

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

**AGREED-UPON PROCEDURES FOR  
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE  
GRANT AWARDED TO  
HEALTH FEDERATION OF PHILADELPHIA**

**OIG REPORT 10-10**



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

Prepared by:

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Alexandria, Virginia 22314

This report was issued to Corporation management on June 2, 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 December 2, 2010, and complete its corrective actions by June 1, 2011. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.



## OFFICE OF INSPECTOR GENERAL

June 2, 2010

TO: John S. Gomperts  
Director, AmeriCorps\*State and National

Margaret Rosenberry  
Director, Office of Grants Management

FROM: Stuart Axenfeld  
Assistant Inspector General for Audit

SUBJECT: *OIG Report 10-10, Agreed-Upon Procedures Review of Corporation for National and Community Service Grant Awarded to Health Federation of Philadelphia*

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

Cotton is responsible for the attached report, dated June 2, 2010, and the conclusions expressed therein. We do not express opinions on the Consolidated Schedule of Award and Claimed Costs, or the Schedule of Award and Claimed Costs for each subgrantee, 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 December 2, 2010. Notice of final action is due by June 1, 2011.

If you have questions pertaining to this report, please call me at (202) 606-9360, or Regina van Houten, Audit Manager, at (202) 606-9356.

### Attachment

cc: Mary Jane Witucki, CFO, HFP  
William Anderson, 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  
Michael Gillespie, Operations Managing Partner, Cotton & Company, LLP

Office of Inspector General  
Agreed-Upon Procedures For  
Corporation for National and Community Service  
Grant Awarded To  
Health Federation of Philadelphia

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- A: Health Federation of Philadelphia's Response to Agreed-Upon Procedures Report
- B: Corporation's Response to Agreed-Upon Procedures Report

## EXECUTIVE SUMMARY

The Office of Inspector General (OIG), Corporation for National and Community Service (Corporation), contracted with Cotton & Company LLP to perform agreed-upon procedures to assist the OIG in grant cost and compliance testing of Corporation-funded Federal assistance provided to the Health Federation of Philadelphia (HFP).

### SUMMARY OF RESULTS

As a result of applying our procedures, we questioned claimed Federal-share costs of \$4,239 and education awards of \$175. 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 funds or a finding that, at the time of testing, includes costs not supported by adequate documentation. Detailed results of our agreed-upon procedures on claimed costs are presented in Exhibit A and the supporting schedules.

Participants who successfully complete terms of service under AmeriCorps grants are eligible for education awards and, in some cases, accrued interest awards funded by the Corporation's National Service Trust. These award amounts are not funded by Corporation grants and thus are not included in claimed costs. However, as part of our agreed-upon procedures, and using the same criteria used for the grantees' claimed costs, we determined the effect of our findings on eligibility for education awards and accrued interest awards.

Grant compliance testing results are summarized below. These results, along with applicable recommendations, are discussed in Exhibit B.

1. Financial management systems for both HFP and a subgrantee did not adequately account for and report grant costs in accordance with Federal requirements.
2. One subgrantee claimed unallowable and unsupported costs.
3. Some member contracts did not meet AmeriCorps requirements.
4. Subgrantees could not document that all members received evaluations, and certain evaluations did not meet AmeriCorps requirements.
5. One subgrantee had weaknesses in member timekeeping procedures.
6. One subgrantee did not complete all member enrollment and exit forms and enter them into the Corporation's Web-Based Reporting System (WBRS) in accordance with AmeriCorps requirements, and two member files were missing exit forms.
7. One subgrantee did not provide a complete position description for a member and the description did not include the activities noted on the member's activity logs.
8. HFP did not ensure that a subgrantee complied with AmeriCorps requirements for living allowance payments.

9. HFP did not submit a Financial Status Report (FSR) in a timely manner.
10. HFP did not provide documentation to support the review of subgrantee Office of Management and Budget (OMB) Circular A-133 audit reports.

**AGREED-UPON PROCEDURES SCOPE**

We performed the agreed-upon procedures detailed in the OIG’s Agreed-Upon Procedures (AUP) Program for Corporation Awards to Grantees (including subgrantees), dated May 2009. Our procedures covered testing of the following grant:

<b>Award</b>	<b>Award No.</b>	<b>Award Period</b>	<b>AUP Period</b>	<b>Total Award</b>
National Direct	07NDHPA003	09/01/07-08/31/10	09/01/07-03/31/09	\$1,707,020

OIG’s agreed-upon procedures program included:

- Obtaining an understanding of HFP and its subgrantee monitoring process.
- Reconciling HFP’s claimed grant costs and match costs and a sample of subgrantees to their accounting systems.
- Testing subgrantee member files to verify that records support eligibility to serve, allowability of living allowances, and education awards.
- Testing HFP’s compliance and a sample of subgrantees on selected AmeriCorps Provisions, and award terms and conditions.
- Testing HFP’s claimed grant costs and match costs and a sample of subgrantees to ensure:
  - AmeriCorps grants were properly recorded;
  - Costs were properly matched; and
  - Costs were allowable and supported in accordance with applicable OMB circulars, grant provisions, award terms and conditions.

We performed testing of the National Health Corps (NHC) program at HFP and two of its four subgrantee sites from October 2009 through December 2009.

**BACKGROUND**

**The Corporation**

The Corporation funds and supports a range of national and community service programs that provide an opportunity for individuals (members) to serve full- or part-time. It also provides educational opportunities for those who have made a substantial commitment to service. The Corporation has three major service initiatives: National Senior Service Corps, AmeriCorps, and Service-Learning (Learn and Serve America). The AmeriCorps Program, the largest of the initiatives, is funded in two ways: grants through State Commissions and direct funding to National Direct grantees, including HFP, which support and oversee

subgrantees. The subgrantees in turn recruit and select volunteers, who earn a living allowance and/or education awards.

### **Health Federation of Philadelphia**

HFP is a not-for-profit organization engaged in planning, research, advocacy, administration, and program development of primary health care for low-income Philadelphians.

HFP is an AmeriCorps National Direct grantee under the NHC program, which was created in 1994 to increase access to health-care services for underserved communities, promote the health and safety of each NHC community, and foster member pursuit of health-related careers. AmeriCorps members serve at community-based health-related organizations and provide services such as health education, community outreach, and other support services aimed at increasing access to health services and information.

HFP provides programmatic and fiscal oversight, technical assistance, and support for the following NHC subgrantees:

- Philadelphia Health Corps
- Duval County Health Department c/o North Florida Health Corps (NFHC)
- The Board of Trustees of the University of Illinois c/o Chicago Health Corps (CHC)
- Allegheny County Health Department c/o Pittsburgh Health Corps

Subgrantees enroll and monitor NHC program members and are responsible for accounting for cost associated with their program. A full-time member receives an \$11,400 living allowance for an 11-month term and a \$4,725 education award for completing at least 1,700 service hours. Subgrantees are required to provide eligible members with health care, dental care, childcare, and transportation costs to service sites.

### **EXIT CONFERENCE**

The contents of this report were discussed with HFP and Corporation representatives on February 26, 2010. HFP and the Corporation provided written responses to the draft report. We summarized their responses in appropriate sections of this report and included full comments from HFP in Appendix A and from the Corporation in Appendix B.



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June 2, 2010

Office of Inspector General  
 Corporation for National and Community Service

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

Cotton & Company LLP performed the procedures detailed in the OIG's Agreed-Upon Procedures Program for Corporation Awards to Grantees (including subgrantees), dated May 2009. These procedures were agreed to by the OIG solely to assist it in grant cost and compliance testing of Corporation-funded Federal assistance provided to HFP for the award detailed below.

This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants (AICPA) 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, either for the purpose for which this report has been requested or any other purpose.

Our procedures covered testing of the following award:

<b>Award</b>	<b>Award No.</b>	<b>Award Period</b>	<b>AUP Period</b>	<b>Total Award</b>
National Direct	07NDHPA003	09/01/07-08/31/10	09/01/07-03/31/09	\$1,707,020

We performed testing of this NHC program award at HFP and two of its subgrantee sites. We tested selected labor, benefits, other direct costs at HFC and the two subgrantees through March 31, 2009. We also tested certain grant compliance requirements by sampling the files of 14 of 142 subgrantee members, as shown below. We performed all applicable testing procedures in the AUP Program for each sampled member file.

<b>Site</b>	<b>Member Files Sampled</b>	
	<b>PY 2007-2008</b>	<b>PY 2008-2009</b>
Chicago Health Corps	4	3
North Florida Health Corps	<u>4</u>	<u>3</u>
Total	<u>8</u>	<u>6</u>

## RESULTS OF AGREED-UPON PROCEDURES

We questioned claimed Federal-share costs of \$4,239. A questioned cost is an alleged violation of provision of law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds or a finding that, at the time of testing, includes costs not supported by adequate documentation.

We questioned education awards of \$175. Grant participants who successfully complete terms of service under AmeriCorps grants are eligible for education awards and repayment of student loan interest accrued during the term of service from the National Service Trust. These award amounts are not funded by Corporation grants and thus are not included in claimed costs. As part of our agreed-upon procedures and using the same criteria as claimed costs, we determined the effect of our findings on education and accrued interest award eligibility.

Detailed results of our agreed-upon procedures on claimed costs are in Exhibit A and the supporting schedules. Results of testing grant compliance are in Exhibit B. We were not engaged to, and did not perform an examination, the objective of which would be expression of an opinion on the subject matter. 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.

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

COTTON & COMPANY LLP



Michael W. Gillespie, CPA, CFE  
Operations Managing Partner

**HEALTH FEDERATION OF PHILADELPHIA  
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE AWARDS  
CONSOLIDATED SCHEDULE OF CLAIMED AND QUESTIONED COSTS**

<b>Award No. 07NDHPA003</b>	<b>Federal Costs</b>			<b>Education</b>	<b>Reference</b>
	<b>Awarded</b>	<b>Claimed</b>	<b>Questioned</b>	<b>Awards</b>	
Health Federation of Philadelphia	\$209,020	\$164,348	\$212*		
Chicago Health Corps	395,900	299,638	4,027	\$175	Schedule A
North Florida Health Corps	363,801	235,337	0	0	
<b>Total</b>	<u>\$968,721</u>	<u>\$699,323</u>	<u>\$4,239</u>	<u>\$175</u>	

\* We questioned \$212 (5.26% of \$4,027) of administrative costs associated with questioned Federal costs in Schedule A.

**HEALTH FEDERATION OF PHILADELPHIA  
SCHEDULE OF CLAIMED AND QUESTIONED COSTS  
CHICAGO HEALTH CORPS**

	PY 2007-2008	PY 2008-2009	Notes
Claimed Federal Costs	\$184,074	\$115,564	
Questioned Federal Costs:			
Unsupported Federal Costs	\$4,027		1
Questioned Education Awards:			
Timesheet/WBRS Hours Discrepancy	\$175		2

1. CHC did not provide adequate supporting documentation, such as effort reports, invoices, and receipts, to support \$2,452 of claimed personnel costs and \$1,575 of claimed other program costs (prepaid bus transfer cards). We also questioned \$212 of administrative costs that were associated with unsupported costs (see Compliance Finding 2, Exhibit B).

CHC operates through the University of Illinois and is therefore required to follow OMB Circular A-21, *Cost Principles for Educational Institutions*. OMB Circular A-21, Attachment A, Paragraph 2.e., states that the accounting practices of individual colleges and universities must support the accumulation of costs as required by the principles, and must provide for adequate documentation to support costs charged to sponsored agreements.

2. Timesheets did not support hours recorded in WBRS for three of four sampled members in PY 2007-2008 (see Compliance Finding 5, Exhibit B).

AmeriCorps Special Provisions (2007), Section IV., C.2., *AmeriCorps Member*, requires that grantees keep time-and-attendance records for all AmeriCorps members to document their eligibility for in-service and post-service benefits. The Corporation uses time-and-attendance information in WBRS to track member status, which forms the basis for calculating education awards.

Without procedures to verify member activities or timesheet accuracy, the potential exists that members may perform prohibited activities or may receive education awards to which they are not entitled. We questioned a prorated portion of the partial education award for one member who left for compelling personal circumstances. The member's timesheets did not support WBRS hours used to calculate the member's partial education award, as follows:

WBRS Hours:	1,527.5
Timesheet Hours:	1,464.5
Difference:	63.0
Questioned Portion of Partial Award:*	\$175

\* We calculated the questioned amount as follows: (1,527.5/1,700 hours x \$4,725) – (1,464.5/1,700 hours x \$4,725).

**HEALTH FEDERATION OF PHILADELPHIA  
COMPLIANCE RESULTS**

The results of our agreed-upon procedures identified the following compliance findings:

**Finding 1. Financial management systems for both HFP and CHC did not adequately account for and report grant costs in accordance with Federal requirements.**

HFP prepared its FSRs using a spreadsheet summarizing reimbursement request forms for costs incurred by subgrantees, instead of using actual cost data from its accounting system. This method resulted in transposition and data entry errors, including reporting costs not claimed by subgrantees and omitting costs claimed by subgrantees. During the course of testing, HFP revised its FSRs for errors identified during the reconciliation process. HFP did not have controls to ensure FSR accuracy.

According to 45 CFR § 2543.21, *Standards for financial management systems*, Subsection (b), recipient financial management systems must provide for accurate, current, and complete disclosure of financial results of each Federally-sponsored program.

CHC did not use its accounting system to prepare the monthly PER's submitted to HFP. It calculated labor costs based on budgeted employee salaries, instead of effort reports. It reported other program costs based on the monthly receipts of program expenses. CHC calculated member costs (living allowances and benefits) and program manager's labor costs based on payroll reports provided by the payroll vendor.

In addition, CHC's accounting system did not have unique account code(s) for claimed match costs. CHC selected claimed costs from various funding sources. Failure to properly account for match costs could result in unallowable costs claimed or costs claimed on multiple awards.

OMB Circular A-21, Attachment A, Paragraph 2.e., states that the accounting practices of individual colleges and universities must support the accumulation of costs as required by the principles, and must provide for adequate documentation to support costs charged to sponsored agreements.

**Recommendations:**

We recommend that the Corporation:

- 1a. Ensure that HFP establishes controls over the complete accurate, and timely financial reporting on the FFR.
- 1b. Ensure that HFP requires the subgrantee to use its accounting system as the basis for reported expenditures and establish unique accounting codes for match costs.

### **HFP's Response:**

HFP will reconcile all reports of grant costs to its accounting records. In addition, HFP has worked with CHC to ensure that a unique account code be maintained and that all costs that are reported as match costs be supported by that code in the CHC accounting system.

### **Corporation's Response:**

The Corporation agrees with the finding and recommendations and will ensure HFP establishes controls to prepare its FFR based on data from its accounting system and controlled by its general ledger. The Corporation will verify HFP accounting practices are enhanced for more accurate and timely financial reporting and written policies and procedures are implemented as part of its financial management system. HFP informed the Corporation that it has worked closely with its subgrantee, Chicago Health Corps (CHC) to revise its accounting system to include unique accounting codes for match costs for each Federal grant. Furthermore, HFP stated that CHC used the audit finding to prompt system-wide timekeeping changes to ensure salary costs are based on actual, not budgeted, amounts and that PERs are based on actual cost data from its accounting system.

### **Accountants' Comments:**

HFP's and the Corporation's actions are responsive to the recommendations.

### **Finding 2. CHC claimed unallowable and unsupported costs.**

The notes to Schedule A describe questioned costs of \$4,239, which are summarized on Exhibit A. A questioned cost is an alleged violation of provision of law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds or a finding that, at the time of testing, such cost is not supported by adequate documentation.

In addition, CHC claimed unallowable and unsupported match costs as follows:

- CHC claimed \$1,575 of Federal costs and \$375 of match costs that were unsupported and unallowable for monthly bus transfer cards. Supporting documentation provided by CHC showed that it purchased more cards than required for members and staff.
- CHC employees did not complete timesheets or quarterly effort reports to support labor costs charged to the grant. We conducted alternative testing by interviewing employees to determine if costs were allowable and reasonable. Based on the additional review, CHC claimed unsupported personnel expenses of \$2,452 of Federal costs (\$1,881 salaries and \$571 benefits) and \$5,039 of match costs (\$3,762 salaries and \$1,277 benefits), as follows:
  - A portion of the program manager's monthly labor costs was erroneously reported under Program Year 2006-2007 and 2007-2008.
  - 51 percent of the graphic designer's benefits were reported as match, instead of the correct 25 percent.

- The program manager's salary changed mid-August from \$1,200 to \$1,800 bi-weekly. CHC, however, claimed \$4,200, the \$1,800 increase plus the \$2,400 prior monthly salary.
- 100 percent of the administrative assistant's labor costs were claimed to the AmeriCorps program with the after-the-fact effort summary supporting 60 percent effort spent on the program.

OMB Circular A-21, Attachment A, Paragraph 2.e., states that the accounting practices of individual colleges and universities must support the accumulation of costs as required by the principles, and must provide for adequate documentation to support costs charged to sponsored agreements.

Match-cost exceptions identified above resulted in overstated match costs claimed. HFP had substantial overages in match requirements on this grant, however, and these offset the match exceptions identified. As a result, we did not question overstated match costs.

**Recommendations:**

We recommend that the Corporation:

- 2a. Recover disallowed costs and related administrative costs.
- 2b. Instruct HFP to strengthen its training and monitoring of subgrantees to ensure claimed costs are allowable, adequately documented, and allocable in accordance with applicable cost principles and regulations.
- 2c. Instruct HFP to strengthen its training and monitoring to ensure subgrantees maintain timekeeping records for all employees in accordance with the applicable costs principles.

**HFP's Response:**

HFP concurs with this finding and is taking corrective action. All NHC operating sites are now required to follow new policies regarding transit passes. Distribution of transit passes is to be recorded in a numbered log and signed for and dated by members. Sites may only invoice HFP for the number of passes accounted for by these logs.

HFP will monitor supporting documentation for subgrantee salary distribution. Subgrantees will be required to submit time sheet documentation (consistent with OMB Circulars) throughout the grant year in order to substantiate the salaries charges to the program. In addition, HFP will require that subgrantees submit supporting documentation for all program costs, including matching costs. This supporting documentation will be reviewed and costs without sufficient documentation will be disallowed.

**Corporation's Response:**

The auditors questioned \$4,239 of Federal share costs attributed to unused bus passes, unsupported staff salary and benefits at the subgrantee CHC as well as \$212 of associated administrative costs. The Corporation concurs with the finding and disallows the questioned

costs. The Corporation will verify that HFP strengthens its subgrantee training on the OMB Cost Principles and timekeeping requirements and monitors its subgrantees for compliance more closely.

**Accountants' Comments:**

HFP's and the Corporation's actions are responsive to the recommendations.

**Finding 3. Some member contracts did not meet AmeriCorps and program requirements.**

Member contracts used by CHC stipulated the minimum requirements to participate in the program. Age and citizenship eligibility were identified as minimum requirements but the minimum education requirements, i.e., high school diploma, GED or college degree, needed for program eligibility were omitted from the contract.

The requirements to participate in the NHC program are listed in the NHC member handbook. The requirements include:

- Must be at least 18 years of age by the time training begins;
- Must be a United States Citizen or National or have a permanent resident visa;
- Must have a high school diploma, an equivalency certificate, or agree to obtain one before using an education award.

AmeriCorps Special Provisions (2007), Section IV., D.2., *Member Contracts*, states that the grantee must require members to sign contracts that include other requirements established by program.

Additionally, we noted the following deficiencies with member contracts:

- One member contract did not include the position description; and
- One member contract was signed by the member but not dated.

AmeriCorps Special Provisions (2007), Section IV., D.2., states that the grantee must require members to have signed contracts that include position descriptions. Further, AmeriCorps Special Provisions (2007), Section IV., C.1.b., *Member Enrollment Procedures*, stipulates that AmeriCorps Programs are required to sign a member contract with an individual, or otherwise enter a legally enforceable commitment as defined by state law, before enrolling a member.

Failure to utilize complete and accurate member contracts could result in the enrollment of ineligible members or members that are unaware of their duties, rights and responsibilities or that participate in unallowable activities.

**Recommendation:**

We recommend that:

3. The Corporation require HFP to ensure that member contracts used by subgrantees include all necessary stipulations.

### **HFP's Response:**

HFP concurs with this finding. NHC member contracts will be revised to include the stipulation that members must have a high school diploma, GED or college degree in order to be eligible for the program. The NHC will continue to require sub-grantee sites to include position descriptions with member contracts and will increase monitoring of this requirement.

### **Corporation's Response:**

The audit finding stated that member contracts/agreements at the subgrantee CHC did not stipulate minimum education requirements needed for program eligibility; one member contract did not include the position description; and one contract was signed, but not dated. The Corporation does not agree with the component of the finding related to educational attainment. The grant provisions do not require the member agreement to include eligibility requirements. Individuals specify their education attainment on the application form and programs generally confirm individuals are eligible to become members before they enroll them and sign the member agreement. However, the grant provisions require the position description to be included as part of the member agreement and it must be signed by the member. The Corporation will ensure that HFP trains and monitors subgrantees to comply with the grant provision requirements for the elements in the member contracts/agreements.

### **Accountants' Comments:**

HFP's and the Corporation's actions are responsive to the recommendations. We revised Finding 3 to address the Corporation's comment regarding the education requirement being included in the member contract.

### **Finding 4. Subgrantees could not document that all members received evaluations, and certain evaluations did not meet AmeriCorps requirements.**

We tested seven CHC member files. CHC did not provide documentation showing that two mid-term and four final evaluations were conducted.

In addition, none of final evaluations tested at CHC and NFHC (seven tested at each) indicated if the member had completed the required number of service hours to be eligible for an education award.

AmeriCorps Special Provisions (2007), Section IV., D.6., *Performance Reviews*, states that grantees must conduct and keep records of at least a mid- 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 to document that the member has:

- Completed the required number of hours;
- satisfactorily completed assignments; and
- met other performance criteria communicated at the beginning of the service term.

Also, we identified unsigned evaluations by members for both subgrantees, as follows:

<b>Program</b>	<b>Mid-Term</b>	<b>Final</b>
CHC	1	1
NFHC	<u>0</u>	<u>1</u>
Total	<u>1</u>	<u>2</u>

Evaluations are necessary to ensure that members are eligible for additional service terms, and that grant objectives have been met. Without evaluations, members are not eligible to serve additional terms of service.

**Recommendation:**

We recommend that the Corporation:

4. Require HFP to strengthen its subgrantee training and program monitoring procedures to ensure that subgrantees conduct and document member evaluations that meet AmeriCorps requirements.

**HFP's Response:**

HFP concurs with this finding and has taken corrective action. Sub-grantee operating sites were required to submit revised end-of-term evaluations to the NHC Parent Organization in February, 2010. Those evaluations were reviewed and revised by HFP staff to ensure compliance with AmeriCorps regulations. Additionally, HFP will expand its monitoring of sub-grantees to include an end-of-year review of member files to ensure that end-of-term member evaluations are completed for all NHC members.

**Corporation's Response:**

Audit testing of member files at subgrantees CHC and North Florida Health Corps (NFHC) disclosed two midterm and four final evaluations were not documented and one midterm and two final evaluations were unsigned. Additionally, none of the final evaluations tested included a statement that the member had met required hours to earn the award. The Corporation agrees and will ensure HFP implements the action described in its response to the draft audit. HFP plans to revise its end-of-term evaluation form, enhance its guidance to subgrantees on evaluation requirements and expand its monitoring procedures to ensure compliance with AmeriCorps evaluation requirements. The Corporation will ensure HFP corrective action addresses both mid-term and end-of-term evaluations and will verify subgrantees are trained on the revisions and the process is properly implemented.

**Accountants' Comments:**

HFP's and the Corporation's actions are responsive to the recommendations.

**Finding 5. CHC had weaknesses in member timekeeping procedures.**

CHC did not always accurately report timesheet hours in WBRS. We tested timesheets for seven members at CHC who had earned or were expected to earn education awards. Service hours recorded by CHC in WBRS were not supported by member timesheets. Of seven member files tested at CHC, we identified three files with discrepancies in hours reported and questioned one education award.

During testing, we noted weaknesses in CHC's timekeeping procedures, as follows:

- Two timesheets were signed before hours were served; and
- One instance of multiple timesheets for the same period with different hours.

As discussed in Schedule A, Note 2, we questioned \$175 as a result of weaknesses in CHC's member timekeeping procedures.

**Recommendations:**

We recommend that the Corporation:

- 5a. Require HFP to strengthen its training and monitoring to ensure that subgrantees maintain proper member timesheets.
- 5b. Disallow and, if already used, recover education awards made to members who did not serve minimum required service hours.

**HFP's Response:**

5a. HFP concurs with this finding. HFP has changed its procedures for exiting members with compelling personal circumstances to include a review by HFP staff of member timesheets to verify the member's cumulative hour total. Additionally, HFP will expand its monitoring of subgrantees to include an end-of-year review of member files (in addition to the mid-year review) to ensure that member timesheets are correct and consistent with information in eGrants.

5b. On April 5, 2010 HFP staff emailed a Trust Officer at the National Trust to determine if the member in question had used their education award. The Trust Officer determined that the member has not used the education award. At the request of HFP staff, the Trust Officer corrected the member's hours total in eGrants from 1527.5 to 1464.5 hours, thereby eliminating the discrepancy between the member's documented hours and their exited hours in eGrants.

**Corporation's Response:**

The auditors found discrepancies between hours reported by CHC in WBRS and on timesheets. Also, one member's education award in the amount of \$175 was questioned because when the member was exited for compelling and personal circumstances, hours reported to the National Service Trust (Trust) were overstated by 63 service hours. The auditors also noted two timesheets were signed prior to hours served and one instance of multiple timesheets for a single pay period with different hours. The Corporation concurs with the findings and recommendations and will review HFP revisions to the procedures for exiting members and monitoring member files to ensure timesheets are correct and totals are accurately reported to the eGrants/AmeriCorps Portal. In addition, the Corporation will ensure HFP has formally documented its policies and procedures and implemented controls to address the proper and accurate timekeeping and exits as well as requiring proper documentation. In regards to the questioned education award, the Corporation has verified that the award has not been accessed and that Trust records have been revised to reflect the amount of award earned accurately.

**Accountants' Comments:**

HFP's and the Corporation's actions are responsive to the recommendations.

**Finding 6. CHC did not complete all member enrollment and exit forms, enter them into the Corporation's WBRS in accordance with AmeriCorps requirements, and two member files were missing exit forms.**

We tested enrollment and exit forms for 14 of 142 CHC and NFHC members. CHC did not enter all member enrollment, change of status, and exit forms into WBRS within the required 30-day timeframe. Of seven member files tested, CHC entered one enrollment form and two exit forms late. We also identified two exit forms that were missing.

AmeriCorps Special Provisions (2007), Section IV., E.2., *Notice to the Corporation's National Service Trust*, requires that grantees notify the Corporation within 30 days of a member's enrollment, change of status, and/or completion of service.

AmeriCorps General Provisions (2007) Section V., E., *Retention of Records*, requires grantees to retain all program records for 3 years from the date of submission of the final FSR.

Without timely and accurate completion and submission of enrollment and exit forms, the Corporation cannot maintain accurate member records.

**Recommendation:**

We recommend that the Corporation:

6. Require HFP to strengthen its subgrantee training and program monitoring procedures to ensure proper completion of member enrollment, change of status, and exit forms.

**HFP's Response:**

HFP concurs with this finding. In addition to continuing its regular monitoring in eGrants HFP will adopt stronger policies regarding sub-grantee non-compliance with AmeriCorps regulations and NHC policies & procedures. HFP will seek CNCS guidance in order to develop revised policies and procedures regarding member suspension and changes in member status that will better support the program's compliance with this AmeriCorps requirement.

**Corporation's Response:**

The auditors found CHC did not enter all member enrollment, change of status, and exit forms into WBRS within the required 30-day timeframe. Of seven member files tested, CHC had two missing exit forms and entered one enrollment form and two exit forms late. The Corporation agrees HFP must enhance controls and procedures to improve subgrantee timeliness of member enrollment, exit and change of status forms and to maintain adequate documentation. While we agree related forms must be maintained, we note that AmeriCorps Regulations and grant provisions do not specify that the forms must be included in the member files. Regardless, HFP must ensure its subgrantees are meeting deadlines

for entering data in the AmeriCorps Portal and monitor to ensure forms are completed properly and maintained. The Corporation will review HFP controls and ensure the procedures are formally documented and implemented.

**Accountants' Comments:**

HFP's and the Corporation's actions are responsive to the recommendations.

**Finding 7. CHC did not provide a complete position description for a member and did not include activities noted on the member's activity logs.**

CHC was unable to provide a position description for one member and other members noted activities on daily logs that were not included in their position descriptions. Failure to develop complete and accurate member position descriptions could result in members participating in unallowable activities.

AmeriCorps Provisions (2007), Section IV., D.1., *Planning for the Term of Service*, states that the grantee must develop member position descriptions that provide for meaningful service activities and performance criteria appropriate to the skill levels of members. In planning for the member's term of service, the grantee must account for holidays and other time off, and must provide each member with sufficient opportunity to make up missed hours.

**Recommendation:**

We recommend that the Corporation:

7. Require CHC to strengthen its subgrantee training and program monitoring procedures to ensure that member position descriptions include all necessary service activities.

**HFP's Response:**

HFP concurs with this finding. CHC has been cited for this in the past. In addition to continuing to monitor this, HFP will adopt stronger policies regarding consequences of subgrantee non-compliance with AmeriCorps regulations and NHC policies & procedures.

**Corporation's Response:**

The auditors found CHC did not have a position description for one member and noted that activities on daily logs appeared inconsistent with the position descriptions. The Corporation concurs with the finding, but we will work solely with HFP, our grantee, not CHC, the subgrantee, to implement the recommendation. HFP will develop controls and procedures to ensure subgrantees adhere to complete and accurate position descriptions that define meaningful, allowable activities. The Corporation will review HFP subgrantee training and ensure controls are strengthened to affect compliance and that procedures are formally documented and implemented.

**Accountants' Comments:**

HFP's and the Corporation's actions are responsive to the recommendations.

**Finding 8. HFP did not ensure that CHC complied with AmeriCorps requirements for member living allowance payments.**

CHC did not distribute member living allowances in equal increments. CHC officials said they were unaware that their living allowance distribution method was incorrect. Living allowance payments were paid based on the number of days a member served within a pay period. On several occasions, in both program years, living allowance payments were prorated if the member started and ended their service term in the middle of a pay period. In PY2007-2008, a member received \$64 for serving one day of a pay period. In PY2008-2009, a member received \$148 for serving three days of a pay period. The members received prorated living allowance payments based on when they started and ended their service term or worked fewer days within a pay period during the term.

The Program Manager stated that the distribution of living allowances for each member was not always in equal increments as it varied from the member's start date and the next payroll date.

AmeriCorps Special Provisions (2007), Section IV., I.1., *Living Allowance Distribution*, states that programs should pay living allowances in regular increments, such as weekly or bi-weekly, paying an increased increment only for increased living expenses, such as food, housing, or transportation.

**Recommendation:**

We recommend that the Corporation:

8. Require HFP to strengthen its subgrantee monitoring to ensure compliance with AmeriCorps member living allowance requirements.

**HFP's Response:**

HFP concurs with this finding. HFP will increase monitoring of member living allowance stipends to ensure that stipends are paid in regular increments. HFP will update its policies and procedures regarding member early exit and will train subgrantee staff on the proper procedures for distributing member stipends, particularly when a member starts or leaves the program in the middle of a pay period. HFP will also seek additional guidance from CNCS on this issue.

**Corporation's Response:**

The auditors found that CHC did not distribute member living allowances in equal increments. CHC officials computed payments based on when they started and ended their service term or worked fewer days within a pay period during the term. The Corporation agrees with the recommendation and will ensure HFP implements an accounting policy and procedure to address living allowance payments. The policy should describe proper living allowance payment distribution and provide guidance for payment of the living allowance

when a member starts or leaves a program during the middle of pay period or exits early. The Corporation will ensure the policy is formally implemented and subgrantees are trained.

**Accountants' Comments:**

HFP's and the Corporation's actions are responsive to the recommendations.

**Finding 9. HFP did not submit a FSR in a timely manner.**

HFP submitted one FSR 28 days late. Officials said they were unaware of the 30-day submission requirement.

AmeriCorps Special Provisions (2007) Section IV., N.1.a., *Financial Status Reports*, states that the grantee shall submit semi-annual cumulative FSRs summarizing expenditures during the reporting period using eGrants. FSR deadlines are as follows:

<b>Due Date</b>	<b>Reporting Period Covered</b>
April 30	Start of grant through March 31
October 30	April 1-September 30

HFP stated that FSRs were due 60 days after the end of the quarter in prior years, and due dates were changed, in 2008 to 30 days after the end of the reporting period. HFP was not aware of the revised due dates for the FSRs.

When notified that the report was late, HFP followed up with the Corporation in an attempt to request a time extension for filing the report so it could obtain necessary documentation from subgrantees. The program officer stated that, because HFP had not requested an extension before the actual due date, an extension could not be granted. The program director's advice was to submit the report as soon as possible.

**Recommendation:**

We recommend that the Corporation:

9. Ensure that HFP submits all FSRs on time.

**HFP's Response:**

HFP concurs with the finding. HFP staff were not aware that CNCS had changed the due date for FSRs from November 30, 2008 to October 30th, 2008. HFP staff will review all CNCS fiscal and program due dates at the beginning of each grant year and will submit all FSRs in a timely manner.

**Corporation's Response:**

The auditors found that the FSR due October 30, 2008 was 28 days late. The Corporation agrees that Federal Financial Reports must be submitted on time and will ensure HFP implements a policy addressing timely submission of FFRs and uses a calendar of due dates in training staff on timely reporting. Corporation staff verified that HFP's reports have been on time since then, or if needed, HFP has requested and received an extension by the Corporation Grants Officer.

**Accountants' Comments:**

HFP's and the Corporation's actions are responsive to the recommendations.

**Finding 10. HFP did not provide documentation to support the review of subgrantee OMB Circular A-133 audit reports.**

The audit firm conducting HFP's 2007 A-133 audit noted that HFP did not review subgrantee financial reports, an issue which was purportedly resolved in the 2008 A-133 audit report. When asked to provide copies of subgrantee A-133 audit reports for 2007 and 2008 and documentation to support review, HFP could not provide such documents. HFP's finance director was able to provide subgrantee 2008 A-133 audit reports after searching through the financial manager's files, but there was no documentation to support a financial manager or director review.

OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, Subpart D., 400(d), *Pass-through Entity Responsibilities*, requires grantees to ensure that subgrantees undergo audits meeting requirements of the circular.

HFP did not have policies and procedures in place to ensure that subgrantee A-133 audit reports were reviewed and documentation was maintained to support reviews. By not reviewing Single Audit information, management is unable to determine if subgrantees are in compliance with program guidelines.

**Recommendation:**

We recommend that the Corporation:

10. Ensure that HFP establishes policies and procedures to ensure review of subgrantee A-133 audit reports.

**HFP's Response:**

HFP has reviewed the most recent audit reports of each of its subgrantees and included a written response in each sites respective audit file. HFP will revise its fiscal policy and procedures to include an annual review of subgrantee audit reports, documentation of the review process and follow-up action with subgrantees when necessary.

**Corporation's Response:**

The Corporation agrees with the recommendation and will ensure HFP revises its fiscal policy and procedures to include review of subgrantee A-133 Audits and that site visit fiscal monitoring tools address the recommendation.

**Accountants' Comments:**

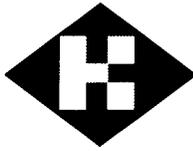
HFP's and the Corporation's actions are responsive to the recommendations.

**APPENDIX A**

**HEALTH FEDERATION OF PHILADELPHIA'S  
RESPONSE TO AGREED-UPON PROCEDURES REPORT**

## The Health Federation of Philadelphia

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Suite 801  
Philadelphia, PA 19107

215.567.8001  
Fax:215.567.7743  
[www.healthfederation.org](http://www.healthfederation.org)

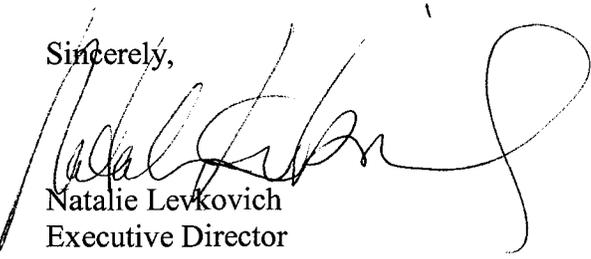
April 12, 2010

Mr. Stuart Axenfeld  
Assistant Inspector General for Audit  
Corporation for National & Community Service  
Office of Inspector General  
1201 New York Ave, NW, Suite 830  
Washington, DC 20525

Dear Mr. Axenfeld:

Enclosed please find comments from the Health Federation of Philadelphia (HFP) to the Office of Inspector General regarding the agreed-upon procedures for grants awarded to HFP by the Corporation for National and Community Service.

Sincerely,



Natalie Levkovich  
Executive Director

**Exhibit A:** HFP does not concur with the placement of \$212 in questioned administrative costs under HFP in Exhibit A. The \$212 in administrative costs is based on \$4,027 in questioned costs generated by the Chicago Health Corps from Schedule A. Therefore, the \$212 belongs on the Chicago Health Corps line.

**Finding 1: Financial management systems for both HFP and CHC did not adequately account for and report grant costs in accordance with Federal requirements.**

HFP Response: HFP will reconcile all reports of grant costs to its accounting records. In addition, HFP has worked with CHC to ensure that a unique account code be maintained and that all costs that are reported as match costs be supported by that code in the CHC accounting system.

**Finding 2: CHC claimed unallowable and unsupported costs.**

HFP Response: HFP concurs with this finding and is taking corrective action. All NHC operating sites are now required to follow new policies regarding transit passes. Distribution of transit passes is to be recorded in a numbered log and signed for and dated by members. Sites may only invoice HFP for the number of passes accounted for by these logs.

HFP will monitor supporting documentation for subgrantee salary distribution. Subgrantees will be required to submit time sheet documentation (consistent with OMB Circulars) throughout the grant year in order to substantiate the salaries charges to the program. In addition, HFP will require that subgrantees submit supporting documentation for all program costs, including matching costs. This supporting documentation will be reviewed and costs without sufficient documentation will be disallowed.

**Finding 3: Some member contracts did not meet AmeriCorps requirements.**

HFP Response: HFP concurs with this finding. NHC member contracts will be revised to include the stipulation that members must have a high school diploma, GED or college degree in order to be eligible for the program. The NHC will continue to require sub-grantee sites to include position descriptions with member contracts and will increase monitoring of this requirement.

**Finding 4. Subgrantees could not document that all members received evaluations, and certain evaluations did not meet AmeriCorps requirements.**

HFP concurs with this finding and has taken corrective action. Sub-grantee operating sites were required to submit revised end-of-term evaluations to the NHC Parent Organization in February, 2010. Those evaluations were reviewed and revised by HFP staff to ensure compliance with AmeriCorps regulations. Additionally, HFP will expand its monitoring of sub-grantees to include an end-of-year review of member files to ensure that end-of-term member evaluations are completed for all NHC members.

**Finding 5. CHC had weaknesses in member timekeeping procedures.**

5a. HFP concurs with this finding. HFP has changed its procedures for exiting members with compelling personal circumstances to include a review by HFP staff of member timesheets to verify the member's cumulative hour total. Additionally, HFP will expand its monitoring of sub-grantees to include an end-of-year review of member files (in addition to the mid-year review) to ensure that member timesheets are correct and consistent with information in eGrants.

5b. On April 5, 2010 HFP staff emailed [REDACTED] Trust Officer at the National Trust to determine if the member in question had used their education award. [REDACTED] determined that the member has not used the education award. At the request of HFP staff, [REDACTED] corrected the member's hours total in eGrants from 1527.5 to 1464.5 hours, thereby eliminating the discrepancy between the member's documented hours and their exited hours in eGrants.

**Finding 6. CHC did not complete all member enrollment and exit forms, enter them into the Corporation's WBRS in accordance with AmeriCorps requirements, and two member files were missing exit forms.**

HFP concurs with this finding. In addition to continuing its regular monitoring in eGrants HFP will adopt stronger policies regarding sub-grantee non-compliance with AmeriCorps regulations and NHC policies & procedures. HFP will seek CNCS guidance in order to develop revised policies and procedures regarding member suspension and changes in member status that will better support the program's compliance with this AmeriCorps requirement.

**Finding 7. CHC did not provide a complete position description for a member and did not include activities noted on the member's activity logs.**

HFP concurs with this finding. The NHC has cited CHC for this in the past. In addition to continuing to monitor this HFP will adopt stronger policies regarding consequences of sub-grantee non-compliance with AmeriCorps regulations and NHC policies & procedures.

**Finding 8. HFP did not ensure that CHC complied with AmeriCorps requirements for member living allowance payments.**

HFP concurs with this finding. HFP will increase monitoring of member living allowance stipends to ensure that stipends are paid in regular increments. HFP will update its policies and procedures regarding member early exit and will train subgrantee staff on the proper procedures for distributing member stipends, particularly when a member starts or leaves the program in the middle of a pay period. HFP will also seek additional guidance from CNCS on this issue.

**Finding 9. HFP did not submit a FSR in a timely manner.**

HFP Response: HFP concurs with the finding. HFP staff were not aware that CNCS had changed the due date for FSRs from November 30, 2008 to October 30<sup>th</sup>, 2008. HFP staff will

review all CNCS fiscal and program due dates at the beginning of each grant year and will submit all FSRs in a timely manner.

**Finding 10. HFP did not provide documentation to support the review of subgrantee OMB Circular A-133 audit reports.**

HFP Response: HFP has reviewed the most recent audit reports of each of its subgrantees and included a written response in each sites respective audit file. HFP will revise its fiscal policy and procedures to include an annual review of subgrantee audit reports, documentation of the review process and follow-up action with subgrantees when necessary.

**APPENDIX B**  
**CORPORATION'S**  
**RESPONSE TO AGREED-UPON PROCEDURES REPORT**



**To:** Stuart Axenfeld, Inspector General for Audit  
**From:** Margaret Rosenberry, Director of Grants Management  
**Date:** April 21, 2010  
**Subject:** Response to OIG Draft of Agreed-Upon Procedures of Grants Awarded to the Health Federation of Philadelphia

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 the Health Federation of Philadelphia (HFP). The Corporation reviewed the OIG report, met with the OIG Audit Manager and the grantee and reviewed the HFP draft response to the audit. We are addressing all draft findings at this time. If the OIG concurs with our decisions, the Corporation will complete confirmation of corrective action on the ten compliance recommendations within 90 days after the audit issue date.

**Finding 1: Financial management systems for both HFP and CHC did not adequately account for and report grant costs in accordance with Federal requirements.**

The auditors recommend that the Corporation:

- 1a. Ensure that HFP establishes controls over the complete accurate, and timely financial reporting on the FFR.
- 1b. Ensure that HFP requires the subgrantee to use its accounting system as the basis for reported expenditures and establish unique accounting codes for match costs.

**Corporation Response:** The Corporation agrees with the finding and recommendations and will ensure HFP establishes controls to prepare its FFR based on data from its accounting system and controlled by its general ledger. The Corporation will verify HFP accounting practices are enhanced for more accurate and timely financial reporting and written policies and procedures are implemented as part of its financial management system. HFP informed the Corporation that it has worked closely with its subgrantee, Chicago Health Corps (CHC) to revise its accounting system to include unique accounting codes for match costs for each Federal grant. Furthermore, HFP stated that CHC used the audit finding to prompt system-wide timekeeping changes to ensure salary costs are based on actual, not budgeted, amounts and that PERs are based on actual cost data from its accounting system.



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Senior Corps ★ AmeriCorps ★ Learn and Serve America



**Finding 2: CHC claimed unallowable and unsupported costs.**

The auditor recommends that the Corporation:

- 2a. Recover disallowed costs and related administrative costs.
- 2b. Instruct HFP to strengthen its training and monitoring of subgrantees to ensure claimed costs are allowable, adequately documented, and allocable in accordance with applicable cost principles and regulations.
- 2c. Instruct HFP to strengthen its training and monitoring to ensure subgrantees maintain timekeeping records for all employees in accordance with the applicable costs principles.

**Corporation Response:** The auditors questioned \$4,239 of Federal share costs attributed to unused bus passes, unsupported staff salary and benefits at the subgrantee CHC as well as \$212 of associated administrative costs. The Corporation concurs with the finding and disallows the questioned costs. The Corporation will verify that HFP strengthens its subgrantee training on the OMB Cost Principles and timekeeping requirements and monitors its subgrantees for compliance more closely.

**Finding 3: Some member contracts did not meet AmeriCorps requirements.**

The auditors recommend that the Corporation require HFP to ensure that member contracts used by subgrantees include all necessary stipulations.

**Corporation Response:** The audit finding stated that member contracts/agreements at the subgrantee CHC did not stipulate minimum education requirements needed for program eligibility; one member contract did not include the position description; and one contract was signed, but not dated. The Corporation does not agree with the component of the finding related to educational attainment. The grant provisions do not require the member agreement to include eligibility requirements. Individuals specify their education attainment on the application form and programs generally confirm individuals are eligible to become members before they enroll them and sign the member agreement. However, the grant provisions require the position description to be included as part of the member agreement and it must be signed by the member. The Corporation will ensure that HFP trains and monitors subgrantees to comply with the grant provision requirements for the elements in the member contracts/agreements.

**Finding 4: Subgrantees could not document that all members received evaluations, and certain evaluations did not meet AmeriCorps requirements.**

The auditors recommend that the Corporation require HFP to strengthen its subgrantee training and program monitoring procedures to ensure that subgrantees conduct and document member evaluations that meet AmeriCorps requirements.

**Corporation Response:** Audit testing of member files at subgrantees CHC and North Florida Health Corps (NFHC) disclosed two midterm and four final evaluations were not documented and one midterm and two final evaluations were unsigned. Additionally, none of the final evaluations tested included a statement that the member had met required hours to earn the award. The Corporation agrees and will ensure HFP implements the action described in its response to the draft audit. HFP

evaluation requirements. The Corporation will ensure HFP corrective action addresses both mid-term and end-of-term evaluations and will verify subgrantees are trained on the revisions and the process is properly implemented.

**Finding 5: CHC had weaknesses in member timekeeping procedures.**

The auditors recommend that the Corporation:

- 5a. Require HFP to strengthen its training and monitoring to ensure that subgrantees maintain proper member timesheets.
- 5b. Disallow and, if already used, recover education awards made to members who did not serve minimum required service hours.

**Corporation Response:** The auditors found discrepancies between hours reported by CHC in WBRS and on timesheets. Also, one member's education award in the amount of \$175 was questioned because when the member was exited for compelling and personal circumstances, hours reported to the National Service Trust (Trust) were overstated by 63 service hours. The auditors also noted two timesheets were signed prior to hours served and one instance of multiple timesheets for a single pay period with different hours. The Corporation concurs with the findings and recommendations and will review HFP revisions to the procedures for exiting members and monitoring member files to ensure timesheets are correct and totals are accurately reported to the eGrants/AmeriCorps Portal. In addition, the Corporation will ensure HFP has formally documented its policies and procedures and implemented controls to address the proper and accurate timekeeping and exits as well as requiring proper documentation. In regards to the questioned education award, the Corporation has verified that the award has not been accessed and that Trust records have been revised to reflect the amount of award earned accurately.

**Finding 6: CHC did not complete all member enrollment and exit forms, enter them into the Corporation's WBRS in accordance with AmeriCorps requirements, and two member files were missing exit forms.**

The auditors recommend that the Corporation require HFP to strengthen its subgrantee training and program monitoring procedures to ensure proper completion of member enrollment, change of status, and exit forms.

**Corporation Response:** The auditors found CHC did not enter all member enrollment, change of status, and exit forms into WBRS within the required 30-day timeframe. Of seven member files tested, CHC had two missing exit forms and entered one enrollment form and two exit forms late. The Corporation agrees HFP must enhance controls and procedures to improve subgrantee timeliness of member enrollment, exit and change of status forms and to maintain adequate documentation. While we agree related forms must be maintained, we note that AmeriCorps Regulations and grant provisions do not specify that the forms must be included in the member files. Regardless, HFP must ensure its subgrantees are meeting deadlines for entering data in the AmeriCorps Portal and monitor to ensure forms are completed properly and maintained. The Corporation will review HFP controls and ensure the procedures are formally documented and implemented.

**Finding 7: CHC did not provide a complete position description for a member and did not include activities noted on the member's activity logs.**

The auditors recommend that the Corporation require CHC to strengthen its subgrantee training and program monitoring procedures to ensure that member position descriptions include all necessary service activities.

**Corporation Response:** The auditors found CHC did not have a position description for one member and noted that activities on daily logs appeared inconsistent with the position descriptions. The Corporation concurs with the finding, but we will work with HFP, our grantee, not CHC, the subgrantee, to implement the recommendation. HFP will develop controls and procedures to ensure subgrantees adhere to complete and accurate position descriptions that define meaningful, allowable activities. The Corporation will review HFP subgrantee training and ensure controls are strengthened to affect compliance and that procedures are formally documented and implemented.

**Finding 8: HFP did not ensure that CHC complied with AmeriCorps requirements for member living allowance payments.**

The auditors recommend that the Corporation require HFP to strengthen its subgrantee monitoring to ensure compliance with AmeriCorps member living allowance requirements.

**Corporation Response:** The auditors found that CHC did not distribute member living allowances in equal increments. CHC officials computed payments based on when they started and ended their service term or worked fewer days within a pay period during the term. The Corporation agrees with the recommendation and will ensure HFP implements an accounting policy and procedure to address living allowance payments. The policy should describe proper living allowance payment distribution and provide guidance for payment of the living allowance when a member starts or leaves a program during the middle of pay period or exits early. The Corporation will ensure the policy is formally implemented and subgrantees are trained.

**Finding 9: HFP did not submit an FSR in a timely manner.**

The auditors recommend that the Corporation ensure that HFP submits all FSRs on time.

**Corporation Response:** The auditors found that the FSR due October 30, 2008 was 28 days late. The Corporation agrees that Federal Financial Reports must be submitted on time and will ensure HFP implements a policy addressing timely submission of FFRs and uses a calendar of due dates in training staff on timely reporting. Corporation staff verified that HFP's reports have been on time since then, or if needed, HFP has requested and received an extension by the Corporation Grants Officer.

**Finding 10: HFP did not provide documentation to support the review of subgrantee OMB Circular A-133 audit reports.**

The auditors recommend that the Corporation ensure that HFP establishes policies and procedures to ensure review of subgrantee A-133 audit reports.

**Corporation Response:** The Corporation agrees with the recommendation and will ensure HFP revises its fiscal policy and procedures to include review of subgrantee A-133 Audits and that site visit fiscal monitoring tools address the recommendation.

\* \* \* \* \*

**Summary:** The Corporation is disallowing all \$4,239 of the Federal questioned costs and the \$175 in improperly certified education award funds. We will ensure HFP completes corrective action on the recommendations as described in our responses.