 2007-2008.

Criteria:

The subgrantee award for Zuni included an application proposal for PY 2007-2008, which included match amounts, as follows:

- a. Operating costs of 54.9 percent of total operating costs for a total of \$24,069,
- b. Member support of 16.7 percent of total member support cost for a total of \$12,918, and
- c. Overall cost share of 30.5 percent of total costs for a total of \$36,987.

Recommendation:

- 1f. We recommend that the Corporation ensure that UMCA continues to monitor and provide training to its subgrantees (i.e., how to reconcile its financial records to its PERs) to ensure that Federal and match costs are reported correctly and that subgrantees are monitoring their matching costs to ensure that they will meet their minimum requirements.

UMDHSA's Response

UMDHSA stated that it provides a continuous training program to strengthen all subgrantees. It has conducted annual UMDHSA National Training events since 2001. Every other year, the training primarily focuses on fiscal issues, and UMCA requires all subgrantee fiscal staff to attend. In both 2006 (January 22-24) and 2008 (May 12-14), UMDHSA engaged the services of Walker and Company to provide extensive fiscal training. Participants received their own workbook as a quick desktop reference. Topics included, fiscal reconciliation of PERs, capturing and reporting financial match (all aspects), national audit findings, reporting in-kind contributions, building strong budgets, building internal accounting systems, time and activity reporting, member eligibility, closing out fiscal years, preparing FSRs, reconciling the grant, etc. These topics for fiscal training were first identified by UMDHSA through its own annual monitoring site visits. Subsequently, UMDHSA requested that a training and assistance provider (Walker and Company) to assist on these issues. UMDHSA asked that this finding be removed.

Auditors' Comments

The Corporation should ensure that UMDHSA continues to monitor and provides the training that addresses those areas referred to in the recommendation.

Financial Status Report Indirect Expense

UMCA did not properly report the amounts included on line 11, *Indirect Expense*, on four FSRs covering October 1, 2006 through September 30, 2008. We specifically noted the following:

- For the FSR covering October 1, 2006 to March 31, 2007, UMCA reported only the Federal indirect cost and did not account for total indirect cost on line 11d. The total amount of indirect cost reported on line 11d was the same as the \$19,307 Federal share amount on line 11e. Based on UMCA's financial records for the reporting period, UMCA only incurred \$3,852 in federal indirect expense. UMCA overstated its Federal indirect expense by \$15,455.
- For the FSR covering April 1, 2007 to September 30, 2007, UMCA reported only the Federal indirect cost and did not account for total indirect cost on line 11d. The total amount of indirect cost reported on line 11d was the same as the \$19,307 Federal share amount on line 11e. In addition, it reflected the same amount reported in the previous FSR. Based on UMCA's financial records for the reporting period, UMCA only incurred \$4,985 in federal indirect expense. UMCA overstated its Federal indirect expense by \$14,322.
- For the FSR covering October 1, 2007 to March 31, 2008, UMCA reported the base direct cost on line 11c as \$5,879,721, yet the grant was just over \$3 million. UMCA reported only the Federal indirect cost and did not account for total indirect cost on line 11d. The total amount of indirect cost reported on line 11d was the same as the \$31,388 Federal share amount on line 11e. Based on UMCA's financial records for the reporting period, UMCA only incurred \$4,338 in federal indirect expense. UMCA overstated its Federal indirect expense by \$27,053.
- For the FSR covering April 1, 2008 to September 30, 2008, UMCA reported only the Federal indirect cost and did not account for total indirect cost on line 11d. The total amount of indirect cost reported on line 11d was the same as the \$9,577 Federal share amount on line 11e. Based on UMCA's financial records for the reporting period, UMCA only incurred \$6,652 in federal indirect expense. UMCA overstated its Federal indirect expense by \$2,925.

UMCA did not comply with FSR reporting instructions on indirect costs because its staff did not fully understand what the form requires. In addition, the Corporation should have discovered these reporting errors when it reviewed the submitted FSRs.

Criteria:

The instructions for the FSR Standard Form 269A for line 11 state the following:

- 11b. Enter the indirect cost rate in effect during the reporting period.
- 11c. Enter the amount of the base against which the rate was applied.
- 11d. Enter the total amount of indirect costs charged during the report period.
- 11e. Enter the Federal share of the amount in 11d.

Note: If more than one rate was in effect during the period shown in item 8 (Funding/Grant Period), attach a schedule showing the bases against which the different rates were applied, the respective rates, the calendar periods they were in effect, amounts of indirect expense charged to the project, and the Federal share of indirect expense charged to the project to date.

Recommendations:

We recommend that the Corporation:

- 1g. Work with UMCA to correct existing FSRs and to ensure a firm understanding of requirements so that the indirect cost information will be reported properly when UMCA starts using the Federal Financial Report (SF-425) in place of the current FSR.
- 1h. Adequately review the Federal Financial Report, formerly the FSR, for reporting errors and takes corrective action to address errors.

UMDHSA's Response

UMDHSA is now reporting under the new Federal Financial Report (FFR), which replaced the FSR. The new FFR reporting instructions provide much more detailed instructions for completion than the former FSR. Requests had been initiated and responded to regarding former submitted FSRs through the Corporation. Clarification was provided to the auditor regarding the UMDHSA FSR Reports. UMDHSA stated that it would work collaboratively with its internal office of grants management and Corporation staff to effect any reporting changes or integrate any new instructions to ensure accurate FFR reporting. FSRs/FFRs are reviewed and approved by UMDHSA's grants management office. UMDHSA indicated that there were no items of non-compliance or fiscal weakness identified. UMDHSA does not believe that a systemic or on-going problem exists and that these items should be removed.

Auditors' Comments

At the time of our review, UMCA was unable to explain and resolve the discrepancies noted in the FSRs. Although UMDHSA indicates that it has a better understanding of the indirect cost reporting requirements under the new FFR, the Corporation should ensure that UMDHSA has a clear understanding of those requirements. The Corporation should also review FFRs for reporting errors and take corrective action when errors are noted.

Finding 2 – Unsupported costs related to member living allowances and fringe benefits

Unsupported Member Living Allowances

We selected two random bi-weekly pay periods for testing Zuni's member living allowances during the period September 20, 2006 to September 30, 2008. We tested four members that were paid in those pay periods and found that one member received a payment before the member's contract was signed and there was no timesheet reflecting that the member had served. Therefore, the member (Zuni #04) was not entitled to receive a payment of \$100 in match funds. Zuni pays each member's living allowance using either Federal funds or match funds, but not a combination of both.

In addition, the amount of claimed match member living allowance on the March 31, 2008 PER for program year 2006-2007 was greater than the amount supported by the accounting records by \$1,200. Zuni indicated that it had found documentation to support some of the payments made, but we determined that the documentation was unacceptable.

Criteria:

Member enrollment procedures in the 2006 and 2007 grant provisions, Section IV C.1.a., states, "An individual is enrolled as an AmeriCorps member when all of the following has occurred: (1) he or she has signed a member contract; (2) the program has verified the individual's eligibility to serve; (3) the individual has begun a term of service; and (4) the program has approved the member enrollment form in WBRs."

Recommendations:

We recommend that the Corporation:

- 2a. Resolve questioned match costs of \$1,300.
- 2b. Ensure that UMCA revises subgrantee procedures to ensure that, prior to making a member living allowance payment, payroll staff has received written confirmation that the member has been enrolled.

UMDHSA's Response

UMDHSA indicated that this was an isolated incident. Zuni staff did receive self-attestation statements that members did perform service during the periods questioned. UMDHSA believed the error occurred because of program staff turnover and was not a matter of non-service delivery to the client or false claims. The caregiver family did receive the service, but it was not documented properly. These items were also identified by UMDHSA as part of its onsite monitoring visit and documented in its written reports. Due to on-going fiscal and program staff-turnover and consistent reporting problems (over a three-year period), UMDHSA terminated the Zuni contract in April 2009. Zuni employees were always well-intended and always provided UMDHSA staff verbal and written confirmation when documentation did not meet the assessed standard. Corrective action plans were written by Zuni, and reviewed and approved by UMDHSA staff. However, repetitive staff turnover resulted in cycles of documented progress followed by cycles of relapses in file documentation.

UMDHSA indicated that it does require that the program supervisor or designee self-certify each month to the fiscal unit that member specific service and training has occurred during the month and that payment is approved. A review of past UMDHSA monitoring reports document this process as an internal control between program and fiscal as fiscal only cuts the checks and must rely on program staff to validate accurate time and service logs/approval. This approval is based on the member time and service activity logs that are signed and dated by the member and supervisor. The documentation of this practice is referenced both on the UMDHSA Member Profile Documentation form as well as Project and Member's Handbook, page 58 (Submitting Your Time Sheets and Service Logs). The Member Profile Documentation form was revised in early 2009 to include two parts: Member Pre-Enrollment Check and Member End of Term Checklist. It was disseminated to all subgrantees. A copy of the revised check-list has been sent to the Corporation separately. UMDHSA indicated that this finding should be removed.

Auditors' Comments

The procedure referred to by UMDHSA did not include a requirement to confirm enrollment prior to payment as indicated in the recommendation; therefore, the Corporation should ensure that procedures are in place to address this issue.

Unsupported Fringe Benefit Costs

For PY 2007-2008, Zuni claimed fringe benefits in *Section I. Program Operating Costs* of its PER, dated September 1, 2008, in excess of Zuni's approved AmeriCorps budget. A Zuni representative stated that it had inadvertently reported member living allowances in Section I of the PER instead of in Section II Member Costs. Although Zuni indicated that a correction was made in the October 2008 PER to report the cost in Section II, it did not provide the auditors with the documentation to show that the correction had been made or that it was appropriate.

The AmeriCorps budget is a combination of the Corporation's Federal share and Zuni's share. Zuni claimed costs for fringe benefits that exceeded the Federal budget (\$1,535) by \$998 and the combined budget (\$2,627) by \$274. The Federal budget was exceeded by \$998.

	Budget	Actual	Difference
Federal	\$1,535	\$2,533	(\$ 998)
Match	1,092	368	724
Totals	\$2,627	\$2,901	(\$ 274)

Criteria:

OMB Circular A-110, § 215.21, Standards for financial management systems, applies to UMCA as the grantee. It states, in part: "(b) Recipients' financial management systems shall provide for the following. (1) Accurate, current and complete disclosure of the financial results of each federally-sponsored project or program" In order for UMCA to comply, Zuni must also report accurately.

Recommendation:

- 2c. We recommend that the Corporation ensure that UMCA determines whether Zuni made an appropriate adjustment.

UMDHSA's Response

UMDHSA indicated that the salary and member living allowance cost breakdown and fringe benefits are calculated on a Zuni spreadsheet that is used to report the information on the PER.

Auditors' Comments

UMDHSA's response did not indicate that it verified that Zuni had made an appropriate correction in the October 2008 PER for the cost reported in Section II. The Corporation should follow up with UMDHSA to determine whether Zuni made an appropriate adjustment.

Finding 3 – Unallowable incentive costs, Federal administrative costs and non-related costs

Unallowable Incentive Costs

We selected a sample of 20 AAA match cost transactions from the period of September 20, 2006 to September 30, 2008. For 18 out of 20 transactions tested, we noted that 18 incentive payments made to quarter term members of \$100 each were not allowable under the grant provision and the Code of Federal Regulations. These incentive payments were made by checks to the members. AAA described these payments as incentive costs and to offset reasonable and anticipated expenses incurred while volunteering (i.e., transportation, tolls, parking fees and meals) and is not to be considered as an hourly wage based on hours of service. It was later determined that a total of \$36,894, \$35,261 applicable to PY 2007-2008, in incentive payments were made to all members during the period under review. We questioned these incentive costs. Questioned administrative costs associated with these costs are \$3,689. The total questioned costs are \$40,583 (i.e., incentive payments plus administrative costs). Given that these are unallowable match costs, AAA may not meet its overall match requirement of \$46,613 for PY 2007-2008 as required by the subgrant after removing \$35,261 in unallowable costs associated with that program year.

We were advised that AAA and UMCA believed that such incentive payments were acceptable in the form of match cost and that such costs had been discussed with Corporation grant officials. We were advised by UMCA that incentive costs were not included in the PY 2006-2007 budget. However, they were included in the budget in eGrants for PY 2007-2008, and the budget was reviewed and authorized by the Corporation.

Criteria:

The AmeriCorps Grant Provisions Section IV, J and I covering the PYs 2006-2007 and 2007-2008 provides a financial benefit in the form of a member living allowance and a post

education award for quarter-term members. In addition, 45 C.F.R. 2522.220, 240-250 states the financial benefits for quarter-term participants include the living allowances and the education awards.

Recommendations:

We recommend that the Corporation:

- 3a. Closely scrutinize the grantee-submitted budget to ensure that inappropriate costs are not included.
- 3b. Resolve questioned match costs of \$40,583 and determine whether other unallowable incentive costs were charged to the grant over the entire grant period, and if so, resolve those costs.
- 3c. Ensure that UMCA strengthens its subgrantee requirement to comply with the AmeriCorps grant provisions related to member benefits.

UMDHSA's Response

UMDHSA indicated that the incentive payments with AAA were isolated incidents. Prior to 2005-2006, UMDHSA stated that AAA always met its match requirements without including any incentive money as match. The match money in question was provided by a local foundation to support member activities. All members were identified in the grant as without a living allowance. UMDHSA staff believed that as long as the match money was in direct support of the members (as provided through Walker and Company Training), it would be an allowable match cost.

UMDHSA indicated that there was sufficient match to replace the outstanding amount for 2006-2007, but since the records are closed, it had no way to replace the match.

Regarding the 2007-2008 questioned match amount of \$35,261, this grant year was still open during the audit period. AAA submitted a revised budget amendment to UMDHSA removing the "incentive" match in Section I., "other". Previously documented unclaimed "personnel/fringe" expenses and other items were increased to offset the cost. The total overall budgeted and contributed match met the required \$46,613. Validation of the 2007-2008 contributed match is referenced in the final March 21, 2009 PER submitted via WBRS. UMDHSA is requesting that the \$35,261 in questioned 2007-2008 match be dismissed.

UMDHSA stated that AAA now (Program Year 2008-2009) correctly shows the money from the foundation as match under the "Living Allowance" line item versus "other." A copy of the AAA eGrants 2008-2009 Budget is being sent to the Corporation separately that shows Member Living Allowances amounting to \$61,100. UMDHSA did not understand the rule that no other incentive of any kind (gas cards, grocery gift certificates, etc.) could be granted to its members. UMDHSA subsequently requested written technical assistance from the Corporation grant office that provided additional clarification. While there are some "grey areas" in terms of what is considered an incentive, UMDHSA staff advised AAA that all future members must receive an actual living allowance to avoid any appearance of conflict. UMDHSA indicated that all 10 of the other Legacy Corps sites do provide member living allowances, which are correctly documented in their budgets and narratives.

UMDHSA indicated that the issue with AAA was an isolated incidence and that all other AmeriCorps sites are in full compliance, with member living allowances meeting the Federal requirements for match. UMDHSA indicated that this issue would be covered again in its National Direct Training that will be held on January 21-23, 2010, in Scottsdale, Arizona, as well as validated through the UMDHSA monitoring process that occurs annually for all AmeriCorps sites. UMDHSA requested that this finding be removed.

Auditors' Comments

The Corporation should closely scrutinize the grantee-submitted budget to ensure that inappropriate costs are not included. With regard to the questioned match costs, it was indicated in a previous finding that the auditors were unable to confirm what match costs were applicable to the Corporation grant. As a result, the Corporation should ensure that the reported additional match costs are applicable to the grant. The Corporation needs to resolve the questioned costs for the 2006-2007 period and should look into the grant period that was not addressed within the scope of this audit. It appears that UMDHSA has taken steps to ensure subgrantee compliance with the AmeriCorps grant provisions related to member benefits, but the Corporation needs to follow up on UMDHSA's actions.

Unallowable Federal Administrative Costs

AAA claimed excess Federal administrative costs, totaling about \$629, for the period September 20, 2006 to September 30, 2008. These costs were in excess of the 5.26 percent limitation that applied to total Federal direct costs in each of the program years. We applied the limitation to AAA's direct costs that it reported on its PERs, as of March 31, 2008 for PY 2006-2007 and as of September 30, 2008 for PY 2007-2008, as follows.

	PY 2006-2007	PY 2007-2008
Section I Costs	\$ 85,868	\$ 78,987
Section II Costs	\$ 349	\$ 349
Total Sections I & II	\$ 86,217	\$ 79,336
Section III Administrative Costs	\$ 4,787	\$ 4,550
Calculated Admin. Costs at 5.26% of Section I&II	\$ 4,535	\$ 4,173
Unallowable Administrative Costs	\$ 252	\$ 377

UMCA issued a subgrant and modifications for each program year to AAA. AAA did not properly calculate the reported Federal administrative costs for each program year due to human error. As a result, AAA claimed \$252 and \$377 in Federal administrative costs in excess of what was allowable in PYs 2006-2007 and 2007-2008, respectively.

AAA advised us that it had amended its costs for the PY 2007-2008 subgrant (still an active subgrant) to remove the questioned amount of \$377 in administrative costs. The grant for PY 2006-2007 was closed, and AAA believes it cannot recoup or reallocate the questioned cost of \$252. We were unable to verify that AAA had taken corrective action on either amount.

Criteria:

Pursuant to 45 C.F.R. § 2521.95(a) and grant provisions Section V, C covering PYs 2006-2007 and 2007-2008, state that, "Not more than five percent of the grant funds provided under this part for any fiscal year may be used to pay for administrative costs." In order to achieve this percentage, the total direct cost must be multiplied by 5.26 percent to determine the administrative cost. The administrative cost will then be 5 percent of the total cost (including administrative cost). UMCA incorporated the Corporation's general grant provisions in the grants made to its subgrantees. Therefore, the subgrantees should also comply with the general grant provisions stated above.

Recommendation:

- 3d. We recommend that the Corporation resolve questioned Federal costs of \$629 and recover any disallowed costs. In addition, the Corporation should ensure that UMCA establishes controls to verify that subgrantees' administrative costs are properly calculated and reported.

UMDHSAs Response

UMDHSAs indicated that AAA submitted an amended budget for 2007-2008 (still an active grant during the audit process) to remove the questioned amount of \$377 in Section III. The amended WBRS 2007-2008 budget amendment, being sent to the Corporation under separate cover, confirms that AAA actually reduced Section III. UMDHSAs asked that the 2007-2008 questioned amount of \$377 be dismissed. The grant year for 2006-2007 has closed and the amount identified (\$252) cannot be recouped or reallocated. The overall amount claimed for both years was correctly computed (overall administrative match). It was only the allocation of that amount between the grantee and the Corporation that was incorrectly computed. This one-time error should not occur in the future. UMDHSAs indicated that it does have internal controls to calculate the administrative costs that are allowed in Section III. The instructions for the administrative calculation are set forth in the Corporation's and UMDHSAs annual budget instructions (e.g., 10% versus .0526%). The error was limited to the amount being posted in the wrong column in the budget. Administrative costs are part of the minimum fiscal standards in the UMDHSAs Monitoring Tool and are assessed on site.

Auditors' Comments

The Corporation should confirm AAA's adjustment for the 2007-2008 questioned costs and resolve the costs associated with the questioned 2006-2007 costs. The controls referred to by UMDHSAs are instructions provided to the subgrantees. Those instructions do not address what UMDHSAs will do, outside of its normal onsite monitoring activities, to confirm that subgrantees are complying with those instructions in calculating their administrative costs.

Unallowable Non-Program Cost

We reviewed 14 Zuni direct-cost transactions for the period September 20, 2006 through September 30, 2008. For one transaction tested, we determined that \$250 was an incorrect charge to the AmeriCorps grant because it did not relate to the purpose of the grant and was

not included in the budget for Zuni. The invoice was for a \$250 registration fee for a staff member to attend the 2006 National Indian Council on Aging Biennial Conference. The cost was unrelated to, and incorrectly charged to, the AmeriCorps grant due to human error. The correct account number to be charged was on the invoice, but was changed by the accountant who entered the charge into the accounting system.

Criteria:

Corporation regulations at 45 C.F.R. Subpart C, Post-Award Requirements, § 2543.21 Standards for financial management systems, states in part:

- (b) Recipients' financial management systems shall provide for the following.
 - (1) Accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements set forth in §2543.51...
 - (2) Records that identify adequately the source and application of funds for federally-sponsored activities. These records shall contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, income and interest.
 - (3) Effective control over and accountability for all funds, property and other assets. Recipients shall adequately safeguard all such assets and assure they are used solely for authorized purposes.

OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments*, §C.1. a. states that for costs to be allowable under Federal awards, they must be necessary and reasonable for proper and efficient performance and administration of Federal awards.

There are no indications that this erroneous transaction was systemic; therefore, the recommendation is limited to questioning the unallowable cost.

Recommendation:

- 3e. We recommend that the Corporation resolve the Federal questioned cost of \$250.

UMDHSA's Response

UMDHSA indicated that Zuni agreed that it incorrectly charged the AmeriCorps Grant \$250 for a registration fee to attend the National Indian Council Biennial Conference. This error was attributed to fiscal staff turnover. The new accountant did not go back and check previously submitted PERs. UMDHSA indicated that the Zuni attendee did informally share information about the AmeriCorps Program while attending, but was not officially in the Program Guide. UMDHSA believes that this cost should be dismissed.

Auditors' Comments

The cost remains unallowable; therefore, the Corporation should still resolve the questioned cost.

Finding 4 – Lack of documented review of potential subgrantee’s financial systems during pre-selection evaluation

We reviewed two currently funded subgrantees (Santa Clara Pueblo and Pueblo of Isleta) to test UMCA’s subgrantee pre-selection evaluation process to determine if reference was made to the subgrantee’s financial system for the period September 20, 2006 to September 30, 2008. For both subgrantees, the pre-selection evaluation documentation maintained by UMCA did not address the subgrantees’ financial systems. The UMCA did not have a formal process in place that included a pre-selection evaluation that reviewed or considered the subgrantees’ financial systems. It was noted that UMCA had updated their process after these reviews to include a section to address the subgrantee’s financial system. However, the updated process does not fully address the financial system requirements under Federal regulations. By not specifically addressing the subgrantees’ financial system capabilities, UMCA could award grants to subgrantees that do not have the financial capability to properly administer the grants, which increases the potential risk of accounting and reporting errors.

UMCA indicated that the University of Maryland conducted financial reviews on these subgrantees. These reviews involved the use of a “Subrecipient Profile” form. However, management did not provide documentation of the review performed on the two subgrantees in question. In addition, the “Subrecipient Profile” form is a self-reporting questionnaire that only requires yes or no responses. The form also asks whether the subrecipient has certain policies and procedures (i.e., personnel, travel, and purchasing) and to describe the method used to support the labor and benefit charges. The following two questions address, in general, the financial system requirements:

- Do you have a financial management system that provides records that can identify the source and application of funds for award supported activities?
- Do you have a financial management system that provides for the control and accountability of project funds, property, and other assets?

The “Subrecipient Profile” form does provide some information, but does not provide enough assurance that the subrecipient can meet the financial management system requirements. Specifically, it does not address financial reporting and budget controls.

Criteria:

Corporation regulations at 45 C.F.R. Subpart C, Post-Award Requirements, § 2543.21 Standards for financial management systems, states in part:

- (b) Recipients' (grantee/subgrantee) financial management systems shall provide for the following.
 - (1) Accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements set forth in §2543.51...
 - (2) Records that identify adequately the source and application of funds for federally-sponsored activities. These records shall contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, income and interest.

- (3) Effective control over and accountability for all funds, property and other assets. Recipients shall adequately safeguard all such assets and assure they are used solely for authorized purposes.

Corporation regulations at 45 C.F.R. Subpart C, Post-Award Requirements, § 2541.200 Standards for financial management systems, states in part:

- (b) The financial management systems of other grantees and subgrantees must meet the following standards:
 - (1) *Financial reporting.* Accurate, current and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
 - (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially- assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.
 - (3) *Internal control.* Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes.
 - (4) *Budget control.* Actual expenditures or outlays must be compared with budgeted amounts for each grant or subgrant.

Recommendation:

4. We recommend that the Corporation ensure that UMCA revises the “Subrecipient Profile” form to:
 - request the policies and procedures to verify that they do exist;
 - explain how the subrecipient will meet the requirement; and
 - address the financial reporting and budget control requirements.

UMDHSA’s Response

UMDHSA states that it has a strong internal review process for prospective subgrantees to ensure that the Corporation and Federal regulations are met. Audit staff did not review all of the UMDHSA requirements for subgrantees. The review process has two levels. The first level is conducted by UMDHSA program staff through a checklist (program and fiscal) and narrative process that was revised in 2008. UMDHSA Policy #005 is being sent to the Corporation under separate cover. UMDHSA indicated that it also has three other internal tools that must be applied before a new subgrantee is approved. These tools include the Subrecipient Profile, Monitoring of Subrecipients, and Subrecipients Subject to A-133 Audits. A separate review committee at the University of Maryland convenes to review subrecipient documentation prior to any issuance of contracts. UMDHSA asked that this finding be removed.

Auditors' Comments

As stated in the finding, UMCA indicated that the University of Maryland conducted financial reviews on these subgrantees. These reviews involved the use of a "Subrecipient Profile" form. However, management did not provide documentation of the review performed on the two subgrantees in question or any additional information. The Corporation should follow through on the recommendation to address the condition noted.

Finding 5 - Lack of adequate procedures and controls to ensure eligibility requirements are met, criminal background checks are performed, service hours are recorded only for members with contracts, required minimum service hours are met, members receive consistent member living allowances, and FICA is deducted from members' living allowances

Eligibility Requirements Not Met

For 1 (sampled member AAA #03) of the 23 AAA members tested, we found no documentation to support that the member was a citizen, national, or lawful permanent resident alien of the United States. AAA documented the member's eligibility with an expired work visa and did not otherwise substantiate that the member was eligible. The AAA official reviewing the documentation did not fully understand the eligibility requirement and did not know what documents were acceptable per the Federal regulations. Therefore, we questioned the member's education award of \$1,250. We questioned incentive costs related to this member in a previous finding.

Criteria:

Pursuant to 45 C.F.R. 2522.200 (a)(3) and the grant provisions under "Member Definition" section, an eligible participant in the program must be a citizen, national, or lawful permanent resident alien of the United States.

Pursuant to 45 C.F.R. 2522.200 (c), the following are acceptable forms of certifying status as a U.S. citizen or national:

- A birth certificate showing that the individual was born in one of the 50 states, the District of Columbia, Puerto Rico, Guam, the U.S. Virgin Islands, American Samoa, or the Northern Mariana Islands;
- A United States passport;
- A report of birth abroad of a U.S. Citizen (FS-240) issued by the State Department;
- A certificate of birth-foreign service (FS 545) issued by the State Department;
- A certification of report of birth (DS-1350) issued by the State Department;
- A certificate of naturalization (Form N-550 or N-570) issued by the Immigration and Naturalization Service; or
- A certificate of citizenship (Form N-560 or N-561) issued by the Immigration and Naturalization Service.

Pursuant to 45 C.F.R. 2522.200 (d) the following are acceptable forms of certifying status as a lawful permanent resident alien of the United States:

- Permanent Resident Card, INS Form I-551;
- Alien Registration Receipt Card, INS Form I-551;
- A passport indicating that the INS has approved it as temporary evidence of lawful admission for permanent residence; or
- A Departure Record (INS Form I-94) indicating that the INS has approved it as temporary evidence of lawful admission for permanent residence.

Recommendation:

- 5a. We recommend that the Corporation resolve the questioned education award of \$1,250. In addition, we recommend that the Corporation ensure that UMCA monitors subgrantee compliance with UMCA's procedure on "Member Files" to verify and document that all eligibility requirements have been met.

UMDHSA's Response

UMDHSA indicated that the AAA is 100 percent Hispanic and that most of these individuals have either no or limited English language skills. The individual in question left the program to go back to Cuba and has never used her education award. The financial living allowance was her primary interest, as well as a chance to learn new work skills for future employment. A new staff member was on-board and accepted the expired work visa, indicating a lawful permanent resident alien of the United States. The staff member now knows that the documentation was not acceptable. The AAA processed the application in good faith with no attempt to misrepresent or to facilitate enrollment of a non-eligible individual. An internal corrective action was instituted at AAA, requiring a supervisory review of all member application materials prior to enrollment. The corrective action was reviewed by UMDHSA and approved. Specific training was required for all AAA staff regarding acceptable proof of citizenship documentation for all applicants, with a particular emphasis on INS documentation. UMDHSA indicated that this was an isolated incident of one file out of 23 reviewed. UMDHSA is asking that this finding be dismissed.

UMDHSA states that it does have an in-place practice adhered to by all subgrantees. A sign-off sheet (Member Profile Documentation) is to be completed on each member and signed off by the supervisor certifying that all eligibility requirements and documents have been secured. This document was revised in 2008, building in additional elements to ensure full compliance with Federal regulations. Additionally, the issues of eligibility and member file documentation have been addressed in two UMDHSA conference calls (sections titled Member File Documentation—Member Enrollment Form & Member Profile Documentation Forms and Monthly Reports). The first conference call was May 9, 2002 and the second call on April 22, 2003. Another check is referenced in the WBRs/AmeriCorps Portal Enrollment Form that requires both member and staff certification regarding eligibility requirements. This is an isolated incident representing one member file.

Auditors' Comments

Given that there were no payments made on the education award, the Corporation should de-obligate funds for that award. The Corporation should review and confirm the corrective action that was taken at AAA.

Criminal Background Check Not Documented or Incomplete

We noted that, for all 13 Zuni members tested, the member file was missing documentation of a local and/or state criminal history check, and Zuni was unable to provide that documentation. For 6 of the 13 member files examined, the state criminal registry check was required to be conducted for those members who enrolled in the program after November 23, 2007. In addition, we noted that for 3 of the 23 AAA members tested, and 4 of the 13 Zuni members tested, the National Sex Offender search documented in the file did not include all 50 states. The four members for Zuni also did not have the required state criminal registry check as indicated previously. The online search that was documented in the member file indicated that the databases for certain states were not accessible at the time the search was conducted. Given the incomplete search, we questioned the following living allowance and education award costs, as of November 23, 2007:

Sample Member	Questioned Federal Member Living Allowance	Questioned Education Award
AAA #02	\$ -	\$ 2,500
AAA #16	-	1,250
AAA #21	-	1,250
Zuni #08	-	1,250
Zuni #09	900	-
Zuni #10	400	1,250
Zuni #11	1,800	2,500
Zuni #12	1,610	2,500
Zuni #13	400	1,250
Totals	\$5,110	\$13,750

AAA had \$5,000 in questioned education awards. Zuni had \$5,110 in questioned Federal member living allowances and \$8,750 in education awards. According to Zuni, the omission of local and/or state criminal history searches was due to change in staff and a lack of understanding regarding the requirements. National Sex Offender searches remained incomplete because AAA and Zuni did not follow up on those states whose databases were unavailable during the initial search and a lack of secondary review to confirm member eligibility.

Criteria:

The Grant Provisions, prior to November 23, 2007, in Section IV C.7. required the following,

Programs with members (18 and over) or grant-funded employees who, on a recurring basis, have access to children (usually defined under state or local law as un-emancipated minors under the age of 18) or to individuals

considered vulnerable by the program (i.e. the elderly or individuals who are either physically or mentally disabled), shall, to the extent permitted by state and local law, conduct criminal background checks on these members or employees as part of the overall screening process.

45 C.F.R. 2540.203(a) states, "The State criminal registry check must be conducted on an individual who enrolls in, or is hired by, your program after November 23, 2007." In addition, 45 C.F.R. 2540.203(b) states, "The National Sex Offender Public Registry check must be conducted on an individual who is serving, or applies to serve, in a covered position on or after November 23, 2007." 45 C.F.R. 2540.200 states, "You must apply suitability criteria relating to criminal history to an individual applying for, or serving in, a position for which an individual receives a Corporation grant-funded living allowance, stipend, education award, salary, or other remuneration, and which involves recurring access to children, persons age 60 and older, or individuals with disabilities." 45 C.F.R. 2540.201 states, "Any individual who is registered, or required to be registered, on a State sex offender registry is deemed unsuitable for, and may not serve in, a position covered by suitability criteria."

Recommendations:

We recommend that the Corporation:

- 5b. Resolve questioned costs of \$5,110 Federal, \$13,750 in education awards and recover any disallowed costs.
- 5c. Ensure that UMCA strengthens its monitoring efforts to ascertain subgrantee compliance with UMCA's "Criminal Background and National Sex Offender Public Registry Checks" and "Member Files" procedures that requires certification that:
 - a. State criminal registry check was conducted and documented on the member; and
 - b. National Sex Offender search addressing all 50 states, as well as Guam, Puerto Rico, and the District of Columbia was conducted and documented either in the member's file or the file refers to the location of such information as appropriate.

UMDHSA's Response

UMDHSA indicated that seven of the members in question (3-AAA; 4-Zuni) did have a National Sex Offender Public Records search completed in the file. At the time of the background check, one state was not reporting. The completed checks were placed in the member files. The Corporations regulations do not say that, if one or more states are not reporting that additional checks must be repeatedly done until such time all states have reported. UMDHSA confirmed this with its Corporation Program Officer in June of 2009. UMDHSA believes that these member files comply with Corporation regulations. UMDHSA also indicated that both AAA and Zuni did go back and run second reports showing the missing state in question. UMDHSA requested that the recommendation and the questioned costs related to these files be dismissed.

UMDHSA indicated that Zuni staff had conducted Tribal Criminal Background checks but not State Criminal checks. The reason for this error was a change in staff for the AmeriCorps

Program. All other Zuni employees are only required to have a tribal check and the new staff member assumed it was the same for AmeriCorps members. Upon learning of this error, Zuni ran State Criminal Background Checks and National Sex Offender checks on all the members in question. All came back clean and were placed in the respective member files. UMDHSA stated that this was a one-time incident and that the Zuni subgrant was terminated in April of 2009. UMDHSA requested that the questioned costs be dismissed.

UMDHSA stated that it has updated its 2007 Criminal Background and National Sex Offender policy reflecting the latest guidance from Corporation and Federal regulations. This UMDHSA policy (#007-ADM) was revised and disseminated to its subgrantees. UMDHSA Policy #007 is being sent to the Corporation under separate cover. UMDHSA indicated that it has a monitoring process and tool in place and that State Criminal Background checks and the National Sex Offender Public Registry checks are assessed through a random sample of member files during each site visit. UMDHSA stated that its internal reports have noted several corrective actions for missing or incomplete checks. UMDHSA also stated that subgrantee sites must also complete the UMDHSA Member Profile Documentation Checklist form prior to member enrollment. This includes the State Criminal Background check and National Sex Offender Public Registry check. UMDHSA requests that this recommendation be dismissed.

Auditors' Comments

The Federal regulation requires a National Sex Offender Public Registry check. A check that covers all but one locality is not a national check. The Corporation should confirm that all State Criminal Background checks and National Sex Offender checks were conducted. Based on this information, the Corporation should resolve the questioned costs of \$5,110 Federal, \$13,750 in education awards and recover any disallowed costs. The Corporation should also confirm that updated procedures were disseminated to subgrantees and that the procedures address the conditions that were noted.

Service Hours Recorded Before Member Contracts Signed

The AAA allowed 12 of 23 members to record service hours before the members had signed their contracts for their first term of service. Of the 12 members, 4 members signed their contracts up to 1 month late and 8 members signed their contracts 4 to 7 months late, i.e., after the start of the term period indicated in the contract.

In addition, 2 of the 12 members, who had recorded service hours prior to signing their contracts in their first term of service, also signed their second term contracts late, i.e., 1 month late for one member and 7 months late for the other member.

The AAA advised that it had difficulty in getting the members to sign and return contracts in a timely manner. Given that the members were not properly enrolled prior to starting service, any service hours recorded by the member prior to signing the contract could be questioned, which might cause the member to have insufficient hours to earn an education award. We are reporting this issue as noncompliance with the regulations and grant provisions.

Criteria:

Member recruitment, selection and enrollment requirements are in the Corporation's regulations at 45 C.F.R. Part 2522. In addition, the member enrollment procedures in the PY 2006-2007 and PY 2007-2008 grant provisions state in Section IV, C.1.a, that, "An individual is enrolled as an AmeriCorps member when all of the following has occurred: (1) he or she has signed a member contract; (2) the program has verified the individual's eligibility to serve; (3) the individual has begun a term of service; and (4) the program has approved the member enrollment form in WBRS."

Recommendation:

- 5.d We recommend that the Corporation ensure that UMCA revises its procedures and the contract template that the subgrantees use to note that the actual service term for the potential member cannot start until after it is signed by the member.

UMDHSA's Response

UMDHSA indicated that the member contract for the group of nine members was originally executed during the enrollment period, along with other documents. However, an internal routine review of members' files in October 2007 revealed that the contract contained an incorrect term year, as well as incorrect enrollment and completion dates. During this time there had been a realignment of staff responsibilities. Staff reissued a replacement contract for members to sign, but felt it was unethical for members to backdate the second (replacement) contract to the original enrollment date; therefore, the second replacement contract signature date is 6-7 months after the original enrollment date. UMDHSA stated that AAA staff recognizes the importance of policy and procedure with regard to having documentation prior to member enrollment and has instituted its own internal corrective action steps to ensure that contract templates are accurate and that all documents are executed prior to official enrollment. UMDHSA staff monitored the AAA site in May of 2009, randomly selecting member files for full documentation and found no incidences of non-compliance (i.e., member contract start and end dates).

The UMDHSA member contract template already provides for a contract start and end date. Project directors at all subgrantee sites are aware that member hours (service and training) do not count until the after the date the contract is signed and dated by both the member and supervisor. The UMDHSA practice is also restated on page 28 of its Project Director and Member Handbook, "The contract must be signed and dated by both the member and supervisor before services and/or training commences." Compliance with this and Corporation regulations is a part of UMDHSA's onsite annual monitoring. UMDHSA requested that this recommendation be dismissed.

Auditors' Comments

The Project Director and Member Handbook provided to the auditors was last revised in 2008 and does not contain the language indicated by UMDHSA. The Corporation should ensure that the handbook has been updated to address the condition noted in the finding. The Corporation should also ensure that the contract template contains a note that the actual service term for the potential member cannot start until after it is signed by the member.

Timesheet Hours Were Not Sufficient to Support Hours Certified for Education Awards

We noted that for 5 of the 23 AAA members and 6 of the 13 Zuni members tested, the member service hours per the timesheets did not agree with the certified hours submitted for education awards as follows:

Sample Member	Program Year	Certified Hours	Timesheet Hours	Hours Unsupported	Questioned Education Award
AAA #01	2005 – 2006	470.50	214.00	256.50	\$ 1,250
AAA #04	2005 – 2006	807.00	161.00	646.00	1,250
AAA #05	2005 – 2006	701.00	159.00	542.00	1,250
AAA #06	2005 – 2006	783.00	154.00	629.00	1,250
AAA #07	2005 – 2006	1,004.00	287.00	717.00	1,250
Zuni #02	2005 – 2006	498.00	127.50	370.50	1,250
Zuni #03	2005 – 2006	465.00	363.00	102.00	1,250
Zuni #03	2006 – 2007	515.00	194.25	320.75	1,250
Zuni #04	2006 – 2007	474.00	181.25	292.75	1,250
Zuni #06	2005 – 2006	528.00	251.50	276.50	1,250
Zuni #06	2006 – 2007	534.00	153.00	381.00	1,250
Zuni #11	2006 – 2007	527.00	250.00	277.00	-
Zuni #12	2006 – 2007	498.00	216.00	282.00	-
				Total	\$13,750

The required hours of service for the education award for quarter term members is 450 hours as stated in the service term agreement. All of the members are quarter term members.

Timesheets did not agree with the certified hours reported in the end-of-term form in WBRS because timesheets were missing from the member files. The missing timesheets may have been lost, destroyed, misfiled, never filed, or do not exist. There was no process in place to reconcile the timesheets to the certified hours. AAA indicated that additional timesheets had been located for its members, but it had not provided that documentation to the auditors in time to consider them for this report.

Certified service hours unsupported by valid timesheets resulted in questioned education awards of \$6,250 for AAA and \$7,500 for Zuni. Total questioned education awards of \$2,500 for Zuni #11 and Zuni #12 were not included in the table because we questioned those costs in a previous finding.

UMCA’s monitoring procedures currently provide for selecting the timesheets for five members for only one month to compare to the hours reported in WBRS. Although UMCA’s monitoring has identified similar deficiencies with regard to unsupported hours reported, UMCA should expand its monitoring to ensure that total hours reported for a member are supported.

Criteria:

The PY 2006-2007 and PY 2007-2008 grant provisions in Section IV, C.2., state:

The grantee must keep time and attendance records on all AmeriCorps members in order to document their eligibility for in-service and post-service benefits. Time and attendance records must be signed and dated both by the member and by an individual with oversight responsibilities for the member.

The grant provisions also state under Section IV, J., that:

In order for a member to receive a post-service education award from the National Service Trust, the grantee must certify to the National Service Trust that the member is eligible to receive the education benefit. The grantee must notify the National Service Trust on a form provided by the Corporation (electronic submission via WBRS suffices) when it enrolls a member for a term of service, when the member completes the term, and whenever there is a change in the member's status during the term (e.g., release for compelling circumstances or suspension).

Recommendations:

We recommend that the Corporation:

- 5e. Resolve the \$13,750 in questioned education awards and recover any disallowed costs.
- 5f. Ensure that UMCA increases the scope of its review when discrepancies are noted between the timesheets and the hours reported in WBRS for all the members being tested to determine if such errors are one-time occurrences or a continual problem and address the discrepancies.

UMDHSA's Response

UMDHSA indicated that AAA electronically submitted a PDF file of members' time sheets to the auditor for review on March 4, 2009. These files were not reviewed by the auditors. A reconciliation of the questioned member time sheets was conducted as recommended by the auditor. The reconciliation noted the following:

- AAA #01 - For Program Year 2005-2006, UMDHSA indicated that the member's hours were recorded in WBRS as 470.5. The member was enrolled on May 3, 2006, and completed the term on March 31, 2007. The timesheets were added individually and totaled 544.5 hours. At a minimum, 450 hours were supported through authenticated approved time sheets, for approved service. These hours were attested to by the Program Director and are available for review.
- AAA #04 - UMDHSA indicated that the member served from May 2006 to December 2006, January 2007 to May 2007, and earned the award in March 2008. Timesheets were located and reconciled to WBRS. There was a difference of 7 hours, however the member still had documented minimum of 800 hours and is therefore eligible for the education award.

- AAA #05 - UMDHSA indicated that the member served from May 2006 to September 2006 and November 2006 to December 2006. Missing timesheets were found and reconciled to WBRs for a total of 701 hours. UMDHSA indicated that the member was eligible for the education award.
- AAA #06 - UMDHSA indicated that the member served from June 2006 to July 2006 and September 2006 to December 2006. Missing member timesheets were found and reconciled to WBRs for a total of 783 hours. UMDHSA indicated that member is eligible for education award.
- AAA #07 - UMDHSA indicated that the member served from May 2006 to December 2006 and April 2007. WBRs reflected 1,004 hours and timesheets shows 1,049 hours. UMDHSA could not adjust WBRs as records were closed. However, the member still achieved more than 450 hours and was eligible for the education award.

UMDHSA requested that the cumulative questioned education award costs of \$6,250 should be dismissed.

UMDHSA indicated that the continuous (almost every six months) turnover of program staff at Zuni contributed to breaks in the member/client records. It was subsequently verified through self-attestation of members and staff that service was performed. Attestation statements from Zuni are available. Language barriers and the writing skills of the tribal members also contributed to the gaps in file documentation. Historically, Zuni members far exceed the required 450 hours of service. UMDHSA indicated that past monitoring reports showed continuous corrective actions were required of Zuni staff to obtain the correct documentation of service and training hours. This effort was thwarted by frequent staff turnover. Based on the Zuni's member specific affidavit statements, UMDHSA requested that the questioned education award amount of \$7,500 be dismissed.

UMDHSA indicates that it continuously assesses and reconciles member service and training hours reported at the subgrantee level in WBRs/OnCorps, which determines the education award. UMDHSA states that this assessment is noted in every monitoring report throughout the year with corrective actions noted for internal reconciliation. UMDHSA indicated that it takes this aspect very seriously and fully understands the requirements needed to document an education award. This reconciliation occurs monthly before the hours are entered to WBRs/OnCorps. That is, only the hours that meet the fundamental requirements (e.g., signed & dated member/supervisor service/training activity logs showing actual service rendered and/or training attended) are considered a valid document and must be accounted for before entry into WBRs/OnCorps. Additionally, UMDHSA indicated that UMCA has stated its requirement for member and supervisor sign-off in the Project Director's and Member Handbook. When a subgrantee site has multiple non-compliance findings, UMDHSA will conduct additional desktop audits to ensure program compliance. UMDHSA had also documented the same findings as the audit with corrective actions already in place.

Auditors' Comments

The subgrantees were informed about the members that would be reviewed prior to the auditors' site visits in January 2009. The subgrantees were advised about the missing timesheets during the auditors' site visits and at the end of their site visits. The auditor

documented those timesheets that were available during the site visits in the work papers. Internal control supporting documentation should be readily available for review. The auditor was unable to consider subsequent information provided by AAA in March 2009 because it was provided too late. The Corporation should follow through on the recommendations as stated.

Timesheets Not Signed by Supervisor and No Indication of Service Performed and/or Client Served

In four instances, AAA and Zuni supervisors did not sign member timesheets. As a result, we questioned the education award of one member who, when the unapproved hours were subtracted from certified service hours, did not qualify for the education award.

Sample Member	Timesheet Period	Timesheet Hours	Questioned Education Award
AAA #02	August 2007	40.5	\$ -
AAA #14	April & Sept. 2008	79.0	-
AAA #18	Oct. 2008	41.0	-
Zuni #02	July 2007 – March 2008	480.5	1,250
		Total	\$1,250

In addition, there were seven instances in which AAA and Zuni member files did not document service performed and/or client served by their members as follows:

Subgrantee	Description
AAA	1 of the 23 members tested
Zuni	6 of the 13 members tested

The absence of documentation for service performed and/or client served in the members’ files was due to an oversight on the part of the subgrantees. AAA and Zuni advised us that the lack of supervisory signatures on the timesheets was also an oversight, but there were no secondary reviews to ensure that supervisors signed. As a result, we questioned \$1,250 for the education award of a Zuni member.

Criteria:

The PY 2006-2007 and PY 2007-2008 grant provisions under Section IV, C.2., state, “The grantee must keep time and attendance records on all AmeriCorps members in order to document their eligibility for in-service and post-service benefits. Time and attendance records must be signed and dated both by the member and by an individual with oversight responsibilities for the member.”

The UMCA Project Director and Member Handbook (Section IV, Member Time Sheets) indicate that the timesheets provide a tangible way for the members to communicate their service activities to their supervisor. The supervisor needs to know how many hours of service the member worked on any given day, how many individuals (i.e., client) the member served, and what types of services were rendered that made an impact.

Recommendations:

We recommend that the Corporation:

- 5g. Resolve questioned education award costs in the amount of \$1,250 and recover any disallowed costs.
- 5h. Ensure that UMCA strengthens the monitoring of its subgrantees to ascertain that:
 - a. member living allowance payments are not made without verifying that the timesheet has been signed and dated by the member and the supervisor, and
 - b. member files contain evidence of the work performed and the client served.

UMDHSA's Response

UMDHSA indicated that the AAA site has corrected the omission of supervisory signature on those time sheets in question. An earlier edition of the English language version (90 percent of its members speak only Spanish) of the time sheet used in 2006 did not include a column for members to list specific activities performed on a daily basis or to print the name of the client being served. In 2007, the English version was revised to provide more detailed information—section for printed client name and column for daily activities performed. Forms are now available in Spanish so that members can recognize and understand the program requirements.

UMDHSA stated that the Zuni staff has obtained self-attestation statements from the caregiver that services were performed, even though the member record was inconsistent. The Zuni Member Service Log form was also revised to include the physical address, place of service and name of caregiver. Timesheets were subsequently signed by staff, as attested to by the caregiver. UMDHSA does require that the program supervisor or designee certify each month to the fiscal unit that service and or training has occurred during the month and that payment is approved. This checks-and-balances documentation may be done via e-mail or hard copy.

UMDHSA indicated that past monitoring reports document this action between program and fiscal since fiscal only cuts the checks and must rely on program staff for approval. This approval is based on the Member Time and Service Activity logs that are approved, signed, and dated by the member and supervisor. UMDHSA also stated that the requirements for member and supervisor sign-off and dating is addressed in the Project Director and Member Handbook. UMDHSA indicated that it was aware of the issue with both of the sites in question and had also identified these issues in their respective monitoring reports. UMDHSA stated that this was not an issue with the other nine subgrantee sites.

Auditors' Comments

The Corporation should follow through with the recommendations and confirm that the corrective actions taken by AAA address the conditions noted in this finding.

Members Not Receiving Consistent Member Living Allowances

We reviewed two random pay periods for Zuni member living allowances from the period September 20, 2006 to September 30, 2008. For three of four members tested, the members received Federal allowances in unequal installments. According to Zuni, its payroll department improperly paid the members in unequal installments due to human error. The members tested who were paid in unequal installments totaling \$320 (i.e., 3 payments of \$60, 3 payments of \$40, and 2 payments of \$10). The allowances should have been \$100 for each payment for a total of \$800. This resulted in an underpayment of member living allowance totaling \$480.

Criteria:

The 2007-2008 AmeriCorps Special Provisions, Section IV.I.1., *Living Allowance Distribution* state:

Living allowance is not a wage. Programs must not pay a living allowance on an hourly basis. Programs should pay the living allowance in regular increments, such as weekly or bi-weekly, paying an increased increment only on the basis of increased living expenses such as food, housing, or transportation. Payments should not fluctuate based on the number of hours served in a particular time period, and must cease when a member concludes a term of service.

Recommendation:

- 5i. We recommend that the Corporation ensure UMCA strengthens its monitoring efforts on subgrantee compliance to ensure that member living allowance payments are paid consistently and in accordance with the AmeriCorps grant provisions.

UMDHSA's Response

UMDHSA stated that it does monitor and assess the consistent payment of member living allowances during each of its annual site assessment visits. Member files are randomly pulled that include their member time and activity logs, which are then verified against the member living allowance. Documentation of this practice can be verified in the UMDHSA monitoring reports. UMDHSA indicated that this was an isolated incident specific to Zuni and should not be globalized to the other 10 sites.

Auditors' Comments

The Corporation should follow up to determine whether the current practice is sufficient. The Corporation should also confirm that this was an isolated event by reviewing UMDHSA's prior monitoring reports.

FICA Not Deducted from the Members' Living Allowances

Zuni did not properly deduct FICA taxes from its members' living allowances in accordance with the grant provision and Federal laws. Zuni reported living allowances as contract expense within its accounting system. For 8 out of 13 members tested, Zuni did not deduct FICA from living allowances. Consequently, Zuni may be in violation of Federal tax laws and does not comply with grant provisions.

Zuni advised us that those members paid as a contract expense received an IRS Form 1099-G, *Certain Government Payments*, if their total payments for the year exceeded \$600, which is contrary to AmeriCorps grant provisions. UMCA identified this issue during a site visit and informed Zuni that it was not in compliance with the grant provisions. Zuni discontinued reporting living allowances as a contract expense and ran its living allowance payments through its payroll system so that FICA was deducted and reported as a grant expense. However, there was no indication that Zuni had gone back to correct and resolve those transactions that were not in compliance with the grant provisions.

Criteria:

AmeriCorps 2007-2008 Grant provisions, Special Provisions, Section IV.1.3(b), *FICA (Social Security and Medicare Taxes)* state:

Unless the grantee obtains a ruling from the Social Security Administration or the Internal Revenue Service that specifically exempts its AmeriCorps members from FICA requirements, the grantee must pay FICA for any member receiving a living allowance. The grantee also must withhold 7.65% from the member's living allowance.

Recommendation:

- 5j. We recommend that the Corporation ensure UMCA provides the necessary training to its subgrantees on grants provision related to member allowances. In addition, the Corporation should ensure that UMCA reviews Zuni's records to determine the amount of member living allowances paid for which FICA deduction expenses were not made and ensure that Zuni works with the IRS to determine what corrective action should be taken.

UMDHSAs Response

UMDHSAs indicated that Zuni did not properly deduct FICA taxes from member living allowances; however, Zuni immediately corrected its procedures as soon as it became aware of the requirement. Zuni issued 1099s to the members prior to FICA deductions; and copies of the 1099s were provided as documentation to the auditors on February 26, 2009. Therefore, Zuni is disputing the fact that no documentation was provided to the auditors. The dispute was relayed to the auditors on March 16, 2009, but Zuni did not receive a response. UMDHSAs indicated that this is an isolated incident and not reflective of the other 10 sites.

The requirement to pay member FICA and Workers' Compensation is set forth in the annual Corporation and UMDHSAs grantee application instructions. This error occurred during the transition from private foundation money to integration into the AmeriCorps Program, which

changed the member's status from a 1099 to paying FICA under AmeriCorps. Under Zuni's previous non-AmeriCorps contract, the only requirement was to issue 1099s.

UMDHSA indicated that Zuni now pays FICA on AmeriCorps members. UMDHSA had already noted this item in its own onsite monitoring and had recommended that Zuni work with the IRS to determine a correct course of action for those members whose FICA was not paid, as it may have some impact on the members and their previous tax filings. UMDHSA stated that it terminated its subgrant with Zuni in April 2009.

Auditors' Comments

The finding does not indicate that Zuni did not provide any documentation. During their site visit, the auditor concluded that Zuni did not take any corrective action regarding those 1099s in question. The Corporation should confirm whether this was an isolated event, and based on that assessment, it should determine how to best address the recommendation.

Finding 6 – Enrollment form submitted before member contract was signed and late submission of member forms

Zuni entered into WBRS the enrollment of 2 of 13 Zuni members, that we tested, before member contracts were signed. It enrolled the members 29 to 64 days before the contracts were signed.

In addition, subgrantees submitted and approved member forms late in WBRS, as follows:

Subgrantee	Document Submitted/Approved Late	Days Late
AAA # 02	Enrollment Form	23
AAA # 03	Enrollment Form	87
AAA # 15	Enrollment Form	64
AAA # 20	Enrollment Form	10
AAA # 14	Change In Status Form	7
AAA # 16	Change In Status Form	44
Zuni # 01	Enrollment Form	24
Zuni # 12	Enrollment Form	18
Zuni # 01	Change In Status Form	10
Zuni # 07	Exit/End-of-Term-of-Service Form	10

AAA and Zuni attributed to human error and/or lack of available personnel for the late submission and approval of these forms into WBRS.

Criteria:

The PYs 2006-2007 and 2007-2008 grant provisions state in Section IV, N.2.a-c., that,

The grantee is required to submit the following documents to the National Service Trust on forms provided by the Corporation. Grantees and subgrantees may use WBRS to submit these forms electronically. Programs using WBRS must also maintain hard copies of the forms. Enrollment forms must be submitted no later than 30 days after a member is enrolled. Member Change of Status Forms must be submitted no later than 30 days after a

member's status is changed. By forwarding Member Change of Status Forms to the Corporation, State Commissions and Parent Organizations signal their approval of the change. Member Exit/End-of-Term-of-Service Forms must be submitted no later than 30 days after a member exits the program or finishes his/her term of service.

Recommendation:

We recommend that the Corporation:

- 6a. Verify that UMCA strengthens its subgrantee monitoring to ensure that the member contract is in place prior to enrolling the member and entering information into WBRS or other Corporation systems.

- 6b. Verify that UMCA strengthens its subgrantee monitoring to ensure that Enrollment, Change of Status and Exit/End-of-Term-of-Service forms are processed and approved in WBRS or other Corporation systems within 30 days of when the event occurs.

UMDHSA's Response

UMDHSA stated that it does have a standard in its monitoring tool regarding the period for entry in the WBRS (now AmeriCorps Portal), Exit Forms and Change of Status. These items are assessed during each site visit through random samples. Documentation of implementation can be referenced from existing monitoring reports. Additionally, UMDHSA indicated that staff also generates an internal report (instituted in 2008) that shows enrollment dates and exit dates. UMDHSA has also revised its Member Profile Documentation Form into two parts that requires the Program Supervisor to sign off on the form, which includes assurance that enrollment (Part I) and End of Term (Part II) has been completed within the required timeframes. UMDHSA provided the documents to the auditors as part of UMDHSA's March 23, 2009, response.

Auditors' Comments

The Corporation should verify that the current monitoring efforts are an improvement over what was in place during the scope of the audit and that the improvements will substantially reduce or eliminate the occurrence of such exceptions.

Finding 7 – Subgrantees lacked documentation of end-of-term member evaluations and of members attending orientation

Documentation of End-of-Term Member Evaluation

For 16 of 23 AAA members tested and for 2 of 13 Zuni members tested, the subgrantees did not document final end-of-term evaluations. We questioned the following costs because the members served a second term or were in the process of serving their second term without the required evaluation:

Sample Member	Questioned Education Award
AAA #04	\$1,250
AAA #05	1,250
AAA #06	1,250
AAA #07	1,250
AAA #09	1,250
AAA #15	1,250
AAA #18	1,250
Totals	\$8,750

We were advised that the lack of final end-of-term evaluation was due to the AAA's and Zuni's misunderstanding of the UMCA policy concerning it, which was not very clear about when this evaluation should be performed.

Without end-of-term evaluations, the subgrantee does not have documentation to support that members are meeting program objectives and are eligible to serve a second term. In such instances, we question member living allowances and education awards that are for a subsequent term of service. Therefore, we questioned education awards, totaling \$8,750, for AAA's members. AAA also had \$2,500 in education awards (AAA #02 and AAA #21) that were already questioned in previous findings for different reasons. Likewise, Zuni had \$1,000 for Federal member living allowance costs and \$1,250 for an education award (Zuni #11) questioned in previous findings for different reasons. Those costs questioned in previous findings are not included in the table above.

Criteria:

45 C.F.R. 2522.220(d)(1)-(3) states, "For the purposes of determining a participant's eligibility for a second or additional term of service and/or for an AmeriCorps educational award, each AmeriCorps program will evaluate the performance of a participant mid-term and upon completion of a participant's term of service." The PY 2006-2007 and PY 2007-2008 grant provisions state in Section IV, D.6., "The grantee must conduct and keep a record of at least a midterm and end-of-term written evaluation of each member's performance for full and half-time members and an end-of-term written evaluation for less than half-time members." It also states that member evaluations should focus on such factors as whether the member has completed the required number of hours, satisfactorily completed assignments, and met other performance criteria that were clearly communicated at the beginning of the term of service.

No other document was brought to our attention that would be a reasonable substitute for the end-of-term evaluation required by the regulation and provisions.

Recommendations:

We recommend that the Corporation:

- 7a. Resolve questioned education award costs, totaling \$8,750, and recover any disallowed costs.

- 7b. Ensure that UMCA strengthens its subgrantee monitoring to make certain end-of-term evaluations are conducted prior to submitting/entering the Exit/End-of-Term-of-Service forms into WBRS or other Corporation systems.

UMDHSA's Response

UMDHSA indicated that member evaluations are a requirement for all subgrantees. The same is assessed annually through the UMDHSA Technical Assistance Site Assessment Monitoring Tool, which includes both mid-term and end-of-term evaluations. UMDHSA's current practice, as noted in UMDHSA's Member Evaluation Form, is that the mid-term and annual evaluation is to be completed on each member. A favorable completed evaluation must also be on file before a member can serve a second term. The Evaluation process is also outlined in the Project Director and Member Handbook under "Performance Evaluations." The issue of end-of-term member evaluations was also addressed in the UMDHSA's conference call meeting on March 6, 2008, under the section titled "Member/Program Evaluation Instruments." Minutes of this meeting are on file at UMDHSA. UMDHSA requirements are also referenced on the Member Profile Documentation form (recently revised for better clarity). To strengthen the process, UMDHSA has now recommended to its sites that the final member living allowance check be withheld until the member's end-of-term evaluation is completed.

UMDHSA indicated that there was no intent to circumvent the End-of-Term Member Evaluation. These sites misinterpreted the UMDHSA policy. These members were in good standing with the grantee, as referenced in their mid-term evaluations, and were thus invited back to serve a second term. UMDHSA indicated that the issue of End-of-Term Evaluations has been resolved because all members completing their 2007-2008 term had an End-of-Term Evaluation. UMDHSA stated that this was validated in the May 2009 UMDHSA onsite Monitoring Visit. UMDHSA indicated that, since all members in question exceeded the required 450 hours and were in good standing at mid-term, it requests that the questioned costs of \$8,750 be dismissed.

Auditors' Comments

The Corporation should confirm that stated improvements are in place (i.e., clarification of the requirements and implementation that final member living allowance payment be withheld until the end-of-term evaluation is completed). The Corporation still needs to resolve the questioned education award costs and recover any disallowed costs after considering the information provided by UMDHSA.

Documentation of Members Attending Orientation

We noted that for 12 of the 23 AAA members tested and 2 of the 13 Zuni members tested, documentation to support the member's attendance to orientation was not provided. Without proper orientation, members may not be knowledgeable on how to properly fulfill program requirements.

Criteria:

The PYs 2006-2007 and 2007-2008 grant provisions state in Section IV, D.3.,

The grantee must conduct an orientation for members and comply with any pre-service orientation or training required by the Corporation. This orientation should be designed to enhance member security and sensitivity to the community. Orientation should cover member rights and responsibilities, including the Program's code of conduct, prohibited activities (including those specified in the regulations), requirements under the Drug-Free Workplace Act (41 U.S.C. 701 *et seq.*), suspension and termination from service, grievance procedures, sexual harassment, other non-discrimination issues, and other topics as necessary.

Recommendation:

- 7c. We recommend that the Corporation ensure that UMCA strengthens its subgrantee monitoring related to member orientation.

UMDHSA's Response

The UMDHSA indicated that AAA conducted orientation consistent with the policies and procedures set forth by UMDHSA. The member training files from 2005-2006 term year, which included agenda and sign-in sheets for orientation, and all other training were lost during two moves that the AAA experienced in spring of 2008. This loss especially affected second-term members who had orientation during their first term of service in 2005-2006.

UMDHSA stated that Zuni did provide orientation training, but lacked member sign-in sheets. Zuni subsequently developed a new sign in sheet to track and document all members receiving orientation. A self-attestation form for each member will be signed and dated by the member and filed in their respective folder.

UMDHSA indicated that it does require orientation of all AmeriCorps members. This practice is outlined in the Project Director and Member Handbook. A fully documented orientation (or any training) is only valid with a training agenda showing the date and topics of training and a member sign-in sheet. UMDHSA stated that this practice was assessed through its annual site visits, using the UMDHSA Technical Assistance Site Assessment Monitoring Tool. UMDHSA requested this recommendation be dismissed.

Auditors' Comments

The Corporation should take into consideration UMDHSA's response in determining whether the recommendation is still necessary. The Corporation should confirm that the other subgrantees did not have similar issues in UMDHSA's monitoring reports.

**ATTACHMENT I: UNIVERSITY OF MARYLAND CENTER ON AGING RESPONSE TO
DRAFT REPORT**

From: Jack Steele [jsteele@stny.rr.com]

Sent: Friday, September 11, 2009 1:35 PM

To: James B. Elmore

Cc: 'Moreno, Claire'; lwilson@umd.edu; 'Sue Anne Swartz'; Linda; jsteele@stny.rr.com; hmoynaha@umd.edu

Subject: UMDHSA OIG Reponse Report

Attachments: UM-OIG Response-9-09.docx

Dear Jim:

Attached is the UMDHSA OIG Response Report that is due to your office on September 14, 2009.

Thank you for the opportunity to respond and to provide additional supporting documentation in reference to the various OIG recommendations. I have sent to Claire Moreno at CNCS a separate set of attachments that are referenced within the UMDHSA Response Report.

We look forward to successfully resolving any and all issues as set forth in the August 14, 2009 OIG Report. It has been a good learning experience and we have enjoyed working with the OIG staff.

Please let me know if you have additional questions at this time. My cell phone number is 607-287-2828 as I will be in Washington D.C. attending the CNCS National Training event for most of next week.

Jack

Jack Steele

University of Maryland

Department of Health Services Administration

Tele: 607-865-7980

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University of Maryland
School of Public Health
Department of Health Services Administration



Auditor Recommendations	University of Maryland Department of Health Services Administration Response
<p>1a. Resolve questioned costs of \$3,745 in Federal and \$18,073 in match costs and recover any disallowed costs.</p>	<p>1.a. The AAA in West Palm Beach has provided additional documentation for questioned federal amount of \$1,003 and will be submitted under separate cover to CNCS. This document was originally submitted to Clifton Gunderson with the UMDHSA 3/23/09 response report. Match costs for the CNCS grant are now tracked in a separate account to avoid future questioned costs.</p> <p>Zuni submitted additional financial records to support federal costs of \$42 and \$1,186 of the \$2,700. These amounts were submitted by Zuni to Clifton Gunderson in the UMDHSA 3/23/09 response report.</p> <p>Zuni submitted in January 2009 to Clifton Gunderson documentation supporting the cost of an additional \$11,568 in questioned match. These documents will be sent under separate cover to CNCS.</p> <p>Note: The University of Maryland Department of Health Services Administration (UMDHSA) terminated the Zuni contract in April, 2009. This was after two years of on-going technical assistance and corrective action measures to increase program compliance with both fiscal and program issues.</p> <p>The core issue for Zuni revolved around continuous staff turnover over in both the program and fiscal departments making it difficult to consistently meet compliance standards. The same is documented in numerous UMDHSA Monitoring Reports prior to contract termination.</p>
<p>1b. Ensure that UMCA develops and implements financial reconciliation requirements for subgrantees and monitors to ensure that the subgrantees' financial information is reconciled to their submitted PERs.</p>	<p>1.b. UMDHSA has always audited and reconciled financial records of subaward grantees during its annual monitoring visits. Additionally, subaward grantee sites are required to reconcile their monthly PER in conformance to UMDHSA Policy #11.</p> <p>UMDHSA has also provided extensive financial training every other year at its own National Direct Training through Walker</p>

Auditor Recommendations	University of Maryland Department of Health Services Administration Response
	<p>and Company. Training was provided in 2006 (January 22-24) and 2008 (May 12-14). All participants received training workbooks for future reference. Topics did include financial reconciliation and accounting records/systems. All sites are required to code AmeriCorps funds separate from other funding sources.</p> <p>All fiscal staff of subgrantees are required to attend these training events. To augment our on-going financial training and on-site monitoring visits, we have also committed to writing our internal policy on financial reconciliation titled "Fiscal Reconciliation of Periodic Expense Reports. Said policy was written in March of 2009 and disseminated to all Site Directors on March 18, 2009. Policy #11 has been sent to CNCS under separate cover.</p> <p>Additional desk-top audits are conducted for "at-risk" sites based on compliance standards.</p>
<p>1c. Ensure that UMCA requires its subgrantees to adjust their accounting systems to be able to track and report on grant expenditures (i.e., federal and match) incurred. In addition, the Corporation should work with UMCA to obtain a reconciliation of the costs incurred in its subgrantees' accounting system and the costs claimed to the corporation grant.</p>	<p>1.C. See response noted above under 1.b. Additional supporting financial documents will be sent to CNCS under separate cover detailing questioned costs. Extensive documented fiscal training has been provided to subaward grantees through UMDHSA and CNCS regarding match accounts, required documentation, accounting systems/records.</p> <p>The training topics were requested of Walker & Company by UMDHSA as a direct result of our own findings from on-site Monitoring visits of all subaward grantees.</p>
<p>1d. Work with UMCA to resolve the discrepancies between the reported claimed Federal and match costs and its accounting records after the reconciliation is performed and reviewed for its reasonableness.</p>	<p>1.d. See responses noted above under items 1.a, 1.b., and 1.c.</p>
<p>1e. Perform testing of Zuni's \$15,287 in match costs that the auditors could not review due to Zuni's late disclosure of those expenses.</p>	<p>1.e See response noted above under item 1.a. Additional financial documentation will be provided under separate cover to CNCS. Documents were originally provided to Clifton Gunderson on 3/23/09.</p> <p>Note: Most findings throughout this report were first documented by UMDHSA through its own internal monitoring</p>

Auditor Recommendations	University of Maryland Department of Health Services Administration Response
	<p>process with a series of corrective actions noted. These two sites were previously flagged by UMDHSA staff regarding financial and programmatic issues and are not indicative of our other subaward grantee sites.</p>
<p>1f. We recommend that the Corporation ensure that UMCA continues to monitor and provide training to its subgrantees (i.e., how to reconcile its financial records to its PERs) to ensure that Federal and match costs are reported correctly and that subgrantees are monitoring their matching costs to ensure that they will meet their minimum requirements.</p>	<p>UMDHSA has a continuous training program to strengthen all subaward grantees. We have had an annual UMDHSA National Training event since 2001. Every other year we have a primary focus on fiscal training and require all subaward grantee fiscal staff to attend.</p> <p>In both 2006 (January 22-24) and 2008 (May 12-14) we engaged the services of Walker and Company to provide extensive fiscal training. Participants received their own workbook as a quick desk-top reference. Applied exercises were a part of each training and each workbook was 36-41 pages. Topics included, fiscal reconciliation of PERs, capturing and reporting financial match (all aspects), national audit findings, reporting in-kind contributions, building strong budgets, building internal accounting systems, time and activity reporting, member eligibility, closing out fiscal years, preparing FSRs, reconciling the grant, etc.</p> <p>These requested topics for fiscal training were first identified by UMDHSA through its own annual monitoring site visits and then requested to be covered by Walker and Company.</p> <p>This item should be removed.</p>
<p>1g. Works with UMCA to correct existing FSRs and to ensure a firm understanding of requirements so that the indirect cost information will be reported properly when UMCA starts using the Federal Financial Report (SF-425) in place of the current FSR.</p>	<p>1.g UMDHSA is now reporting under the new CNCS FFR which replaced the former FSR. The new FFR reporting instructions provide much more detailed instructions for completion than the former FSR. TA requests had been initiated and responded to regarding former submitted FSRs through CNCS.</p> <p>Clarification was provided to Clifton Gunderson regarding the UMDHSA FSR Reports. There were no items of non-compliance or fiscal weakness identified. We do not believe that is a systemic or on-going problem.</p> <p>This item should be removed.</p>
<p>1h. Adequately reviews the Federal Financial Report, formerly the FSR, for reporting errors and takes corrective action to address errors.</p>	<p>1.h. UMDHSA will work collaboratively with our internal office of grants management and CNCS staff to effect any reporting changes or integrate any new instructions to ensure accurate FFRs. FSRs/FFRs are reviewed and approved by the UMDHSA grants management office.</p> <p>This item should be removed.</p>

Auditor Recommendations	University of Maryland Department of Health Services Administration Response
<p>2a. Resolve questioned match costs of \$1,300.</p>	<p>2.a. This is an isolated incident. Zuni staff did receive self-attestation statements that members did perform service during the time periods questioned. This error, we believe, occurred as a result of program staff turnover. It was not a matter of non-service delivery to the client or false claims. The caregiver family did receive the service but it was not documented properly.</p> <p>These items were also identified by UMDHSA staff as part of its on-site Monitoring visit. The same is documented in our written reports.</p> <p>Due to on-going fiscal and program staff-turnover and consistent reporting problems (over a three year period) UMDHSA terminated the Zuni contract is April, 2009. Zuni staff were always well-intended and always provided UMDHSA staff verbal and written confirmation when documentation did not meet the assessed standard. Corrective action plans were written by Zuni, reviewed and approved by UMDHSA staff. However, repetitive staff turnover resulted in cycles of documented progress followed by cycles of relapsing file documentation.</p>
<p>2b. Ensure that UMCA revises subgrantee procedures to ensure that, prior to making a member living allowance payment, payroll staff has received written confirmation that the member has been enrolled.</p>	<p>2.b UMDHSA does require that the program supervisor or designee self-certify each month to the fiscal unit that member specific service and training has occurred during the month and that payment is approved.</p> <p>A review of past UMDHSA Monitoring Reports documents this process as a checks and balance between program and fiscal as fiscal only cuts the checks and must rely on program staff to validate accurate time and service logs/approval. This approval is based on the member time and service activity logs and then approved signed and dated by the member and supervisor. The documentation of this practice is referenced both on the UMDHSA Member Profile Documentation form as well as Project and Member's Handbook, page 58 (Submitting Your Time Sheets and Service Logs). Member Profile Documentation form was revised in early 2009 to include two parts; Member Pre-Enrollment Check and Member End of Term Check List. The same was disseminated to all subaward grantees. A copy of the revised check-list has been sent to CNCS under separate cover.</p> <p>This item should be removed.</p>
<p>2c. We recommend that the Corporation ensure that UMCA determines whether</p>	<p>2.c The salary and member living allowance cost breakdown and their fringe benefits are calculated on a Zuni spreadsheet that is used to report the information on the PER.</p>

Auditor Recommendations	University of Maryland Department of Health Services Administration Response
Zuni made an appropriate adjustment.	The correction to the over-expenditure in Section I of the PER to Section II was made in PER for October 2008. The spreadsheet showing the cost breakdown was provided to Clifton Gunderson LLP on February 11, 2008 and again on March 16, 2009 for their review. UMDHSA confirms that Zuni did make the appropriate adjustment therefore resolving this issue.
3a. Closely scrutinize the grantee-submitted budget to ensure that inappropriate costs are not included.	<p>3.a The incentive payments with the AAA in West Palm Beach is an isolated incident. Prior to 2005-2006 the West Palm site always met its match requirements without including any incentive money as match. The match money in question was provided by a local foundation to support member activities. All members were identified in the grant as without a living allowance.</p> <p>UMDHSA staff believed that as long as the match money was in direct support of the members (as provided through Walker and Company Training) that it would be an allowable match cost.</p> <p>Regarding the 2007-2008 questioned match amount of \$35,261: This grant year was still open during the audit period. West Palm submitted a revised budget amendment to UMDHSA removing the "incentive" match in Section I., "other". Previously documented unclaimed "personnel/fringe" expenses and other items were increased to offset the cost. The total overall budgeted and contributed match met the required \$46,613.00. Validation of the 2007-2008 contributed match is referenced in the final 3/21/09 PER submitted via WBRs.</p> <p>The West Palm Beach site now (Grant year 2008-2009) correctly shows the money from the foundation money as match under the "Living Allowance" line item versus "other". A copy of the West Palm Beach egrants 2008-2009 Budget is being sent to CNCS under separate cover that shows Member Living Allowances in the amount of \$61,100.00. We did not understand the rule that no other incentive of any kind (gas cards, grocery gift certificates, etc.) could be granted to our members.</p> <p>UMDHSA subsequently requested written technical assistance from the CNCS grant office that provided additional clarification. While there are some "grey areas" in terms of what is considered an incentive, UMDHSA staff advised the West Palm office that all future members must receive an actual Living Allowance to avoid any appearance of conflict.</p> <p>All ten of the other Legacy Corps sites do provide a member Living Allowance and it is correctly documented in their budget and narrative.</p>
3b. Resolve questioned match costs of \$40,583 and	3.b See response noted in Section 3.a above regarding 2007-2008 budget amendment and actual year-end contributed

Auditor Recommendations	University of Maryland Department of Health Services Administration Response
<p>determine whether other unallowable incentive costs were charged to the grant over the entire grant period, and if so, resolve those costs.</p>	<p>match.</p> <p>We are therefore requesting that the 2007-2008 \$35,261 in questioned 2007-2008 match be dismissed.</p> <p>There is sufficient match to replace the outstanding amount for 2006-2007, but since the records are closed we have no way to replace the match.</p>
<p>3c. Ensure that UMCA strengthens its subgrantee requirement to comply with the AmeriCorps grant provisions related to member benefits.</p>	<p>3.c. As referenced in 3.a. above, the issue with the AAA West Palm Beach site is an isolated incidence. All other AmeriCorps sites are in full compliance with Member Living Allowances meeting the federal requirements for match. Also noted under 3.a. was a UMDHSA staff directive clarifying "other member incentives." This will also be covered again in our National Direct Training that will be held January 21-23, 2010 in Scottsdale, Arizona as well as validated through the UMDHSA monitoring process that occurs annually for all AmeriCorps site.</p> <p>This item should be removed.</p>
<p>3d. We recommend that the Corporation resolve questioned Federal costs of \$629 and recover any disallowed costs. In addition, the Corporation should ensure that UMCA establishes controls to verify that subgrantees' administrative costs are properly calculated and reported.</p>	<p>3.d. The AAA submitted an amended budget for 2007-2008 (still active grant during the audit process) to remove the questioned amount of \$376.93 in Section III. The amended WBRs 2007-2008 budget amendment is being sent to CNCS under separate cover that confirms that the West Palm Beach site actually reduced Section III. Administrative cost down to \$1,770.00; far below the allowable amount that could be claimed. This is also validated on their year-end 3/31/09 PER also referenced in WBRs.</p> <p>The 2007-2008 questioned amount of \$376.93 should be dismissed.</p> <p>The grant year for 2006-2007 has closed and the amount identified (\$252) cannot be recouped or reallocated. The overall amount claimed for both years <u>was correctly computed (overall administrative match)</u>. It was only the allocation of that amount between the grantee and CNCS that was incorrectly computed. This one-time error should not occur in the future.</p> <p>UMDHSA does have internal controls to calculate the Administrative Costs that are allowed in Section III. The instructions for the administrative calculation are set forth in the CNCS and UMDHSA annual budget instructions (e.g, 10% versus .0526%). The error was limited to be being posted in the wrong column in the budget, not an incorrect amount. Administrative costs are part of the minimum fiscal standards in the UMDHSA Monitoring Tool and are assessed on site.</p>

Auditor Recommendations	University of Maryland Department of Health Services Administration Response
<p>3e. We recommend that the Corporation resolve the Federal questioned cost of \$250.</p>	<p>Zuni agrees that they did incorrectly charge the AmeriCorps Grant \$250 for Registration Fee to attend the National Indian Council Biennial Conference. This error is attributed to fiscal staff turnover. The new accountant did not go back and check previously submitted PERs.</p> <p>The Zuni attendee did informally share about the AmeriCorps Program (table top forums) while attending but was not officially in the Program Guide.</p> <p>This was a clerical error and we believe that this cost should be dismissed. Note: Zuni is no longer a subgrantee within the UMDHSA portfolio of programs.</p>
<p>4. We recommend that the Corporation ensure that UMCA revises the "Subrecipient Profile" form to:</p> <ul style="list-style-type: none"> • request the policies and procedures to verify that they do exist; • explain how the subrecipient will meet the requirement; and • address the financial reporting and budget control requirements. 	<p>4. UMDHSA has a strong internal review process for prospective subward grantees to ensure that CNCS and federal regulations are met. Audit staff did not review all of the UMDHSA requirements for subaward grantees. The review process has two levels.</p> <p>The first level is conducted by UMDHSA program staff through a check-list (program and fiscal) and narrative process that was revised in 2008. UMDHSA Policy #005 and is being sent to CNCS under separate cover.</p> <p>The University of Maryland also has three other internal tools that must be applied before a new subaward recipient is approved. These tools include the "Subrecipient Profile, Monitoring of Subrecipients, and Subrecipients Subject to A-133 Audits. A separate review committee at UM convenes to review subrecipient documentation prior to any issuance of contracts.</p> <p>This item should be removed.</p>
<p>5a. We recommend that the Corporation resolve the questioned education award of \$1,250. In addition, we recommend that the Corporation ensure that UMCA monitors subgrantee compliance with UMCA's procedure on "Member Files" to verify and document that all eligibility requirements have been met.</p>	<p>5.a The AAA West Palm site is 100 percent Hispanic. Most of these individuals are either non-speaking or limited speaking English skills. The individual in question left the program to go back to Cuba and has never used her Education Award. The financial Living Allowance was her primary interest as well as to learn new work skills for future employment. A new staff member was on-board and accepted the expired work visa indicating a lawful permanent resident alien of the United States. We know this was not the case. The AAA processed the application in good faith with no attempt to misrepresent or to facilitate enrollment of a non-eligible individual into AmeriCorps. An internal corrective action was instituted at the AAA requiring a supervisor review of all member application</p>

Auditor Recommendations	University of Maryland Department of Health Services Administration Response
	<p>materials prior to enrollment. Corrective action response was reviewed by UMDHSA and approved. Specific training was required for all AAA staff regarding acceptable proof of citizenship documentation for all applicants with a particular emphasis on INS documentation.</p> <p>This was an isolated incident of one file out of 23 reviewed. As this individual now resides in Cuba we ask that this item be dismissed.</p> <p>UMDHSA does have an in-place practice adhered to by all subaward grantees. A sign-off sheet (Member Profile Documentation) that is to be completed on each member and signed off by the supervisor certifying that all eligibility requirements and documents have been secured. This document was revised in 2008 building in additional elements to ensure full compliance with federal regulations. Additionally the issues of eligibility and member file documentation has been addressed in two UMDHSA Conference Calls (sections titled Member File Documentation—Member Enrollment Form & Member Profile Documentation Forms and Monthly Reports). The first conference call was May 9, 2002 and the second call on April 22, 2003. Actual Conference call minutes are available for review. Another check is referenced in the WBRs/AmeriCorps Portal Enrollment Form that requires both member and staff certification regarding eligibility requirements. This is an isolated incident representing one member file.</p>
<p>5b. Resolve questioned costs of \$5,110 Federal, \$13,750 in education awards and recover any disallowed costs.</p>	<p>5.b. Seven of the members in question (3-AAA; 4-Zuni) did have National Sex Offender Public Records search completed in the file. At the time of the background check, one state was not reporting. The completed checks were placed in the Member Files. The CNCS regulations do not say that if one or more states are not reporting that additional checks must be repeatedly done until such time all states have reported. We confirmed this with our CNCS Program Officer in June of 2009. These members files in question are in compliance with CNCS regulations. Note: Both sites did go back and run second reports showing the missing state in question. This recommendation and these costs should be dismissed.</p> <p>Zuni staff had conducted Tribal Criminal Background checks but not State Criminal checks. The reason for this error was a change in staff for the AmeriCorps Program. All other Zuni employees are only required to have a Tribal check and the new staff member assumed it was the same for AmeriCorps Members. Upon learning of this error, Zuni ran State Criminal Background Checks and National Sex Offender checks on all the members in question. All came back clean and were placed in the respective Member Files. This was a one-time incident. Also note that the Zuni subaward was terminated in April of</p>

Auditor Recommendations	University of Maryland Department of Health Services Administration Response
	2009. We request these costs be dismissed.
<p>5c. Ensure that UMCA strengthens its monitoring efforts to ascertain subgrantee compliance with UMCA's "Criminal Background and National Sex Offender Public Registry Checks" and "Member Files" procedures that requires certification that:</p> <ul style="list-style-type: none"> a. State criminal registry check was conducted and documented on the member; and b. National Sex Offender search addressing all 50 states, as well as Guam, Puerto Rico, and the District of Columbia was conducted and documented either in the member's file or the file refers to the location of such information as appropriate. 	<p>5.c. UMDHSA has updated its 2007 Criminal Background and National Sex Offender policy reflecting the latest guidance from CNCS and federal regulations. This UMDHSA four page policy (Policy #007-ADM) was revised and disseminated to our subaward grantees. UMDHSA Policy #007 is being sent to CNCS under separate cover.</p> <p>UMDHSA has an exceptional Monitoring Process and Tool in place. State Criminal Background Checks and the NSOPR are assessed through a random sample of member files during each site visit. Our internal reports will note several corrective actions for missing or incomplete checks. Subaward sites must also complete the UMDHSA Member Profile Documentation Checklist form prior to member enrollment which includes the State Criminal Background Check and NSOPR. This recommendation is requested to be dismissed.</p>

Auditor Recommendations	University of Maryland Department of Health Services Administration Response
<p>5.d We recommend that the Corporation ensure that UMCA revises its procedures and the contract template that the subgrantees use to note that the actual service term for the potential member cannot start until after it is signed by the member.</p>	<p>The member contract for the group of nine members was originally executed during the enrollment period along with other documents. However, an internal routine review of members' files in October 2007 revealed that the contract contained an incorrect term year, as well as enrollment and completion dates. During this time there had been a realignment of staff responsibilities. Staff then reissued a replacement contract for members to sign. Staff felt it was unethical for members to backdate the second (replacement) contract to the original enrollment date and therefore the second replacement contract signature date is 6-7 months after the original enrollment date.</p> <p>AAA staff recognizes the importance of policy and procedure with regard to having documentation prior to member enrollment and have instituted their own internal corrective action steps to ensure that contract templates are accurate and that all documents are executed prior to official enrollment. UMDHSA staff monitored the AAA site in May of 2009, randomly selecting member files for full documentation and found no incidences of non-compliance (i.e., member contract start and end dates).</p> <p>The UMDHSA member contract template already provides for a contract start and end date. Project directors at all subaward sites are aware that member hours (service and training) do not count until the after the date the contract is signed and dated by both the member and supervisor. The UMDHSA practice is also restated on page 28 of its Project Director and Member Handbook. "The contract must be signed and dated by both the member and supervisor before services and/or training commences. Compliance with this and CNCS regulations is a part our on-site annual Monitoring. We request that this recommendation be dismissed.</p>
<p>5e. Resolve the \$13,750 in questioned education awards and recover any disallowed costs.</p>	<p>5e. The AAA-West Palm Beach electronically submitted a PDF of members' time sheets to Clifton Gunderson for review on March 4, 2009. These files were not reviewed by the auditors. A reconciliation of the questioned member time sheets was conducted as recommended by Clifton Gunderson. The reconciliation noted the following:</p> <p>Sample 1 W/P Ref. 0842a: Pershad, Audrey - For Program Year 2005-2006, Audrey Pershad hrs. were recorded in WBRS as 470.5. Audrey was enrolled 05/03/2006 and completed her term 03/31/2007. The timesheets added individually total 544.5. Months and hrs. accomplished include:</p> <p>May 2006 - 36.5 hrs. June 2006 - 294 hrs. July 2006 - 41 hrs. August 2006 - 40.5</p>

Auditor Recommendations	University of Maryland Department of Health Services Administration Response
	<p>Oct. 2006 - 45 hrs. Jan. 2007 - 40.5 hrs. Mar. 2007 - 47 hrs.</p> <p>At a minimum, 450 hours are supported through authenticated approved time sheets, for approved service. These hours were attested to by the Program Director and available for review. The questioned cost of \$1,250 should be dismissed.</p> <p>Sample 4: W/P Ref. 0842d Lopez, Graciela – May 06 – Dec. 06, Jan 07-May 07, and Mar 08-Earned award. Timesheets were located and reconciled to WBRs. There is a difference of 7 hours, however the member still had documented minimum of 800 hours and is therefore eligible for the Educational Award. The questioned cost of \$1,250 should be dismissed.</p> <p>Sample 5 W/P Ref. 0842e Medina, Elsa – May 06 – Sept 06, Nov 06-Dec. 06. Missing timesheets found and reconciled to WBRs for a total of 701 hours. The Member is eligible for the Educational Award. The questioned cost of \$1,250 should be dismissed.</p> <p>Sample 6 W/P Ref. 0842f Seden, Norma – June 06, July 06, Sept 06-Dec 06. Missing member timesheets were found and reconciled to WBRs for a total of 783 hours. Member is eligible for Educational Award and therefore the questioned cost of \$1,250 should be dismissed.</p> <p>Sample 7 W/P Ref. 0842g Sosa, Erenia – May 06 –Dec 06, April 07. WBRs reflects 1,004 hours and timesheets shows 1,049 hours. Could not adjust WBRs as records were closed. However, member still achieved over 450 and is eligible for the Educational Award. The questioned costs of \$1,250 should be dismissed.</p> <p>Summary: The cumulative questioned Educational Award costs of \$6,250 has been resolved and should be dismissed.</p> <p>Regarding Zuni:</p> <p>For Zuni, the continuous (almost every six months) turnover of program staff contributed to breaks in the member client records. It was subsequently verified through self-attestation of members and staff that service was performed. Attestation statement from Zuni is attached. Language barriers and written skills of the tribal members also contributed to the gaps in file documentation. Historically, Zuni members far exceed the required 450 hours of service. Past UMDHSA Monitoring Reports will validate the continuous corrective actions required of Zuni staff to obtain the correct documentation of service and training hours. This effort was thwarted through frequent staff turnover.</p>

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	<p>Based on the Zuni's member specific affidavit statements, we are requesting that the questioned Educational Award amount of \$7,500 be dismissed. Affidavits were sent to CNCS under separate cover.</p> <p>Note: The Zuni subaward contract was terminated by UMDHSA in April of 2009 after two years plus of coaching and corrective action plans.</p>
<p>5f. Ensure that UMCA increases the scope of its review when discrepancies are noted between the timesheets and the hours reported in WBRs for all the members being tested to determine if such errors are one-time occurrences or a continual problem and address the discrepancies.</p>	<p>5.f. UMDHSA continuously assesses and reconciles Member Service and Training hours reported at the subgrantee level in WBRs/On Corps which determines the Educational Award. This assessment is noted in every UMDHSA Monitoring Report throughout the year with corrective actions noted for internal reconciliation. We take this aspect very seriously and fully understand the requirements needed to document an educational award.</p> <p>This reconciliation occurs monthly before the hours are entered to WBRs/OnCorps. That is, only the hours that meet the fundamental requirements (e.g., signed & dated member/supervisor service/training activity logs showing actual service rendered and/or training attended) is considered a valid document and must be accounted for before entry into WBRs/OnCorps.</p> <p>Additionally, UMCA has stated it's requirement for Member and Supervisor sign-off in the Project Director's and Member Handbook, page 58 (Submitting Your Time Sheets and Service Logs).</p> <p>When a subaward site has multiple non-compliance findings, additional desk-top audits are performed to ensure program compliance. UMDHSA monitor findings in advance of the OIG Audit had also documented the same with corrective actions already in place.</p>
<p>5g. Resolve questioned education award costs in the amount of \$1,250 and recover any disallowed costs.</p>	<p>5g. The AAA-West Palm Beach site has corrected the omission of supervisory signature on those time sheets in question. An earlier edition of the English language version (90% of their member are only Spanish speaking) of the time sheet used in 2006 did not include a column for members to list specific activities performed on a daily basis or to print the name of the client being served. In 2007 the English version was revised to provide more detailed information—section for printed client name and column for daily activities performed. Also, forms are now in Spanish so that members can recognize and understand the program requirements.</p> <p>Zuni staff has obtained self-attestation statements from the caregiver that services were performed even though the</p>

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	<p>member record was inconsistent. The Zuni Member Service Log form was also revised form to include the physical address, place of service and name of caregiver. Time sheets were subsequently signed by staff as attested to by the caregiver. Note: The Zuni contract was terminated in April of 2009.</p>
<p>5h. Ensure that UMCA strengthens the monitoring of its subgrantees to ascertain that:</p> <p>a. member living allowance payments are not made without verifying that the timesheet has been signed and dated by the member and the supervisor, and</p> <p>b. member files contain evidence of the work performed and the client served.</p>	<p>5h. UMDHSA does require that the program supervisor or designee self-certify each month to the fiscal unit that service and or training has occurred during the month and that payment is approved. This "checks-and-balances documentation may be done via email or hard copy.</p> <p>A review of past UMDHSA Monitoring Reports documents this action between program and fiscal as fiscal only cuts the checks and must rely on program staff for approval. This approval is based on the Member Time and Service Activity logs and then approved signed and dated by the member and supervisor. UMDHSA also states the requirements for Member and Supervisor sign-off and dating on page 58 (What constitutes a Completed time Sheet?) of the Project Director and Member Handbook.</p> <p>UMDHSA was aware of this issue with both of the sites in question and had also identified these issues in their respective reports. This is not an issue with our 9 other subaward sites.</p>
<p>5i. We recommend that the Corporation ensure UMCA strengthens its monitoring efforts on subgrantee compliance to ensure that member living allowance payments are paid consistently and in accordance with the AmeriCorps grant provisions.</p>	<p>UMHDSA does monitor and assess the consistent payment of member living allowances during each of its annual site assessment visits. Member files are randomly pulled that include their member time and activity logs that are then verified against the member living allowance.</p> <p>Documentation of this practice can be verified in the UMDHSA Monitoring Reports. This was an isolated incident specific to Zuni and should not be globalized to the other ten sites Note: Zuni was terminated as a subaward grantee with UMDHSA in April, 2009.</p>
<p>5j. We recommend that the Corporation ensure UMCA provides the necessary training to its subgrantees on grants provision related to member allowances. In addition, the Corporation should ensure that UMCA reviews Zuni's records to determine the amount of member living allowances paid for which FICA deduction expenses were not</p>	<p>5.j Although Zuni did not properly deduct FICA taxes from member living allowances, Zuni immediately corrected their procedures as soon as Zuni became aware of the requirement. Zuni issued 1099s to the members prior to FICA deductions; and copies of the 1099s were provided as documentation to Clifton Gunderson LLP on February 26, 2009. Therefore, Zuni is disputing the fact that no documentation was provided to them. The dispute was relayed to them on March 16, 2009 but Zuni did not received a response. This is an isolated incident and not reflective of our ten other sites.</p> <p>The requirement to pay member FICA and Worksmen's Compensation is set forth in the annual CNCS and UMDHSA</p>

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<p>made and ensure that Zuni works with the IRS to determine what corrective action should be taken.</p>	<p>grantee application instructions. This error occurred during the transition from private foundation money to integration into the AmeriCorps Program which changed the member's status from a 1099 to paying FICA under AmeriCorps. Under their previous non-AmeriCorps contract the only requirement was to issue 1099s.</p> <p>Zuni does now pay FICA on AmeriCorps Members. UMDHSA had already noted this item in its own on-site Monitoring and had also recommended that Zuni should work with the IRS to determine a correct course of action for those members whose FICA was not paid as it may have some impact on the member and their previous tax filings. The subaward contract with Zuni was terminated by UMDHSA in April, 2009.</p>
<p>6a. Verify that UMCA strengthens its subgrantee monitoring to ensure that the member contract is in place prior to enrolling the member and entering information into WBRS or other Corporation systems.</p>	<p>6.a. 6.b UMDHSA does have a standard in its Monitoring Tool regarding time frame for entry in the WBRS (now AmeriCorps Portal), Exit Forms and Change of Status. These items are assessed during each site visit through random samples. Documentation of implementation can be referenced from existing monitoring reports. Additionally, UMDHSA staff also generates an internal report (instituted in 2008) that shows enroll dates and exit dates. UMDHSA has also revised its Member Profile Documentation Form into two parts that requires the Program Supervisor to sign off on the form which includes assurance that enrollment (Part I) and End of Term (Part II) has been completed with the required timeframes. Documents were provided to Clifton Gunderson with our March 23, 2009 Response.</p>
<p>6b. Verify that UMCA strengthens its subgrantee monitoring to ensure that Enrollment, Change of Status and Exit/End-of-Term-of-Service forms are processed and approved in WBRS or other Corporation systems within 30 days of when the event occurs.</p>	<p>See Response noted above</p>

Auditor Recommendations	University of Maryland Department of Health Services Administration Response
<p>7a. Resolve questioned education award costs, totaling \$8,750, and recover any disallowed costs.</p>	<p>Member Evaluations are a requirement for all subaward grantees. The same is assessed annually through the UMDHSA Technical Assistance Site Assessment Monitoring Tool which includes both mid-term and end-of-term evaluations. Our current practice as noted on our UMDHSA Member Evaluation Form states that the mid-term and thereafter annual evaluation is to be completed on each member. A favorable completed evaluation must also be on file before a member can serve a second time.</p> <p>The Evaluation process is also outlined on page 44 of the Project Director and Member Handbook under “Performance Evaluations” (“As a new member you will have a six month evaluation and then annually thereafter including End of Term..”).</p> <p>The issue of end-of-term member evaluations were also addressed in the UMDHSA Conference Call on March 6, 2008 under the section titled “Member/Program Evaluation Instruments”. Minutes of this meeting are on file at UMDHSA. UMDHSA requirements are also referenced on the Member Profile Documentation form (recently revised for better clarity). To further strengthen our process, we have now recommended to our sites that the final member living allowance check be withheld until the member end-of-term evaluation is completed.</p> <p>There was no intent by either agency to circumvent the End of Term Member Evaluation. These sites misinterpreted the UMDHSA policy. These members were in good standing with the grantee as referenced in their mid-term evaluations and were thus invited back to serve a second term.</p> <p>The issue of End of Term Evaluations has been resolved and all members completing their 2007-2008 did have an End of Term Evaluation. This has been validated in the May 2009 UMDHSA on-site Monitoring Visit.</p> <p>Since all members in question exceeded the required 450 hours and were in good standing with the AmeriCorps program at mid-term, we therefore request that the questioned cost of \$8,750 be dismissed.</p>
<p>7b. Ensure that UMCA strengthens its subgrantee monitoring to make certain end-of-term evaluations are conducted prior to submitting/entering the Exit/End-of-Term-of-Service forms into WBRS or other Corporation systems.</p>	<p>See justification and response referenced in item 7a.</p>

Auditor Recommendations	University of Maryland Department of Health Services Administration Response
<p>7c. We recommend that the Corporation ensure that UMCA strengthens its subgrantee monitoring related to member orientation.</p>	<p>The AAA-West Palm Beach conducted orientation consistent with the policies and procedures set forth by UMDHSA. The Member training files from 2005-2006 term year, which included agenda and sign-in sheets for orientation, and all other training were lost during two moves that the AAA experienced in Spring of 2008. This especially affected members who were second term members and who had orientation during their first year (first term) of service in 2005-2006.</p> <p>Zuni did provide orientation training but lacked member sign-in sheets. Zuni subsequently developed a new sign in sheet to track and document all members receiving orientation training. A self-attestation form for each member will be signed and dated by the member and filed in their respective folder.</p> <p>UMDHSA does require orientation of all AmeriCorps members. This practice is outlined in the Project Director and Member Handbook. A fully documented orientation (or any training) is only valid with a training agenda showing the date and topics of training and a member sign-in sheet. This practice is assessed through our annual site visits using the UMDHSA Technical Assistance Site Assessment Monitoring Tool.</p> <p>This recommendation is requested to be dismissed.</p>

**ATTACHMENT II: CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
RESPONSE TO DRAFT REPORT**

Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

To: Stuart Axenfeld, Inspector General for Audit
From: Margaret Rosenberry, Director of Grants Management *Dominick Janich for*
Date: September 11, 2009
Subject: Response to OIG Draft of Agreed-Upon Procedures of Grants Awarded to University of Maryland Council on Aging

Thank you for the opportunity to review the Office of the Inspector General draft Agreed-Upon Procedures report of the Corporation's grants awarded to University of Maryland Council on Aging (UMCA). We will work with UMCA to ensure its corrective action plan adequately addresses the findings and recommendations. We will respond with the management decision after we have reviewed the audit working papers and the corrective action plan.

Cc: William Anderson, Acting Chief Financial Officer
Frank Trinity, General Counsel
Lois Nembhard, Acting Director of AmeriCorps National
Sherry Blue, Audit Resolution Coordinator