

**Office of Inspector General  
Corporation for National and  
Community Service**

**AUDIT OF  
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE  
CORPORATION GRANTS AWARDED TO  
LUTHERAN COMMUNITY SERVICES NORTHWEST**

**OIG REPORT NUMBER 10-07**



*Corporation for*  
**NATIONAL &  
COMMUNITY  
SERVICE** 

Prepared by:

**Office of Inspector General  
Washington, DC 20525**

This report was issued to Corporation management on March 9, 2010. 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 September 9, 2010, and complete its corrective actions by March 9, 2011. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.



## OFFICE OF INSPECTOR GENERAL

March 9, 2010

TO: Angela Roberts, Acting Director of Senior Corps  
Lois Nembhard, Acting Director of AmeriCorps State and National  
Peg Rosenberry, Director, Office of Grants Management

FROM:   
Stuart Axenfeld, Assistant Inspector General for Audit

SUBJECT: *OIG Report 10-07, Audit of Corporation for National and Community Service Senior Corps Grants Awarded to Lutheran Community Services Northwest (LCSNW).*

Attached is the final report for the above-noted OIG audit of Corporation grants awarded to LCSNW. This audit was performed by OIG staff in accordance with generally accepted government auditing standards.

The purpose of this audit was to examine the grant costs incurred by LCSNW to determine whether the amounts incurred and claimed are allowable under the grant agreement. In addition, we determined if LCSNW had adequate procedures and controls that are in compliance with Federal laws, regulations and award conditions.

Under the Corporation's audit resolution policy, a final management decision on the findings in this report is due by September 9, 2010. Notice of final action is due by March 9, 2011. If you have any questions pertaining to this report, please contact me at (202) 606-9360, or Richard Samson, Audit Manager, at (202) 606-9380.

### Enclosure

cc: Roberta Nestaas, LCSNW President/CEO  
William Anderson, Acting Chief Financial Officer  
Rocco Gaudio, Deputy Chief Financial Officer for Grants and FFMC  
Claire Moreno, Senior Grants Officer  
Wendell West, Senior Grants Management Specialist  
Kirsten Franklin-Temple, Acting Washington State Director  
Stephanie Wrightsman, Oregon State Program Specialist  
Bridgette Roy, Auditor Liaison and Administrative Assistant

1201 New York Avenue, NW ★ Suite NW ★ Washington, DC 20525  
202-606-9390 ★ Hotline: 800-452-8210 ★ [www.cncsoig.gov](http://www.cncsoig.gov)

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**CONTENTS**

<b>Section</b>	<b>Page</b>
Executive Summary .....	1
Summary of Results .....	1
Summary of Questioned Costs .....	1
Results of Audit .....	1
Audit Objective, Scope, and Methodology .....	11
Compliance with Laws and Regulations .....	12
Internal Control over Financial Reporting.....	12
Background .....	13
Exit Conference.....	13

**Appendices**

- A: Lutheran Community Services Northwest's Response to Audit Report
- B: Corporation's Response to Audit Report

## EXECUTIVE SUMMARY

The Office of Inspector General (OIG), Corporation for National and Community Service (Corporation), performed an audit of Corporation grants awarded to Lutheran Community Services Northwest (LCSNW). The purpose of the audit was to determine whether the costs claimed by LCSNW for its Senior Companion Program (SCP), Retired and Senior Volunteer Program (RSVP), and AmeriCorps program were allowable, allocable, and in compliance with applicable laws, regulations, and terms and conditions of the grants.

### SUMMARY OF RESULTS

We found the following areas in which SCP, RSVP, and AmeriCorps program requirements were not met by LCSNW:

#### SCP

1. Volunteers did not have physical examinations performed prior to service.
2. Volunteers did not have income verifications performed prior to service.
3. Volunteers did not have criminal background checks performed prior to service.
4. Volunteers did not have volunteer assignment plans.
5. In some instances, volunteers did not serve a minimum of 15 hours during a week.
6. LCSNW did not maintain proper documentation for volunteer stations.

#### RSVP

7. Volunteers did not complete and sign volunteer contracts.

#### AmeriCorps

8. Member service hours did not meet the minimum amount of hours required to receive an education award.

### SUMMARY OF QUESTIONED COSTS

Program	Finding	Questioned Costs	Questioned Ed Awards
AmeriCorps	8	\$0	\$14,450

### RESULTS OF AUDIT

In our opinion, except for the questioned cost and compliance issues described in the results of audit, costs claimed for the grants are in conformity with applicable OMB circulars and award terms and conditions.

**1. SCP volunteers did not have physical examinations performed prior to service.**

Seven of 15 SCP volunteers whose files we reviewed did not have a physical examination performed prior to service and during the eligibility determination process, as required by Corporation regulations.

45 C.F.R. §2551.41 *Who is eligible to be a Senior Companion?*, states:

a. To be a Senior Companion, an individual must:

\* \* \*

2. Be determined by a physical examination to be capable, with or without reasonable accommodation, of serving adults with special needs without detriment to either himself/herself or the adults served.

LCSNW officials stated that physical examinations for these seven SCP volunteers took longer than anticipated, and they did not want the physical examinations requirement to hinder the start of the members' service.

The lack of the physical examination prior to the start of service could put the volunteers and the adults served at risk. We did not question the volunteer stipends for these seven members because the results of physical examinations, conducted after they began service, did not disqualify them.

**Recommendation**

1. We recommend that the Corporation require LCSNW to receive physical examination results for all SCP volunteers prior to their start of service.

**LCSNW's Response**

LCSNW concurs with the audit finding and recommendation. LCSNW implemented a new operating procedure to ensure physical examinations are performed and remain on file for all volunteers prior to service.

**Corporation's Response**

LCSNW has implemented a new operating procedure to ensure physical examinations are performed and on file for all volunteers prior to service. LCSNW action is responsive to the audit finding and recommendation, but LCSNW must issue a written operating procedure prior to the planned April 2010 oversight review by Corporation staff.

**OIG Comments**

The planned actions proposed by LCSNW in its response meet the intent of the recommendation and address the finding.

**2. SCP volunteers did not have income verifications performed prior to service.**

Six of 15 SCP volunteers whose files we reviewed did not have an income verification performed prior to service, as required by Corporation regulations.

45 C.F.R. §2551.41 *Who is eligible to be a Senior Companion?*, states:

a. To be a Senior Companion, an individual must:

\* \* \*

4. In order to receive a stipend, have an income that is within the income eligibility guidelines specified in this subpart D.

45 C.F.R. §2551.43 *What income guidelines govern eligibility to serve as a stipended Senior Companion?*, states:

- a. To be enrolled and receive a stipend, a Senior Companion cannot have an annual income from all sources, after deducting allowable medical expenses, which exceeds the program's income eligibility guideline for the State in which he or she resides. The income eligibility guideline for each State is the higher amount of either: 1) 125 percent of the poverty line set forth in 42 U.S.C. § 9902(2); or 2) 135 percent of the poverty line, in those primary statistical areas (PMSA), metropolitan statistical areas (MSA) and non-metropolitan counties identified by the Corporation as being higher in cost of living, as determined by application of the Volunteers in Service to America (VISTA) subsistence rates. . . .
- b. For applicants to become stipended Senior Companions, annual income is projected for the following 12 months, based on income at the time of application. For serving stipended Senior Companions, annual income is counted for the past 12 months. Annual income includes the applicant or enrollee's income and that of his/her spouse, if the spouse lives in the same residence. Sponsors shall count the value of shelter, food, and clothing, if provided at no cost by persons related to the applicant, enrolled, or spouse.
- c. Allowable medical expenses are annual out-of-pocket medical expenses for health insurance premiums, health care services, and medications provided to the applicant, enrollee, or spouse which were not and will not be paid by Medicare, Medicaid, other insurance, or other third party payor, and which do not exceed 50 percent of the applicable income guideline.
- d. Applicants whose income is not more than 100 percent of the poverty line shall be given special consideration for enrollment.
- e. Once enrolled, a Senior Companion shall remain eligible to serve and to receive a stipend so long as his or her income, does not exceed the applicable income eligibility guideline by 20 percent.

LCSNW officials stated that they did not know why income verifications were not performed for these volunteers prior to service. They noted that the SCP Director employed during the audit period is no longer employed by LCSNW.

By not requiring income verification for SCP volunteers prior to their start of service, LCSNW may have had volunteers that were ineligible to serve in the program. We did not question the volunteers' stipends because the results of income verifications, performed after they began service, upheld their eligibility.

### **Recommendation**

2. We recommend that the Corporation require LCSNW to receive income verification for all SCP volunteers prior to their start of service.

### **LCSNW's Response**

LCSNW concurs with the audit finding and recommendation. LCSNW implemented a new operating procedure to ensure income eligibility is completed, verified, reviewed, and on file for all volunteers prior to service.

### **Corporation's Response**

LCSNW has implemented a new operating procedure to ensure income eligibility is completed, verified, reviewed by program staff, and on file for all volunteers prior to service. LCSNW must issue a written operating procedure prior to the planned April 2010 oversight review by Corporation staff.

### **OIG Comments**

The planned actions proposed by LCSNW in its response meet the intent of the recommendation and address the finding.

### **3. SCP volunteers did not have criminal background checks performed prior to service.**

Two of 15 SCP volunteers reviewed did not have a criminal background check performed prior to service, as required by Corporation regulations.

45 C.F.R. §2551.27 *What two search components of the National Service Criminal History Check must I satisfy to determine an individual's suitability to serve in a covered position?*, states:

Unless the Corporation approves an alternative screening protocol, in determining the suitability of an individual to serve as a Senior Companion or as a covered grant-funded employee, you are responsible for ensuring, unless prohibited by State law, that you conduct the document a National Service Criminal History Check, which consists of the following two search components:

- a. *State criminal registry search.* A search (by name or fingerprint) of the State criminal registry for the State in which the program operates and the State in which the individual resides at the time of application; and
- b. *National Sex Offender Public Registry.* A name-based search of the Department of Justice (DOJ) National Sex Offender Public Registry (NSOPR).

LCSNW officials stated that criminal background checks were performed by volunteer stations during the audit period and they did not know why criminal background checks were not performed for these members prior to service. They noted that the SCP Director employed during the audit period is no longer employed by LCSNW.

By not requiring criminal background checks for SCP volunteers prior to their start of service, the adults served could be at risk. We did not question stipends because the results of criminal background checks, performed after the volunteers began service, upheld their eligibility.

### **Recommendation**

3. We recommend that the Corporation require LCSNW to receive criminal background checks for all SCP volunteers prior to their start of service.

### **LCSNW's Response**

LCSNW concurs with the audit finding and recommendation. LCSNW implemented a new operating procedure to ensure all volunteers have a criminal background check completed through their agency process, results are reviewed, and documents are on file for all volunteers prior to service.

### **Corporation's Response**

The Corporation agrees with the intent of the recommendation. LCSNW has implemented a new operating procedure to ensure criminal background checks are performed, results are reviewed and on file for all volunteers prior to service. LCSNW must issue a written operating procedure prior to the planned April 2010 oversight review by Corporation staff.

### **OIG Comments**

The planned actions proposed by LCSNW in its response meet the intent of the recommendation and address the finding.

### **4. SCP volunteers did not have volunteer assignment plans.**

Ten of 15 SCP volunteers reviewed did not have a volunteer assignment plan developed by the volunteer stations during the audit period. During fieldwork, the newly hired SCP manager informed the OIG that assignment plans were being developed for all SCP volunteers. We reviewed the current assignment plans and determined that they are in compliance with SCP requirements.

45 C.F.R. §2551.72 *Is a written volunteer assignment plan required for each volunteer?*, states:

- a. All Senior Companions performing direct services to individual clients in home settings and individual clients in community-based settings, shall receive a written volunteer assignment plan developed by the volunteer station that:
  1. Is approved by the sponsor and accepted by the Senior Companion;
  2. Identifies the client(s) to be served;

3. Identifies the role and activities of the Senior Companion and expected outcomes for the client(s);
  4. Addresses the period of time each client is expected to receive such services; and
  5. Is used to review the status of the Senior Companion's services in working with the assigned client(s), as well as the impact of the assignment on the client(s).
- b. If there is an existing plan that incorporates paragraphs (a)(2), (3), and (4) of this section, that plan shall meet the requirement.
  - c. All Senior Companions serving as volunteer leaders shall receive a written volunteer assignment plan developed by the volunteer station that:
    1. Is approved by the sponsor and accepted by the Senior Companion;
    2. Identifies the role and activities of the Senior Companion and expected outcomes;
    3. Addresses the period of time of service; and
    4. Is used to review the status of the Senior Companion's services identified in the assignment plan, as well as the impact of those services.

LCSNW officials stated that client plans were compiled, instead of volunteer assignment plans, by the former SCP Director during the audit period. Client plans are plans written for the client, which is not a SCP requirement.

By not maintaining volunteer assignment plans, volunteer duties/responsibilities are not properly documented. Program staff and the volunteers may not have a complete understanding of the service activity.

### **Recommendation**

4. We recommend that the Corporation verify that LCSNW has developed written volunteer assignment plans for all SCP volunteers and that these plans adhere to program requirements.

### **LCSNW's Response**

LCSNW concurs with the audit finding and recommendation. LCSNW implemented a new operating procedure to ensure the development of written volunteer assignment plans for all SCP volunteers that adhere to program requirements.

### **Corporation's Response**

LCSNW has implemented a new operating procedure to ensure written volunteer assignment plans are developed for all SCP volunteers in compliance with program requirements. The Corporation will verify adequate training has been conducted and confirm corrective action is complete as part of the planned April 2010 oversight review.

### **OIG Comments**

The planned actions proposed by LCSNW in its response meet the intent of the recommendation and address the finding.

**5. In some instances, SCP volunteers did not serve a minimum of 15 hours during a week.**

Seven of 15 SCP volunteers reviewed had instances where they did not serve a minimum of 15 hours during a week.

45 C.F.R. §2551.51 *What are the terms of service of a Senior Companion?*, states that “[a] Senior Companion shall serve a minimum of 15 hours per week and a maximum of 40 hours per week. A Senior Companion shall not serve more than 2088 hours per year. Within these limitations, a sponsor may set service policies consistent with local needs.”

LCSNW officials stated that it had difficulty convincing volunteers to commit to 15-hour weeks. LCSNW also stated that the former SCP Director did not strictly enforce the “15-hour” requirement.

Volunteers working less than the 15 hours a week are not in compliance with program requirements and as a result the service provided may be ineffective.

**Recommendation**

5. We recommend that the Corporation require LCSNW to enforce the SCP weekly minimum service hour requirement of 15 hours.

**LCSNW’s Response**

LCSNW concurs with the audit finding and recommendation. LCSNW implemented a new operating procedure to closely monitor volunteer hours and those not serving a minimum of 15 hours during a week will have the reason documented in their volunteer file

**Corporation’s Response**

LCSNW has implemented a new operating procedure to ensure volunteer hours are monitored to enforce the 15-hours requirement. The Corporation discussed the corrective action plan with LCSNW and finds the action responsive to the audit finding and recommendation.

**OIG Comments**

The planned actions proposed by LCSNW in its response meet the intent of the recommendation and address the finding.

**6. LCSNW did not maintain proper documentation for SCP volunteer stations.**

LCSNW did not maintain documentation for volunteer stations that adheres to program requirements. It only maintained Memorandum of Understanding for each volunteer station. We did not find any evidence of volunteer assignment plans, Letter of Agreements for senior companions assigned in-home, orientation and in-service training, evaluations, and recognition.

45 C.F.R. §2551.62 *What are the responsibilities of a volunteer station?*, states:

A volunteer station shall undertake the following responsibilities in support of Senior Companion volunteers:

- a. Develop volunteer assignments that meet the requirements specified in §2551.71 through §2551.72, and regularly assess those assignments for continued appropriateness.
- b. Select eligible clients for assigned volunteers.
- c. Develop a written volunteer assignment plan for each client that identifies the role and activities of the Senior Companion and expected outcomes for the client served.
- d. Obtain a Letter of Agreement for Senior Companions assigned in-home. This letter must comply with all Federal, State and local regulations.
- e. Provide Senior Companions serving the station with:
  1. Orientation to the station and any in-service training necessary to enhance performance of assignments;
  2. Resources required for performance of assignments including reasonable accommodation; and
  3. Appropriate recognition.

LCSNW officials stated that they did not know why proper documentation was not maintained for volunteer stations, noting that the SCP Director during the audit period is no longer with LCSNW. The officials said they are now in the process of compiling all of the necessary documentation for existing volunteer stations.

Without proper documentation of volunteer stations, LCSNW may have volunteers that are not serving clients in the manner required by program requirements. In addition, volunteer stations may not be fully aware of the program requirements.

### **Recommendation**

6. We recommend that the Corporation ensure that LCSNW develops volunteer station documentation that adheres to program requirements.

### **LCSNW's Response**

LCSNW concurs with this audit finding and recommendation. LCSNW implemented a new operating procedure to ensure that proper documentation for SCP volunteer stations is maintained.

### **Corporation's Response**

The Corporation will obtain a written operating procedure; review the previously provided associated documents for adequacy; and confirm corrective actions is completed during the planned April 2010 oversight review by Corporation staff.

### **OIG Comments**

The planned actions proposed by LCSNW in its response meet the intent of the recommendation and address the finding.

## **7. RSVP volunteers did not complete and sign volunteer contracts.**

Volunteer contracts were not signed by RSVP volunteers stating that they have read the RSVP handbook and will adhere to program requirements. LCSNW only require volunteers to complete a volunteer application during the enrollment process. Volunteers are not required to sign a contract prior to service.

45 C.F.R. §2553.41 *Who is eligible to be a RSVP volunteer?*, states:

- a. To be an RSVP volunteer, an individual must:
  1. Be 55 years of age or older;
  2. Agree to serve without compensation;
  3. Reside in or nearby the community served by RSVP;
  4. Agree to abide by all requirements as set forth in this part;
- b. Eligibility to serve as a RSVP volunteer shall not be restricted on the basis of formal education, experience, race, religion, color, national origin, sex, age, handicap or political affiliation.

LCSNW stated that RSVP requirements do not require that a volunteer sign a volunteer contract, only the applications are completed when a volunteer signs up for the program.

Without RSVP volunteer contracts, there is no evidence the volunteers agree to adhere to RSVP requirements and to serve without compensation.

### **Recommendation**

7. We recommend that the Corporation require LCSNW to develop an RSVP contract for volunteers to sign, confirming that they agree to abide by RSVP requirements.

### **LCSNW's Response**

LCSNW concurs with the audit finding and recommendation. LCSNW implemented a new operating procedure to ensure that RSVP volunteers confirm in writing that they agree to abide by RSVP requirements.

### **Corporation's Response**

LCSNW has implemented a new operating procedure to ensure RSVP volunteers confirm in writing that they agree to abide by RSVP requirements. The Corporation will obtain a written operating procedure; review the previously provided associated documents for adequacy and confirm corrective action is complete during the planned April 2010 oversight review by Corporation staff.

### **OIG Comments**

The planned actions proposed by LCSNW in its response meet the intent of the recommendation and address the finding.

**8. AmeriCorps member service hours did not meet the minimum amount required to receive an education award.**

LCSNW had a total of four AmeriCorps members during program year 2006-2007. A review of timesheets for three of four AmeriCorps members showed they did not meet the required amount of service hours to receive an education award. These three members were full-time and therefore required to serve at least 1,700 hours to receive an award. Actual hours per time sheets did not support the required 1,700 service hours for educational awards earned by three members as follows:

<b>Member #</b>	<b>WBRs Hours</b>	<b>Time Sheet Hours</b>	<b>Education Award</b>	<b>Accrued Interest</b>
1	1,700	1,683.5	\$4,725	\$275
2	1,704	1,560	4,725	-
3	1,719	1,508	4,725	-

LCSNW receives its AmeriCorps grant from the U.S. Committee for Refugees and Immigrants (USCRI). LCSNW officials stated that they are a subgrantee of USCRI and their responsibility is to ensure that the AmeriCorps members are serving the hours recorded on their timesheets. Timesheets are then sent to USCRI, which pays the member's living allowance and also certifies that the member has completed the necessary service hours to qualify for an education award.

2006 AmeriCorps Provisions, Section IV. *AmeriCorps Special Provisions*, Part J. *Post Service Education Awards*, states:

In order to receive a full education award, a member must perform the minimum hours of service as required by the Corporation and successfully complete the program requirements as defined by the Program. For example, if successful completion of a full-time program requires 1,800 service hours, members in that particular program are not eligible for an education award simply upon completion of 1,700 hours. If a member is released from a Program for compelling personal circumstances, the member is eligible for a pro-rated education award based on the number of hours served, if it is at least 15% of the total required hours. Questions regarding authorized uses of the education award should be directed to the Corporation's National Service Trust Office.

2006 AmeriCorps Provisions, Section IV. *AmeriCorps Special Provisions*, Part C. *Member Enrollment*, states:

2. *AmeriCorps Members*. 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.

LCSNW officials stated that it is USCRI's responsibility to determine whether a member meets the minimum required service hours to receive an education award. USCRI stated that it did not verify members' hours by reviewing timesheets, but instead reviewed the time and attendance database on the Corporation's Web-Based Reporting System (WBRs). Members would input their hours into WBRs once their supervisor approved their timesheet.

We will question the three members' education awards of \$4,725 each. We will also question one member's accrued interest award of \$275. The total amount questioned is \$14,450.

### **Recommendation**

We recommend that the Corporation:

- 8a. recover the questioned education awards and accrued interest of \$14,450.
- 8b. assuming LCSNW and USCRI receive another Corporation grant, it develops controls to ensure that member time is documented and approved and that only members who complete required service hours receive an education award.

### **LCSNW's Response**

LCSNW does not concur with the audit recommendation. LCSNW sent timesheets to USCRI, which certified whether member service hour requirements were met. LCSNW does not authorize education awards and issued no monies to AmeriCorps members. LCSNW will work with the Corporation to ensure its responsibilities and practices, in regard to member time, are in compliance with AmeriCorps requirements.

### **Corporation's Response**

The Corporation declined to accept the monetary recommendation until it has completed its review of the agreement between LCSNW and USCRI, the timesheets for the questioned members and the certification documents presented to the Trust.

If LCSNW decides to apply for an AmeriCorps grant directly, the Corporation will ensure proper procedures are in place to result in compliant timekeeping practices and that responsibilities for member certification for awards are clearly delineated. However, LCSNW and USCRI, do not have active AmeriCorps grants with the Corporation..

### **OIG Comments**

LCSNW and USCRI do not have active grants with the Corporation. Therefore, we are not concerned with a corrective action plan. However, education awards and interest forbearance related to these members questioned should be resolved by the Corporation.

### **AUDIT OBJECTIVE, SCOPE, AND METHODOLOGY**

The objectives of the audit were to determine whether the costs claimed were allowable, adequately supported, and charged in accordance with the terms of the grant and applicable laws and regulations; and to determine whether LCSNW was in compliance with terms of the grant and applicable laws and regulations related to financial management, volunteer eligibility, terms of service, and volunteer station compliance.

The scope of this audit focused on transactions, events, and member information associated with the following SCP, RSVP, and AmeriCorps Grants:

<b>Program</b>	<b>Award No.</b>	<b>Audit Scope Period</b>	<b>Award Amount</b>	<b>Claimed Costs</b>	<b>No. of Volunteers</b>
SCP	07SCPWA001	09/30/07 – 03/31/09	\$417,909	\$293,565	62
RSVP	05SRPWA004	01/01/07 – 12/31/07	\$56,997	\$52,957	616
RSVP	05SRPORA002	01/01/07 – 12/31/07	\$81,507	\$81,507	447
RSVP	08SRPWA003	01/01/08 – 06/30/09	\$121,168	\$91,473	718
RSVP	08SRPORA001	01/01/08 – 06/31/09	\$160,166	\$124,142	515
AmeriCorps	04NDHDC0050007	10/01/06 – 09/30/07	\$53,820	\$53,820	4
<b>Totals</b>			<b>\$891,567</b>	<b>\$697,464</b>	<b>2,362</b>

We conducted our audit in accordance with audit standards generally accepted in the United States of America and generally accepted government auditing standards. For SCP, we performed tests of costs incurred in Program Years 2007-2008 (September 30, 2007, through September 29, 2008) and 2008-2009 (September 30, 2008, through March 31, 2009). For RSVP, we performed tests of costs incurred in Program Years 2007 (January 1, 2007, through December 31, 2007), 2008 (January 1, 2008, through December 31, 2008), and 2009 (January 1, 2009, through June 30, 2009). For AmeriCorps, we performed tests of costs incurred in Program Year 2006-2007. We also performed tests of LCSNW's financial management system to determine compliance with applicable laws and regulations. In addition, we performed tests of compliance with SCP, RSVP, and AmeriCorps regulations on volunteer eligibility, terms of service, and volunteer stations. We conducted our field work from September 2009 to November 2009.

#### **COMPLIANCE WITH LAWS AND REGULATIONS**

As part of obtaining reasonable assurance about whether financial schedules were free of material misstatements, we performed tests of compliance with certain provisions of laws, regulations, and awards, noncompliance with which could have a direct and material effect on determination of financial schedule amounts. Providing an overall opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. Test results disclosed instances of noncompliance that are required to be reported under generally accepted government auditing standards. These are discussed in the Results of Audit section of this report.

#### **INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit, we obtained an understanding of the Commission's internal control over financial reporting to determine audit procedures for the purpose of expressing our opinion on the financial schedules and not to provide assurance on internal control over financial reporting. We noted matters involving internal control over financial reporting and its operation, however, that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over financial reporting that, in our judgment, could adversely affect the Non-Profit's ability to initiate, record, process, and report financial data consistent with assertions of management in the financial schedules. The reportable conditions are discussed in the Results of Audit section of this report.

A material weakness is a condition in which the design or operation of one or more of the internal control elements does not reduce, to a relatively low level, the risk that misstatements in amounts that would be material in relation to the financial schedules being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control structure that might be reportable conditions and that are also considered material weaknesses. We do not consider any findings to be material weaknesses.

## **BACKGROUND**

The Corporation awards grants to assist in the creation of full-time and part-time national and local community service programs. Senior Corps and AmeriCorps are two of the Corporation's three major service initiatives. The Corporation's SCP provides grants to qualified nonprofit organizations to engage persons age 60 and older, with limited incomes, in providing assistance to adults with special needs so they may maintain their dignity and independence. RSVP provides grants to qualified organizations to engage persons age 55 and older in providing assistance that meets critical community needs. AmeriCorps provides grants to qualified organizations to engage persons age 17 and older in programs that address educational, public safety, human, or environmental needs through national and community service, and provides education awards to participants who successfully complete their service. Individuals serving in LCSNW's SCP, RSVP, and AmeriCorps programs provided services to adults, adolescents, children, families, schools, businesses, religious congregations, neighborhoods, and communities in Washington, Oregon, and Idaho.

## **EXIT CONFERENCE**

We conducted an exit conference with LCSNW and Corporation representatives on December 15, 2009. Their responses to the draft report are included in the final report as Appendices A and B, respectively. USCRI was also given the opportunity to respond to the draft report, but declined to do so. In addition, we have included our summary of LCSNW's and the Corporation's comments in this final report.

This report is intended solely for the use of the management of the Corporation, OIG, LCSNW, and U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties. However, the report is a matter of public record and its distribution is not limited.

**APPENDIX A**

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**LUTHERAN COMMUNITY SERVICES NORTHWEST RESPONSE TO  
AUDIT REPORT**



Lutheran Community Services Northwest's  
Comments on Official Draft Report  
on the  
*Audit for Corporation Grants Awarded to  
Lutheran Community Services Northwest*

**Finding 1. SCP volunteers did not have physical examinations performed prior to service.**

**Recommendation:** The Auditor recommends that LCSNW receive physical examination results for all SCP volunteers prior to the start of their service.

**LCSNW's Response:**

LCSNW concurs with the audit finding and recommendation. On July 1, 2009, LCSNW implemented a new operating procedure to ensure physical exams are performed and on file for all volunteers prior to service. LCSNW utilizes a "Checklist of Materials Completed by Senior Companions" (Attachment A) and a "File Checklist" (Attachment B), which are completed by SCP and reviewed by program staff, to confirm initial documents are completed and on file prior to service. Document dates are entered into the database for tracking and monitoring. Documents in the file are also checked annually during peer case file reviews using the "File Checklist."

**Finding 2. SCP volunteers did not have income verifications performed prior to service.**

**Recommendation:** The Auditor recommends that LCSNW receive income verification for all SCP Volunteers prior to their start of service.

**LCSNW's Response:**

LCSNW concurs with the audit finding and recommendation. On July 1, 2009, LCSNW implemented a new operating procedure to ensure income eligibility is completed, verified, reviewed, and on file for all volunteers prior to service. LCSNW utilizes the updated "Senior Companion Application and Eligibility Form" (Attachment C). Income is verified and approved by program staff prior to service. LCSNW utilizes the aforementioned "Checklist of Materials Completed by Senior Companions" (Attachment A) and "File Checklist" (Attachment B), which are completed by SCP and reviewed by program staff, to confirm initial documents are completed and on file prior to service. Document dates are entered into the database for tracking and monitoring. Documents in the file are also checked annually during peer case file reviews using the "File Checklist."

**Finding 3. SCP volunteers did not have criminal background checks performed prior to service.**

**Recommendation:** The Auditor recommends that LCSNW receive criminal background checks for all SCP volunteers prior to their start of service.

**LCSNW's Response:**

LCSNW concurs with the audit finding and recommendation. On July 1, 2009, LCSNW implemented a new operating procedure to ensure all volunteers have a criminal background check completed through our agency process, results are reviewed, and documents on file for all volunteers prior to service. LCSNW utilizes the aforementioned "Checklist of Materials Completed by Senior Companions" (Attachment A) and "File Checklist" (Attachment B), which are completed by SCP and reviewed by program staff, to confirm initial documents are completed and on file prior to service. Document dates are entered into the database for tracking and monitoring. Documents in the file are also checked annually during peer case file reviews using the "File Checklist."

**Finding 4. SCP volunteers did not have volunteer assignment plans.**

**Recommendation:** The Auditor recommends that LCSNW develop written volunteer assignment plans for all SCP Volunteers and that these plans adhere to program requirements.

**LCSNW's Response:**

LCSNW concurs with the audit finding and recommendation. On July 1, 2009, LCSNW implemented a new operating procedure to ensure the development of written volunteer assignment plans for all SCP volunteers that adhere to program requirements using the updated "Assignment Plan for a Senior Companion" form (Attachment D). All stations have been trained to complete the Assignment Plan and submit the plan to the Program Director for approval. The Assignment Plans are now reviewed on a semi-annual basis instead of annually. The "Memorandum of Understanding" (MOU) form (Attachment E) has been reviewed and updated for clarification of Assignment Plans.

**Finding 5. In some instances, SCP volunteers did not serve a minimum of 15 hours during a week.**

**Recommendation:** The Auditor recommends that LCSNW enforce the SCP weekly minimum service hour requirement of 15 hours.

**LCSNW's Response:**

LCSNW concurs with the audit finding and recommendation. On September 21, 2009, LCSNW implemented a new operating procedure to closely monitor volunteer hours and those not serving a minimum of 15 hours during a week will have the reasons documented in

their volunteer file. Specific reasons, such as illness, hospitalization, vacation, and client or station issues, that impact hours served per week will be documented and monitored by program staff. Recruitment materials and information sessions reiterate the 15-hour minimum. Prospective volunteers receive a "Thank you for your interest in serving" letter (Attachment F), and it notes in the first paragraph the minimum hours to be served per week.

**Finding 6. LCSNW did not maintain proper documentation for SCP volunteer stations.**

**Recommendation:** The Auditor recommends that LCSNW develop volunteer station documentation that adheres to program requirements.

**LCSNW's Response:**

LCSNW concurs with this audit finding and recommendation. On September 21, 2009, LCSNW implemented a new operating procedure to ensure that volunteer station records contain at a minimum, a current and signed MOU, Letters Of Agreement for in-home assignments, a list by name of the Senior Companions placed with the volunteer station, and any miscellaneous correspondence.

**Finding 7. RSVP volunteers did not complete and sign volunteer contracts.**

**Recommendation:** The Auditor recommends that LCSNW develop a RSVP volunteer contract for volunteers to sign confirming that they agree to abide by RSVP requirements.

**LCSNW's Response:**

LCSNW concurs with the audit finding and recommendation. On January 7, 2010, LCSNW implemented a new operating procedure to ensure that RSVP volunteers confirm in writing that they agree to abide by RSVP requirements. Volunteers sign the "Acknowledgement & Receipt" form (Attachment G) as evidence they agree to adhere to all RSVP policies and rules. This form is taken from the acknowledgement and receipt form LCSNW currently uses for new staff upon receipt of information contained in LCSNW's personnel handbook. We have adapted the form for use in the RSVP program, and it is included with the RSVP Volunteer Handbook. Our Vice President of Human Resources reviewed and approved this RSVP form and the RSVP Volunteer Handbook on January 7, 2010.

**Finding 8. AmeriCorps member service hours did not meet the minimum amount required to receive an education award.**

**Recommendation:** The Auditor recommends that the Corporation:

- 8a. recover the questioned education awards and accrued interest of \$14,450.
- 8b. assuming LCSNW and USCRI receive another Corporation grant, it develops controls to ensure that member time is documented and approved and that only members who complete required service hours receive an education award.

**LCSNW's Response:**

- 8a. LCSNW does not concur with the audit recommendation. LCSNW does not authorize education awards and issued no monies to AmeriCorps members. As stated in the report, LCSNW sent timesheets to USCRI in accordance with the contract we had with USCRI. We have discussed the audit findings with officials at USCRI and those officials have stated in writing that all four members met the 1700 service hour requirement. LCSNW is not the appropriate party for recovery of funds it never authorized or issued.
- 8b. LCSNW will work with the Corporation to ensure our responsibilities and practices in regard to member time are compliant with AmeriCorps requirements.

**ATTACHMENTS**

The following attachments, referenced in the comments and responses above, were provided to the OIG Auditor and the Corporation under separate cover:

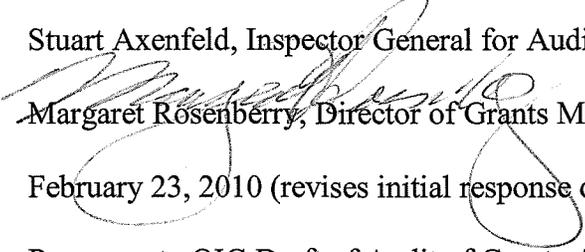
- Attachment A, SCP, Checklist of Materials Completed by Senior Companions (form)
- Attachment B, SCP, File Checklist (form)
- Attachment C, SCP, Senior Companion Application and Eligibility Form
- Attachment D, SCP, Assignment Plan for a Senior Companion (form)
- Attachment E, SCP, Memorandum of Understanding (form)
- Attachment F, SCP, Applicant Letter (form)
- Attachment G, RSVP, Acknowledgement & Receipt (form)

**APPENDIX B**

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**CORPORATION'S RESPONSE TO AUDIT REPORT**

Corporation for  
**NATIONAL &  
COMMUNITY  
SERVICE** 

**To:** Stuart Axenfeld, Inspector General for Audit  
**From:**  Margaret Rosenberry, Director of Grants Management  
**Date:** February 23, 2010 (revises initial response distributed February 12, 2010)  
**Subject:** Response to OIG Draft of Audit of Grants Awarded to the Lutheran Community Services Northwest

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Thank you for the opportunity to review the Office of the Inspector General draft audit report of the Corporation's grants awarded to the Lutheran Community Services Northwest (LCSNW). The Corporation reviewed the OIG report, met with the auditors and the grantee and reviewed the LCSNW response to the draft audit. We are addressing all eight draft findings at this time.

The Corporation concurs with Findings 1 through 7 and will work with LCSNW to implement the associated recommendations. The Corporation concurs with Finding 8, but declines to accept the monetary recommendation presented by the OIG until further clarification is provided by the National Service Trust. Our response to each finding and recommendation is described below. To ensure completion of corrective action on all of the recommendations, the Corporation will brief the appropriate program and grants staff on the required corrective actions so they can verify implementation by April 2010 as part of their oversight responsibilities.

**Finding 1. SCP volunteers did not have physical examinations performed prior to service.**

The auditors recommend the Corporation require LCSNW to receive physical examination results for all SCP volunteers prior to their start of service

**Corporation Response:** LCSNW has implemented a new operating procedure to ensure physical examinations are performed and on file for all volunteers prior to service. The Corporation reviewed the File Checklist and forms LCSNW developed to incorporate this requirement in its annual peer case file reviews and discussed the corrective action plan with LCSNW. The LCSNW action is responsive to the audit findings and recommendation, but LCSNW must issue a written operating procedure prior to the April 2010 oversight review by CNCS staff.

**Finding 2. SCP volunteers did not have income verifications performed prior to service.**

The auditors recommend that the Corporation require LCSNW to receive income verification for all SCP volunteers prior to their start of service.

**Corporation Response:** LCSNW has implemented a new operating procedure to ensure income eligibility is completed, verified, reviewed by program staff, and on file for all

volunteers prior to service. The Corporation reviewed the File Checklist and forms LCSNW developed to incorporate this requirement in its annual peer case file reviews. The Corporation discussed the corrective action plan with LCSNW and finds the action responsive to the audit findings and recommendation. LCSNW must issue a written operating procedure prior to the April 2010 oversight review by CNCS staff.

**Finding 3. SCP volunteers did not have criminal background checks performed prior to service.**

The auditors recommend the Corporation require LCSNW to receive criminal background checks for all SCP volunteers prior to their start of service.

**Corporation Response:** The Corporation agrees with the intent of the recommendation but notes that the Statewide Criminal History Check component of the criminal background check may occur after the start of service so long as the volunteer is supervised by an individual who has had a completed check performed. LCSNW has implemented a new operating procedure to ensure criminal background checks are performed, results are reviewed and on file for all volunteers prior to service. The Corporation reviewed the File Checklist completed by Senior Companions and reviewed by program staff to confirm required documents are completed and on file prior to service. The checklist addresses the recommendation, but LCSNW must issue a written operating procedure prior to the April 2010 oversight review by CNCS staff.

**Finding 4. SCP volunteers did not have volunteer assignment plans**

The auditors recommend that the Corporation require LCSNW to develop written volunteer assignment plans for all SCP Volunteers and that these plans adhere to program requirements.

**Corporation Response:** LCSNW has implemented a new operating procedure to ensure written volunteer assignment plans are developed for all SCP volunteers in compliance with program requirements. The Corporation has discussed the operating procedure with LCSNW and reviewed an updated form LCSNW uses to assist in completing the plan which must be submitted to the Program Director for approval. The assignment plans are reviewed on a semi-annual basis and the Memorandum of Understanding that the grantee establishes with placement sites incorporates assignment plans. LCSNW has stated that it has trained all stations on the requirements for assignment plans. The Corporation will verify adequate training has been conducted and confirm corrective action is complete as part of the April 2010 oversight review

**Finding 5. In some instances, SCP volunteers did not serve a minimum of 15 hours during a week.**

The auditors recommend that the Corporation require LCSNW enforce the SCP weekly minimum service hour requirement of 15 hours.

**Corporation Response:** LCSNW has implemented a new operating procedure to ensure volunteer hours are monitored to enforce the 15-hour requirement. When the 15-hour

requirement is not met the reasons must be documented in the volunteer file by program staff. The hour requirement is now stressed to volunteers in recruitment materials and information sessions. The Corporation discussed the corrective action plan with LCSNW and finds the action responsive to the audit findings and recommendation, but LCSNW must issue a written operating procedure prior to the April 2010 oversight review by CNCS staff.

**Finding 6. LCSNW did not maintain proper documentation for SCP volunteer stations.**

The auditors recommend that the Corporation ensure that LCSNW develops volunteer station documentation that adheres to program requirements.

**Corporation Response:** LCSNW has implemented a new operating procedure to ensure volunteer station records include the current Memorandum of Understanding, Letters of Agreement for in-home assignments, and a list by name of the Senior Companions placed with the volunteer station. The Corporation will obtain a written operating procedure; review the previously provided associated documents for adequacy; and confirm corrective actions is completed during the April 2010 oversight review by CNCS staff.

**Finding 7. RSVP volunteers did not complete and sign volunteer contracts.**

The Auditors recommend that the Corporation require LCSNW to develop a RSVP volunteer contract for volunteers to sign confirming that they agree to abide by RSVP requirements.

**Corporation Response:** LCSNW has implemented a new operating procedure to ensure RSVP volunteers confirm in writing that they agree to abide by RSVP requirements. The procedure uses a volunteer acknowledgement and receipt form and is incorporated into the RSVP Volunteer Handbook. The Corporation will obtain a written operating procedure; review the previously provided associated documents for adequacy and confirm corrective action is complete during the April 2010 oversight review by CNCS staff.

**Finding 8. AmeriCorps member service hours did not meet the minimum amount required to receive an education award.**

The audit draft states LCSNW receives its AmeriCorps grant from the U.S. Committee for Refugees and Immigrants (USCRI). The auditors' review of timesheets disclosed that three of the four AmeriCorps members serving at LCSNW during program year 2006-2007 did not meet the required amount of service hours to receive an education award. Accordingly, the auditor questioned the full time awards for three members and the accrued interest award for one of the members ( $\$14,175 + \$275 = \$14,450$ ).

LCSNW officials stated to the auditor at the exit conference that they are a subgrantee of USCRI and their responsibility is only to ensure that the AmeriCorps members are serving the hours recorded on their timesheets. LCSNW sends timesheets to USCRI, which pays the member's living allowance and also certifies that the member has completed the necessary service hours to qualify for an education award.

**The auditors recommend that the Corporation:**

- 8a. recover the questioned education and accrued interest awards of \$14,450,
- 8b. assuming LCSNW and USCRI receive another Corporation grant, it develops controls to ensure that member time is documented and approved and that only members who complete required service hours receive an education award.

**Corporation Response:** As noted above, the Corporation declines to accept the monetary recommendation until it has completed its review of the agreement between LCSNW and USCRI, the timesheets for the questioned members and the certification documents presented to the Trust. We will then resolve the questioned costs with USCRI as the grantee for the three questioned members. During that process, we will determine if the education awards were properly or improperly certified. In accordance with Corporation policy, the members will be held harmless and a debt will be established to the responsible party to reimburse the National Service Trust by April 2010, if appropriate.

In regards to recommendation 8b, if LCSNW or USCRI decides to apply for an AmeriCorps grant directly, the Corporation will ensure proper procedures are in place to result in compliant timekeeping practices and that responsibilities for member certification for awards are clearly delineated. However, neither organizations have active grants with the Corporation and we are not aware of plans to apply at this time.

cc: William Anderson, Acting Chief Financial Officer  
Frank Trinity, General Counsel  
Kristin McSwain, Director of AmeriCorps  
Bridgette Roy, Audit Resolution Coordinator