

Office of Inspector General Corporation for National and Community Service

AGREED-UPON PROCEDURES REVIEW OF CORPORATION GRANTS AWARDED TO DELAWARE COMMISSION ON COMMUNITY AND VOLUNTEER SERVICE

OIG REPORT 10-09



Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

Prepared by:

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This report was issued to Corporation management on March 16, 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 16, 2010, and complete its corrective actions by March 16, 2011. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.



OFFICE OF INSPECTOR GENERAL

March 16, 2010

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: *OIG Report 10-09, Agreed-Upon Procedures Review of Corporation Grants Awarded to Delaware Commission on Community and Volunteer Service*

Attached is the final report for the above-noted agreed-upon procedures review. We contracted with the independent certified public accounting firm of Regis and Associates, PC (Regis) to perform the procedures. The contract required Regis to conduct its review in accordance with generally accepted government auditing standards.

Regis is responsible for the attached report, dated October 30, 2009, and the conclusions expressed therein. We do not express opinions on the Consolidated Schedule of Awards and Claimed and Questioned Costs or the Subgrantees' Schedule of Awards and Claimed and Questioned Costs, conclusions on the effectiveness of internal controls, or the grantee's compliance with laws, regulations, and grant provisions.

Under the Corporation's audit resolution policy, a final management decision on the findings in this report is due by September 16, 2010. Notice of final action is due by March 16, 2011.

If you have questions pertaining to this report, please call me at (202) 606-9360, or Ron Huritz, Audit Manager, at (202) 606-9355.

Attachment

cc: Andy Kloepfer, Social Service Senior Administrator, Delaware Commission
William Anderson, Acting Chief Financial Officer, CNCS
Rocco Gaudio, Deputy Chief Financial Officer, Grants & Field Financial
Management, CNCS
Bridgette Roy, Administrative Assistant, CNCS
Claire Moreno, Audit Liaison, Office of Grants Management, CNCS
R. Thomas Wagner, Auditor of Accounts, State of Delaware
David Crooks, Regis & Associates, PC

**CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
OFFICE OF INSPECTOR GENERAL**

AGREED-UPON PROCEDURES FOR

**FEDERAL ASSISTANCE FUNDS AWARDED TO
DELAWARE COMMISSION ON COMMUNITY AND VOLUNTEER SERVICE**

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EXECUTIVE SUMMARY

Summary of Results

The Office of Inspector General (OIG), Corporation for National and Community Service (Corporation), contracted with Regis & Associates, PC to perform agreed-upon procedures of grant cost and compliance for Corporation-funded Federal assistance provided to the Delaware Commission on Community and Volunteer Service (Commission). As a result of applying these procedures, we questioned Federal-share costs of \$38,678. The detailed results of our agreed-upon procedures (AUP) on claimed costs are presented in Exhibit A, *Consolidated Schedule of Awards, and Claimed and Questioned Costs* and the *Subgrantees' Schedule of Awards, and Claimed and Questioned Costs*. A questioned cost is an alleged violation of a provision of law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of Federal funds, or a finding that, at the time of testing, such cost is not supported by adequate documentation.

Costs Claimed and Questioned Costs. The Commission claimed total grant costs of \$1,440,283 during the period covered by the AUP.

As a result of testing a randomly selected sample of transactions, we questioned costs as shown below.

<u>Program</u>	<u>Award Number</u>	<u>Funding Authorized</u>	<u>AUP Period</u>	<u>Claimed Within AUP Period</u>	<u>Questioned Costs</u>
AmeriCorps – Competitive	06ACHDE001	\$ 1,271,180	10/1/07-6/30/09	\$ 814,560	\$ 5,975
AmeriCorps – Formula	06AFHDE001	<u>1,247,484</u>	10/1/07-6/30/09	<u>342,168</u>	<u>3,554</u>
Total AmeriCorps		<u>\$ 2,518,664</u>		<u>\$ 1,156,728</u>	<u>\$ 9,529</u>
PDAT Administrative	08PTHDE001	133,197	1/1/08–12/31/08	65,335	-
Disability	07CAHDE001	292,797	1/1/08-6/30/09	218,220	29,149
	09CDHDE001	<u>21,964</u>	1/1/09-6/30/09	-	-
Total		<u>\$ 2,966,622</u>		<u>\$ 1,440,283</u>	<u>\$ 38,678</u>

Details of the questioned costs are discussed in the *Independent Accountants' Report on Applying Agreed-Upon Procedures*.

Compliance and Internal Control. The detailed results of our agreed-upon procedures showed instances of non-compliance with grant provisions, regulations, or Office of Management and Budget (OMB) circulars. The areas of non-compliance we identified are presented below and in Exhibit B, Compliance and Internal Control section of the *Independent Accountants' Report on Applying Agreed-Upon Procedures*. The areas of non-compliance are presented below:

- Commission’s monitoring procedures were not fully performed, and the results were not always documented;
- Inadequate controls to ensure that grant fund matching requirements are met;
- One background check was performed after the member completed service; and
- Lack of adequate procedures to ensure that all program compliance requirements were followed.

Exit Conference and Responses to Draft Report. The contents of this report were discussed with the Commission and the Corporation at an exit conference held at the Commission’s offices in Newcastle, Delaware on December 16, 2009. In addition, on January 8, 2010, a draft of this report was provided to the Commission and to the Corporation for comment. The Commission’s response to the findings and recommendations in the draft report are included in Appendix A and summarized in each finding. The Corporation did not respond to the individual findings and recommendations. Its response is in Appendix B.

Agreed-Upon Procedures Scope

These agreed-upon procedures covered the allowability, allocability, and reasonableness of financial transactions claimed under funding provided by the Corporation for the following awards, as well as grant-match costs for the grant awards and periods listed below.

<u>Program</u>	<u>Award Number</u>	<u>Award Period</u>	<u>Testing Period</u>
AmeriCorps- Competitive	06ACHDE001	10/1/07 – 9/30/09	10/1/07 – 6/30/09
AmeriCorps -Formula	06AFHDE001	10/1/06 – 9/30/09	10/1/07 – 6/30/09
PDAT	08PTHDE001	1/1/08 – 12/31/09	1/1/08- 12/31/08
Administrative	07CAHDE001	1/1/08 – 12/31/09	1/1/08 – 6/30/09
Disability	09CDHDE001	1/1/09 – 12/31/09	1/1/09 – 6/30/09

We also performed tests to determine compliance with grant terms and provisions. We performed our procedures during the period September 8 through October 30, 2009. We judgmentally selected a sample of 53 members and reviewed their member files during the AUP engagement.

The OIG’s agreed-upon procedures program, dated May 2009, provided guidelines for testing compliance with provisions of the grants and testing claimed grant and matched costs. These procedures are described in more detail in the Independent Accountants’ Report on Applying Agreed-Upon Procedures.

Background

The Corporation, pursuant to the authority of the National Community Trust Act of 1993, as amended, awards grants and cooperative agreements to State commissions, such as Delaware Commission on Community and Volunteer Service, nonprofit entities, and tribes and territories to assist in the creation of full-time and part-time national and community service programs.

The Commission is an entity created by the merger of the Council on Volunteerism and the Delaware Community Service Commission. The Commission administers its Federal assistance grant programs with funding from the Corporation. It also receives from the Corporation Administrative, Program Development, and Disability Placements grants. The Commission is a unit within the Delaware Division of State Service Centers in the Department of Health and Social Services.

The Commission provides financial support through grants to public and nonprofit organizations that sponsor service programs in the State, including faith-based and other community organizations and public agencies. These groups recruit, train and place AmeriCorps members to meet critical community needs in education, public safety, health, and environment. The Commission does not operate the programs directly. During the period under review, the Commission sub-granted the Corporation's Federal assistance funds to four subgrantees: Ministry of Caring, Inc.; YMCA of Delaware-Emergency Services Corps (YMCA/ESC); Delaware State Parks; and Sussex County Habitat for Humanity.

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

We have performed procedures described below, which were agreed to by the Office of Inspector General (OIG), solely to assist the OIG in grant-cost compliance testing of Corporation-funded Federal assistance provided to the Commission for awards and periods listed below. This agreed-upon procedures engagement was performed in accordance with standards established by the *American Institute of Certified Public Accountants* and *generally accepted government auditing standards*. The sufficiency of these procedures is solely the responsibility of the OIG. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or any other purpose.

<u>Program</u>	<u>Award Number</u>	<u>Award Period</u>	<u>Testing Period</u>
AmeriCorps- Competitive	06ACHDE001	10/1/07 – 9/30/09	10/1/07 – 6/30/09
AmeriCorps –Formula	06AFHDE001	10/1/06 – 9/30/09	10/1/07 – 6/30/09
PDAT	08PTHDE001	1/1/08 – 12/31/09	1/1/08 - 12/31/08
Administrative	07CAHDE001	1/1/08 – 12/31/09	1/1/08 – 06/30/09
Disability	09CDHDE001	1/1/09 – 12/31/09	1/1/09 – 06/30/09

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

The procedures that we performed included:

- Obtaining an understanding of the Commission and its subgrantees' monitoring process;
- Reconciling claimed and matched costs to the accounting systems of the Commission and of selected subgrantees in our sample;
- Testing subgrantees' member files to verify that the records supported members eligibility to serve, and allowability of living allowances and education awards;
- Testing the Commission's and a sample of subgrantees' compliance with certain grant provisions and award terms and conditions; and
- Testing claimed and matched grant costs of the Commission and a sample of subgrantees to ensure:

- i. Proper recording of the Administrative grant, PDAT grant, Disability grant, and AmeriCorps grants;
- ii. Costs were properly matched; and
- iii. Costs were allowable and supported in accordance with applicable regulations, OMB circulars, grant provisions, and award terms and conditions.

Results

As a result of applying the agreed-upon procedures, we questioned amounts totaling \$38,678, consisting of education awards of \$5,975, living allowances of \$3,554, and drawdown of excess grant funds of \$29,149. The questioned costs are summarized in Exhibit A, *Consolidated Schedule of Awards, and Claimed and Questioned Costs* and the *Subgrantees' Schedule of Awards, and Claimed and Questioned Costs*. The compliance and internal control testing results are summarized in Exhibit B. Issues identified include the following:

- Commission's monitoring procedures were not fully performed, and the results were not always documented;
- Inadequate controls to ensure that grant fund matching requirements are met;
- One background check was performed after the member completed service; and
- Lack of adequate procedures to ensure that all program compliance requirements were followed.

EXHIBIT A

DELAWARE COMMISSION ON COMMUNITY AND VOLUNTEER SERVICE

CONSOLIDATED SCHEDULE OF AWARDS AND CLAIMED AND QUESTIONED COSTS

<u>Program</u>	<u>Award Number</u>	<u>Funding Authorized</u>	<u>Claimed Within AUP Period</u>	<u>Questioned Costs</u>
AmeriCorps – Competitive	06ACHDE001	\$ 1,271,180	\$ 814,560	\$ 5,975
AmeriCorps – Formula	06AFHDE001	1,247,484	342,168	3,554
Total AmeriCorps		<u>\$ 2,518,664</u>	<u>\$ 1,156,728</u>	<u>\$ 9,529</u>
PDAT	08PTHDE001	\$ 133,197	65,335	-
Administrative	07CAHDE001	292,797	218,220	\$ 29,149
Disability	09CDHDE001	21,964	-	-
Total		<u>\$ 2,966,622</u>	<u>\$ 1,440,283</u>	<u>\$ 38,678</u>

SUBGRANTEES' SCHEDULE OF AWARDS AND CLAIMED AND QUESTIONED COSTS

<u>Subgrantees</u>	<u>Award Number</u>	<u>Award Amount</u>	<u>Claimed Costs</u>	<u>Questioned Costs</u>
<u>06ACHDE001-Competitive</u>				
Delaware State Parks*	06ACHDE001001	\$ 1,271,180	\$ 814,560	\$ 5,975
Sub-total		<u>\$ 1,271,180</u>	<u>\$ 814,560</u>	<u>\$ 5,975</u>
<u>06AFHDE001 - Formula</u>				
YMCA/ESC*	06AFHDE001001	\$ 744,579	\$ 219,748	\$ 3,554
Ministry of Caring	06AFHDE001002	377,254	104,484	-
Sussex County Habitat for Humanity	06AFHDE001003	125,651	17,936	-
Sub-total		<u>\$ 1,247,484</u>	<u>\$ 342,168</u>	<u>\$ 3,554</u>
Subgrantees' total		<u>\$ 2,518,664</u>	<u>\$ 1,156,728</u>	<u>\$ 9,529</u>

* Subgrantees selected for AUP testing

DELAWARE COMMISSION ON COMMUNITY AND VOLUNTEER SERVICE

COMPLIANCE AND INTERNAL CONTROL ISSUES

Finding 1. Fiscal And Programmatic Monitoring Procedures Of Subgrantees Were Not Fully Performed, And The Results Were Not Always Documented.

Based on our review, we noted that programmatic onsite monitoring is conducted on a quarterly basis. However, during our subgrantee site visits, we found that the documented results of the programmatic monitoring visits are not always provided to the subgrantees in a timely manner, and follow-up by the Commission was not always performed.

For example, the Commission's program site visit to YMCA/ESC identified that timesheets were not signed by members. However, the Commission did not perform adequate follow-up with YMCA/ESC's management to ensure that these occurrences are corrected in a timely manner. Our review of timesheets identified instances of unsigned members' timesheets.

The Commission also indicated that it had instituted an annual fiscal monitoring process for subgrantees. However, the Commission was unable to provide copies of reports of fiscal monitoring performed during the period covered by the AUP engagement.

The Commission's program manager said that issues identified during monitoring visits are discussed verbally with subgrantees at the end of each visit. The Commission also indicated that because most of the subgrantees reviews are scheduled around the same time of year, documented results are usually sent to subgrantees after all the reviews are completed, which may lead to the delays. The Commission also indicated that the annual fiscal monitoring for its subgrantees is a new process and as a result, the first completed report was not available during our review.

A properly completed monitoring review includes identifying issues, providing recommendations to correct the issues, and timely follow-up to ensure that the causes of the issues are resolved and corrective actions are implemented. Monitoring procedures that do not communicate timely corrective measures to subgrantees and perform proper follow-up could lead to the continuance of inappropriate activities, even after they are detected. These problems could eventually lead to disallowance of member benefits and education awards.

Criteria:

The 2008 AmeriCorps Grant Provisions, Section V.A. *Responsibilities under Grant Administration*, states in part: 1. *Accountability of Grantee*. The grantee has full fiscal and programmatic responsibility for managing all aspects of the grant and grant-supported

activities, subject to the oversight of the Corporation. The grantee is accountable to the Corporation for its operation of the AmeriCorps Program and the use of Corporation grant funds.

Title 45 C.F.R. § 2541.400(a) *Monitoring by grantees*, states:

Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity.

Recommendations:

We recommend that the Corporation:

- 1a. Require the Commission to ensure that the results of program site monitoring and recommended corrective actions are communicated timely to subgrantees.
- 1b. Require the Commission to document the results of all monitoring procedures performed, including documenting follow-up, and to retain the evidence of monitoring on file.

Commission's Response:

The Commission concurred with the finding and noted that it is taking measures to amend its monitoring policies to ensure verbal briefings are provided to the sub-grantee program staff immediately following all monitoring sessions, and that compliance reports are issued within 30-days of the monitoring session. Copies of the original monitoring report and documented follow-up visits will be maintained on file to ensure compliance deficiencies have been corrected.

Auditor's Comment:

The actions proposed by the Commission, if implemented, should be adequate to address the finding.

Finding 2. Grant Fund Matching Requirements Were Not Met Resulting In Excess Grant Funds Being Drawn Down.

Our test procedures included a review of the grantee's matching funds to ensure that the grantee met its matching requirements. During the review, we noted that the grantee did not meet the grant fund matching requirement, and drew down more funds than allowed from Administrative Grant Number 07CAHDE001, amounting to \$29,149. Under the agreement for the grant year ended December 31, 2008, the Corporation was to fund approximately 49 percent of grant expenditures, and the Commission was responsible for the remaining 51 percent. During 2008, the grantee reported incurred expenditures of \$89,233 as its share of total expenditures. The corresponding Federal matching share

should have been \$86,430. However, the actual Federal expenditures reported and drawn during 2008 totaled \$115,579, which resulted in the excess drawdown of \$29,149.

For the same Administrative grant, from January 1, 2007, through June 30, 2009, cumulative expenditures amounted to \$218,220. However, the amount drawn down by the grantee approximated \$241,236, resulting in excess drawdown of \$23,016. This amount is already included in the excess drawdown of \$29,149 discussed above.

This condition was caused by inadequate monitoring of the matching process by the Commission to ensure that appropriate match requirements were met. In addition, there is a lack of adequate reconciliation of the grant fiscal activities between the Commission's fiscal department, which inputs expenditures in the Delaware State financial management system, and the Controller's Office at the Delaware Department of Health and Social Services (DHSS) that performs the drawdowns. By not properly tracking the matching requirements, the Commission is at risk of requesting and receiving funds to which it is not entitled. As a result of the condition noted above, the grantee over-drew grant funds amounting to \$29,149.

Criteria:

Title 45 C.F.R § 2521.35 *Who must comply with matching requirements?*, states:

- (a) The matching requirements described in §§ 2521.40 through 2521.95 apply to you if you are a subgrantee of a State commission or a direct program grantee of the Corporation. These requirements do not apply to Education Award Programs.
- (b) If you are a State commission, you must ensure that your grantees meet the match requirements established in this part, and you are also responsible for meeting an aggregate overall match based on your grantees' individual match requirements.

Title 45 C.F.R § 2521.40 *What are the matching requirements?*, states:

If you are subject to matching requirements under §2521.35, you must adhere to the following:

- (a) Basic match: At a minimum, you must meet the basic match requirements as articulated in § 2521.45.
- (b) Regulatory match: In addition to the basic requirements under paragraph (a) of this section, you must provide an overall level of matching funds according to the schedule in §2521.60(a), or §2521.60(b) if applicable.

Recommendations:

We recommend that the Corporation:

- 2a. Require the Commission to provide supporting documentation for the excess drawdowns of grant funds, or in the absence of such documentation, refund the \$29,149 in excess drawdowns to the Corporation.

- 2b. Require the Commission to adequately monitor the grant matching activities to ensure that all matching requirements are met.

Commission's Response:

The Commission concurred with the finding but did not agree with the audit recommendation. The Commission stated that it was implementing a new accounting system called First State Financials using accrual accounting. The new system will replace the old Delaware Financial Management System which has been on a cash basis. According to the Commission, the new system will better monitor financial activity of Federal and state funds by performing a budget check (against the grant award and the matching requirements) for each expenditure. The Commission also noted that fiscal monitoring systems are in place.

Auditor's Comment:

The Commission did not address how it would resolve the issue of the excess drawdown of grant funds. The Corporation should take the recommended action to recover the excess drawdown amounts. The actions proposed by the Commission to monitor grant matching activities, if implemented, will address the deficiency noted in the finding.

Finding 3. Criminal Background Check Was Not Conducted For One Member.

Our review of 53 member files found that one member did not have evidence to support that a background check was completed prior to or during the member's term of service. The member's file indicated that the background check was pending on the date the member began serving. The member's background check was subsequently completed after our visit to the subgrantee. The member was enrolled in June 2009 and completed service in August 2009. However, the background check was not completed until October 2009, two months after the member completed service. As a result we questioned the education award of \$1,250, because the eligibility requirement of a background check was not completed before the member's term of service began.

The condition noted was due to oversight by the Delaware State Parks program staff to follow-up and ensure that the criminal background check was completed timely. Without documentation of required background checks, there is the risk that applicants having a criminal history could be enrolled and placed in an environment with substantial direct contact with children or other vulnerable populations.

Criteria:

Title 45 CFR §§ 2540.200 and 2522.205 *To whom must I apply suitability criteria relating to criminal history?*, state:

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.

Recommendations:

We recommend that the Corporation:

- 3a. Require the Commission to reimburse the Corporation for one education award in the amount of \$1,250 paid on behalf of the member.
- 3b. Require the Commission to ensure that criminal background checks are performed for all members before they begin serving, and that documentation of those background checks be properly maintained to demonstrate compliance.

Commission's Response:

The Commission concurred with this finding but stated the criteria cited did not apply because, at the time of the member's service, a criminal background check was not required. The Commission stated that the primary role of the member was historical collections and curation, and did not involve public interaction. It stated further that the position would never have individual access to visitors.

Auditor's Comment:

While the position description provided for the member noted that the member's primary role was to work with historical collections, it also stated that at times the member is expected to assist in tours of the facilities and grounds. No additional documentation was provided that showed that the member was clearly precluded from having access to visitors. The background check should have been completed prior to the member beginning service. The Corporation should take the recommended actions.

Finding 4. Lack Of Adequate Procedures To Ensure That All Program Compliance Requirements Were Followed.

End-of-term evaluations were not performed for three members: Our review of 53 member files identified three members from subgrantee Delaware State Parks whose files did not contain evidence that end-of-term performance evaluations were conducted. These members were enrolled during the 2007-2008 program year. According to Delaware State Parks, the end-of-year evaluations were not completed because the members were not available for the evaluations. Delaware State Parks indicated that one member was deployed to Red Cross in Louisiana, while another member voluntarily stopped attending the program. These members were enrolled as full-time but did not earn an education award. A third member completed the program but a performance evaluation was not completed. This member was enrolled as quarter-time and earned a full education award.

Without end-of-term evaluations, programs may not be able to determine whether a member satisfactorily completed his or her term of service, is eligible for an education award, or eligible to serve a second term. Properly completed evaluations are necessary to ensure that members are eligible for additional service terms and that grant objectives have been met.

Criteria:

The 2007 AmeriCorps Grants Provisions, Section IV.D. *Training, Supervision and Support*, states, in part:

6. Performance Reviews. 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. The evaluation should focus on such factors as:
- a. Whether the member has completed the required number of hours;
 - b. Whether the member has satisfactorily completed assignments; and
 - c. Whether the member has met other performance criteria that were clearly communicated at the beginning of the term of service.

Title 45 CFR § 2522.220 *What are the required terms of service for AmeriCorps participants, and may they serve for more than one term?*, states, in part:

(d) *Participant evaluation.* For the purposes of determining a participant's eligibility for an educational award as described in §2522.240(a) and eligibility to serve a second or additional term of service as described in paragraph (c) of this section, each AmeriCorps grantee is responsible for conducting a mid-term and end-of-term evaluation. A mid-term evaluation is not required for a participant who is released early from a term of service or in other circumstances as approved by the Corporation. The end-of-term evaluation should consist of:

- (1) A determination of whether the participant:
 - (i) Successfully completed the required term of service described in paragraph (a) of this section, making the participant eligible for an educational award as described in §2522.240(a);
 - (ii) Was released from service for compelling personal circumstances, making the participant eligible for a pro-rated educational award as described in §2522.230(a) (2); or
 - (iii) Was released from service for cause, making the participant ineligible to receive an educational award for that term of service as described in §2522.230(b) (3); and
- (2) A participant performance and conduct review to determine whether the participant's service was satisfactory, which will assess whether the participant:
 - (i) Has satisfactorily completed assignments, tasks, or projects, or, for those participants released from service early, whether the participant made a satisfactory effort to complete those assignments,

tasks, or projects that the participant could reasonably have addressed in the time the participant served; and
(ii) Has met any other criteria which had been clearly communicated both orally and in writing at the beginning of the term of service.

Recommendation:

We recommend that the Corporation:

- 4a. Require the Commission to comply with the AmeriCorps program requirements, and to ensure that subgrantees adhere to grant provisions regarding the completion of end-of-term performance evaluations.

Commission's Response:

The Commission concurred with the finding but disagreed with the criteria cited in the report. The Commission stated that the criteria does not apply because the policy is to ensure that the member is accurately receiving credit for service performed toward completion of required service hours; that the program is not misstating or under-recording the member's hours; and that the member is performing service at the site as agreed upon.

Auditor's Comment:

The criteria noted, which requires the grantee or subgrantee to perform end-of-term evaluations, is accurate. These evaluations allow the Corporation to determine whether members are eligible for awards or future program participation. The Corporation should take the recommended action.

Timesheets were not signed or dated: Our review of 53 member files found that five members had timesheets that were lacking the signatures of the members, their supervisor, or both. Specifically, we identified the following:

- One member's timesheet from YMCA/ESC was not signed by either the member or his supervisor.
- A timesheet for one member from YMCA/ESC was not signed by the member's supervisor.
- Nine timesheets for three members from Delaware State Parks were not signed by the members. In one instance, Delaware State Parks program staff attempted to document the member's hours based on discussions with the member's supervisor and review of the member's scheduled service days. We questioned one member's education award in the amount of \$4,725, because after excluding 43 hours related to the unsigned timesheet, the member would have only accumulated 1,684 hours of the 1,700 hours required to earn an award.

According to YMCA/ESC, the timesheet was not signed by the supervisor because it was faxed to YMCA/ESC by the member without the member's signature, and the program staff was still in the process of trying to obtain the member's signature. YMCA/ESC also noted that the timesheet that was signed by the member, but not the supervisor, related to the member's initial orientation and was the only timesheet the member provided. The

program staff noted that while they were aware that the member was performing active service, she subsequently exited from the program for failure to document her service hours.

According to Delaware State Parks, two of the members who did not provide signed timesheets were terminated from the program in part for that reason. The other unsigned timesheet was faxed in by the member without her signature and the subgrantee staff did not follow up to obtain the signed copy. Submitted timesheets that are not properly signed by a member or verified by the member's supervisor may be inaccurate or incomplete.

Criteria:

The 2008 AmeriCorps Grant Provisions, Section IV.C. *Member Recruitment, Selection, and Exit* states, in part:

4. *Timekeeping.* The grantee is required to ensure that time and attendance recordkeeping is conducted by the individual who supervises the AmeriCorps member. This time and attendance record is used to document member 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 2007 AmeriCorps Grant Provisions, Section IV.C. *Member Enrollment*, states, in part:

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.

Recommendations:

We recommend that the Corporation:

- 4b. Require the Commission to reimburse the Corporation for one education award in the amount of \$4,725 paid on behalf of the member.
- 4c. Require the Commission to ensure that timesheets are prepared and signed by members, and the review and approval of hours recorded on timesheets are performed by the supervisor.

Commission’s Response:

The Commission stated that while the timesheet was not signed, the Delaware State Parks program conducts monthly timesheet audits for the members to verify current hours. At that time, corrections to the timesheet are made and the member has the opportunity to correct program records. The Commission also stated that to ensure that the member did complete service, the timesheet was signed by the Site Supervisor verifying the member’s presence at the site and service hours earned. The Commission stated that the YMCA Resource Center Emergency Services Corps has a procedure in place to ensure that member timekeeping and approval is handled in compliance with the provisions. All forms are reviewed by the Program Director for compliance. The ESC Program Policy manual has the policy regarding member timesheets, signatures, approval, and monitoring.

Auditor’s Comment:

The Corporation should take the recommended action to recover the questioned amount of \$4,725 paid on behalf of the member. In its written response on behalf of the Delaware State Parks program, the Commission indicated that Delaware State Parks conducts monthly audits of timesheets. However, the response did not address how Delaware State Parks would ensure that unsigned timesheets found during the monthly audits would be signed by members and supervisors. The YMCA/ESC Program Policy manual, containing the policy on timesheets, signatures, approval, and monitoring, will adequately address the deficiencies noted in the finding.

Enrollment and exit forms were not maintained in some member files, were not properly completed, and the Corporation’s National Service Trust was not notified within 30 days of the member’s enrollment or exit: Our review of 53 member files found that 16 members’ files did not have adequate documentation to demonstrate that members exit forms were completed, signed and dated by the approving official. In addition, the Commission did not notify the Corporation’s National Service Trust within 30 days of members’ enrollment or exit, as appropriate, using the Corporation’s Web based Reporting System (WBRS). The table below lists the subgrantees with members’ files having inadequate documentation.

Member Files Having Inadequate Enrollment and Exit Documentation

Description	Subgrantee	Program Year 2007 -2008	Program Year 2008 -2009
Exit forms not signed by member or approving official	Delaware State Parks	2	-
Exit Forms not in member’s file	YMCA/ESC	3	1
Exit Forms not in member’s file	Delaware State Parks	3	-
Member not enrolled in WBRS within 30 days	Delaware State Parks	1	3
Member not exited in WBRS within 30 days	Delaware State Parks	3	-
	Total	12	4

For the three members in program year 2008-2009 who were not exited from WBRS within 30 days of their completion date, the actual exit dates in WBRS ranged from five to nine months after the member completed service.

The subgrantees did not comply with program provisions that required complete and timely reporting of member records in WBRS. The program staff at Delaware State Parks indicated that missing and unsigned member exit forms were the result of program monitoring oversight. According to YMCA/ESC, the four members were timely exited in WBRS but the actual exit forms were misfiled. Without accurate and timely submission of enrollment and exit forms, the Corporation cannot maintain accurate member records, and subgrantees may not be able to properly review, track, and monitor program site activities and accomplishments.

Criteria:

The 2008 AmeriCorps Grants Provisions, Section IV.C. *Member Recruitment Selection and Exit*, states, in part:

1. *Notice to the Corporation's National Service Trust.* The grantee must notify the Corporation's National Service Trust within 30 days of a member's selection for, completion of, suspension from, or release from, a term of service. Suspension of service is defined as an extended period during which the member is not serving, nor accumulating service hours or receiving AmeriCorps benefits.

The grantee also must notify the Trust when a change in a member's status is approved and changed (i.e. from full-time to less than full-time or vice versa). Failure to report such changes within 30 days may result in sanctions to the grantee, up to and including, suspension or termination. Grantees or subgrantees meet notification requirements when they use the appropriate electronic system to inform the Corporation within the approved time frames.

The 2007 AmeriCorps Grant Provisions, Section IV.N. *Reporting Requirements*, states, in part:

2. *AmeriCorps Member-Related Forms.* The grantee is required to submit the following documents to the National Service Trust at the Corporation 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. Enrollment forms must be submitted no later than 30 days after a member is enrolled.
- Exit/End-of-Term-of-Service Forms. 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 the Corporation:

- 4d. Require the Commission to comply with program provisions, and to ensure that members' enrollment and exit forms are signed, dated, and maintained in member files and submitted to the Corporation within 30 days, as required.

Commission's Response:

The YMCA Resource Center has policies in place to ensure that member enrollment and exits are handled in compliance with the provisions. The three exit forms missing from files were the result of members having been released from service. In the event that a member is unavailable or is released from service, that member will likely not voluntarily complete a program exit form. In those instances, the exit printout from the Member Portal, combined with the member's letter of release, will serve to document the member's exit from the program. These items were in the member files. All forms are reviewed for compliance by the Program Director and data is entered into the portal by the Program Director.

Auditor's Comment:

The Commission's response on behalf of YMCA/ESC adequately addresses the deficiencies related to lack of exit forms noted in the finding. However, the Commission did not address or identify corrective measures for the lack of exit forms we noted for Delaware State Parks.

Lack of orientation documentation: Our review of 53 member files found three member files from Delaware State Parks that did not contain orientation documentation, such as sign-in sheets, to support the members' attendance at pre-service orientation sessions.

The Delaware State Parks established policy of documenting pre-service orientation by having the member sign the New Member Orientation sign-in sheets was not always followed by program staff. Retention of orientation sign-in sheets is necessary to show that members attended the required pre-service orientation, so that they are aware of and understand the program requirements. Members who do not participate in the required orientation may not be aware of requirements to which they must adhere to successfully complete the program.

Criteria:

The 2008 AmeriCorps Grant Provisions, Section IV.D. *Supervision and Support*, states, in part:

3. *Supervision.* The grantee must provide members with adequate supervision by qualified supervisors in accordance with the approved application. The grantee must conduct an orientation for members and comply with any pre-service orientation or training required by the Corporation.

The 2007 AmeriCorps Grant Provisions, Section IV.D.3. “*Training, Supervision and Support,*” states, in part:

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:

We recommend that the Corporation:

- 4e. Require the Commission to ensure that subgrantees adhere to the grant provisions requiring all members to attend pre-service orientation. In addition, subgrantees should maintain adequate supporting documentation, such as New Member Orientation sign-in-sheets, to substantiate members’ attendance at pre-service orientation sessions.

Commission’s Response:

The Commission stated that enrollment takes place during orientation. All members participate in an Early Service Orientation which is held at the beginning of the member’s period of service. Members starting service after team orientation will undergo individual orientation scheduled by the Program Director. Additionally, the orientation will cover information designed to enhance member security and sensitivity to the community. Members will have access to policy information including a member manual, distributed during orientation and accessible on the grantee’s website. Members verify their receipt of the handbook and their attendance at orientation by submitting a signatory page to the Program Office at the conclusion of their orientation. The date of the member’s orientation will be noted on the member’s file cover page and verified by the Program Director.

Auditor’s Comment:

The actions proposed by the Commission, if implemented, should be adequate to address the finding.

One member continued to receive living allowances after periods of not performing required service: Our review of 53 members files showed that one member enrolled in March 2008, in the YMCA/ESC program, did not report any hours on his timesheets during April 2008. This member should have been suspended from the program at that time. However, in addition to five hours served in March 2008, the member only served a total of 32 hours after April 2008. The member received living allowances after April 2008 amounting to \$4,677. Of this amount \$3,554 or 76 percent was paid from Corporation funds. We noted that the member was exited from the program without an award in March, 2009. As a result, we questioned living allowances paid to the member amounting to \$3,554 for the period April 2008 through March 2009.

There were no procedures in place to ensure members who are not serving and not reporting hours on their timesheets are suspended timely from the program. According to the Program Director, the member had a difficult time completing his service hours due to other personal commitments. The member had completed only 37 hours (five percent of the required 675 service hours) by November 2008, but the program staff still believed the member was capable of completing the remaining hours before the expected completion date in March 2009. The member did not serve any additional hours between November 2008 and March 2009. As a result of the condition noted above, the member received living allowances to which he was not entitled.

Criteria:

AmeriCorps State and National FAQs C-25, FAQ #070809 - *“How should a program handle a situation when a member serves no hours during a pay period?”*

Situations in which a member serves zero hours during a pay period should be very rare and the member should be suspended if there are periods in which no service hour is performed. Otherwise, since the living allowance is to be distributed evenly over the service period, it should be paid regardless of the number of hours. However, a member’s contract could also stipulate conditions under which the living allowance is paid and what the member should do if a period occurs in which no hours are served. The contract could also stipulate the minimum number of hours required during each service period.

Recommendations:

We recommend that the Corporation:

- 4f. Require the Commission to reimburse the Corporation for the living allowances of \$3,554 paid to the member after the member failed to perform any service hours in April, 2008.
- 4g. Require the Commission to implement procedures to ensure timely suspension of members who do not perform service and do not record service hours under the program, as required.

Commission’s Response:

The Commission disagreed with the questioned amount of living allowance payments to be repaid to the Corporation for one member in the YMCA Resource Center Emergency Services Corps Program, because it was calculated on total amount paid to the member rather than on the basis of the Corporation’s share.

Auditor’s Comment:

We recalculated the questioned amount to include only the Corporation share, or 76 percent of the member’s living allowance. The revised questioned costs related to amounts paid to the member after the member failed to perform any service hours in April 2008 totaled \$3,554. The Commission did not discuss in its response whether procedures would be

implemented to ensure timely suspension of members who do not perform service and do not record service hours under the program.

This report is intended for the information and use of the Office of Inspector General, Corporation, management, the Commission, and the U.S. Congress. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "Regis & Associates, PC". The ink is dark and the signature is written on a light-colored background.

Regis & Associates, PC
October 30, 2009

DELAWARE COMMISSION ON COMMUNITY AND VOLUNTEER SERVICE
CONSOLIDATED SCHEDULE OF RECOMMENDATIONS AND QUESTIONED COSTS

<u>Recommendation</u>	<u>Questioned Costs</u>		<u>Funds Put to Better Use</u>
	<u>Unallowable</u>	<u>Unsupported</u>	
2a.	\$ 29,149	-	-
3a.	\$ 1,250	-	-
4b	\$ 4,725	-	-
4f.	\$ 3,554	-	-
Total	\$ 38,678	-	-

Questioned Cost means a cost that is unallowable because of:

1. an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds;
2. a finding that, at the time of the audit, such cost is not supported by adequate documentation; or
3. a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

Unsupported Cost means a cost that is questioned because at the time of the audit, such cost is not supported by adequate documentation. Unsupported costs are included in the total of unallowable costs.

Recommendation that funds put to better use means a recommendation that funds could be used more efficiently if management takes actions to implement and complete the recommendation, including:

1. reductions in outlays;
2. deobligation of funds from programs or operations;
3. withdrawal of interest subsidy costs on loans or loan guarantees, insurance, or bonds;
4. costs not incurred by implementing recommended improvements related to the operations of the establishment, a contractor or grantee;
5. avoidance of unnecessary expenditures noted in preaward reviews of contract or grant agreements; or
6. any other savings which are specifically identified.

APPENDIX A

**THE DELAWARE COMMISSION ON COMMUNITY
AND VOLUNTEER SERVICE'S
RESPONSE TO THE DRAFT REPORT**



Delaware Health and Social Services

Division of State Service Centers

State Office of Volunteerism

AmeriCorps
Volunteer Resource Center
Foster Grandparent Program
Retired and Senior Volunteer Program

February 8, 2010

Mr. Ronald F. Huritz
Audit Manager
Office of Inspector General
Corporation for National and Community Service
1201 New York Avenue, NW
Suite 830
Washington, DC 20525

Dear Mr. Huritz:

Thank you for the opportunity to comment on the draft report of the recent audit of the Delaware Governor's Commission on Community and Volunteer Service. Below please find our responses to findings one through four.

Response to the findings of the OIG Auditors:

Finding 1 – Fiscal And Programmatic Monitoring Procedures Of Subgrantees Were Not Fully Performed, And The Results Were Not Always Documented.

The Delaware Commission concurs with the finding and is taking measures to amend their monitoring policies to ensure verbal briefings are provided to the sub-grantee program staff immediately following all monitoring sessions, and that compliance reports are issued within 30-days of the monitoring session. A copy of the original issued monitoring report will be kept on file, and subsequent follow-up visits to ensure compliance deficiencies have been corrected will be scheduled with documented results maintained at both the State office and sub-grantee locations.

Finding 2 – Grant Fund Matching Requirements Were Not Met, Resulting In Excess Grant Funds Being Drawn Down.

The Delaware Commission concurs with the finding; however, we do not agree with the auditor's recommendation. The State of Delaware is implementing a new accounting system called First State Financials (FSF) using accrual accounting. This system will replace the old Delaware Financial Management System (DFMS) which has been on a cash basis. FSF is more of a transaction based accounting system and will better monitor financial activity of federal and state funds by performing a budget check (against the grant award and the matching requirements) for the expenditure.

Fiscal monitoring systems are in place.

Finding 3 – Criminal Background Check Was Not Conducted For One member.

The Delaware Commission concurs with this finding; however, the criteria the auditors cite does not apply since at the time of the member's service, a criminal background check was not required for her service. As indicated in the above referenced CFR, the requirement for criminal background checks applied only to members having recurring access to children, persons over 60, or individuals with disabilities. In this case, the primary role was in historical collections and curation, which does not involve public interaction. This position never would have individual access to visitors during any of the possible infrequent times that they might have been called upon to assist the interpretive staff.

Finding 4 – Lack Of Adequate Procedures To Ensure That All Program Compliance Requirements Were Followed.

The Delaware Commission concurs with this finding; however, the criteria cited by the auditors does not apply, as it is our understanding that that this policy is to ensure:

1. That the member is accurately receiving credit for service performed towards completion of required hours- that the program is not misstating or under-recording the member's hours.
2. That the member is in fact and indeed performing service at site as agreed upon.

State Park Partners ensures member credit towards hours completion:

While the time sheet was not signed, our program conducts monthly Time-Sheet audits for the members to verify current hours. At this time, corrections to member arithmetic are made and the member has the opportunity to challenge or correct program receipt of hours totals.

The member was notified. No correction or challenge was made from the member. In addition, the members use the last recorded time to maintain a running total of hours towards completion. The member utilized the amount from the sheet in question on the subsequent timesheet, in effect verifying the record of the time. Please also note that all of the writing is in the member's hand.

Additionally, to ensure that the member did complete service, the time sheet was signed by the Site Supervisor, verifying the member's presence and performance of service.

- A. Delaware State Parks Partners requires that, prior to enrollment, members are required to have submitted and received a successful criminal history background check and to have provided 2 references.
- B. The program will obtain necessary enrollment documentation during the program Orientation.
- C. Members must complete enrollment documentation to satisfy federal Program Provisions as well as provide required documents.
- D. Enrollment takes place during Orientation.

All members participate in an Early Service Orientation.

1. This Orientation is held at the beginning of the member service.
2. Member enrollment is a part of the Early Service orientation.
3. Members starting after Team Orientation will undergo individual Orientation scheduled by the Program Director.
4. This orientation includes the History and goals of AmeriCorps, an understanding of Delaware State Parks, and the mission and objectives of the program
5. Additionally the Orientation will cover information designed to enhance member security and sensitivity to the community. Orientation will include member rights and responsibilities, including the Program's code of conduct, prohibited activities, requirements under the Drug-Free Workplace Act, suspension and termination from service, grievance procedures, sexual harassment, other non-discrimination issues, and other Division Policies.

6. Members will have access to policy information including a member Manual, distributed during Orientation and accessibility via Division Website. **Members verify receipt of Handbook and attendance at Orientation by submitting a signatory page to the Program Office at the conclusion of their Orientation.**
7. The date of the members Orientation will be noted on the Member File Cover page and verified by the Program Director.

The YMCA Resource Center has policies in place to ensure that member enrollment and exits are handled in compliance with the provisions. The 3 member exit forms missing from files were the result of members having been released from service. In the event that a member is unavailable or is released from service, that member will likely not voluntarily complete a program exit form. In those instances, the exit printout from the Member Portal, combined with the member's letter of release, will serve to document the member's exit from the program. These items were in the member files. All forms are reviewed for compliance by the Program Director and data entered into the Portal by the Program Director.

The YMCA Resource Center Emergency Services Corps has a procedure in place to ensure that member timekeeping and approval is handled in compliance with the provisions. All forms are reviewed by the Program Director for compliance. The ESC Program Policy manual presents the following policy regarding member timesheets, signatures, approval, and monitoring.

Regis & Associates recommends that living allowance payments in the amount of \$4,677 be repaid to the Corporation for one member in the YMCA Resource Center Emergency Services Corps Program who was able to complete a fraction of his required hours. We disagree with this recommendation, as the living allowance figure arrived at by Regis & Associates is calculated on total amount paid to the member, rather than the CNCS share.

The YMCA Resource Center Emergency Services Corps regularly monitors member hours.

Summary:

We have reviewed the findings of the draft report from the audit of the Delaware Governor's Commission on Community and Volunteer Service and have implemented, or are implementing, policy updates and safeguards that will further strengthen our program compliance to CNCS policies. Thank you.

Sincerely,

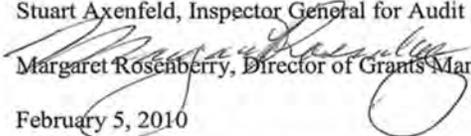


Andy Kloepfer, Executive Director
Delaware Governor's Commission on Community and Volunteer Service
Senior Administrator, State Office of Volunteerism

APPENDIX B

**CORPORATION FOR NATIONAL AND COMMUNITY SERVICE'S
RESPONSE TO THE DRAFT REPORT**



To: Stuart Axenfeld, Inspector General for Audit
From:  Margaret Rosenberry, Director of Grants Management
Date: February 5, 2010
Subject: Response to OIG Draft of Agreed-Upon Procedures of Grants Awarded to Delaware Commission on Community and Volunteer Service

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 Delaware Commission on Community and Volunteer Service (DCCVS). We will work with DCCVS to ensure its corrective action plan adequately addresses and implements the findings. We have yet to receive the audit working papers. Accordingly, we will respond with the management decision after we have reviewed the audit working papers and the DCCVS corrective action plan.

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