

Office of Inspector General Corporation for National and Community Service

AGREED-UPON PROCEDURES REVIEW OF CORPORATION FOR NATIONAL AND COMMUNITY SERVICE GRANTS AWARDED TO GREATER PITTSBURGH LITERACY COUNCIL

OIG REPORT NUMBER 10-17



Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

Prepared by:

Cotton & Company LLP
635 Slaters Lane
Alexandria, VA 22314

This report was issued to Corporation management on August 3, 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 February 3, 2011, and complete its corrective actions by August 3, 2011. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.



OFFICE OF INSPECTOR GENERAL

August 3, 2010

TO: John Gomperts
Director, AmeriCorps*State and National

Margaret Rosenberry
Director, Office of Grants Management

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

SUBJECT: *OIG Report 10-17, Agreed-Upon Procedures Review of Corporation for National and Community Service Grants Awarded to Greater Pittsburgh Literacy Council*

Attached is the final report for the above-noted agreed-upon procedures review. We contracted with the independent certified public accounting firm of Cotton and 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 July 21, 2010, and the conclusions expressed therein. We do not express opinions on the Consolidated Schedule of Claimed and Questioned Costs, or the Schedule of Claimed and Questioned 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 February 3, 2011. Notice of final action is due by August 3, 2011.

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

Attachment

cc: Donald Block, Executive Director, GPLC
William Anderson, Chief Financial Officer, CNCS
Rocco Gaudio, Deputy Chief Financial Officer, Grants & Field Financial Management, CNCS
Claire Moreno, Audit Liaison, Office of Grants Management, CNCS
Bridgette Roy, Administrative Assistant, 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
GREATER PITTSBURGH LITERACY COUNCIL**

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- B: Corporation for National and Community Service's Response to Draft Report
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EXECUTIVE SUMMARY

The Office of Inspector General (OIG), Corporation for National and Community Service, 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 Greater Pittsburgh Literacy Council (GPLC).

SUMMARY OF RESULTS

As a result of applying our procedures, we questioned claimed Federal-share costs of \$225,703, education awards of \$131,022 and accrued interest awards of \$1,674. 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, *Consolidated Schedule of Claimed and Questioned Costs*, 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. As part of our agreed-upon procedures and using the same criteria used for the grantee's claimed costs, we determined the effect of our findings on members' eligibility for education awards and accrued interest awards.

The following is a summary of grant compliance testing results. These results, along with applicable recommendations, are discussed in Exhibit B, *Compliance Results*.

1. Subgrantees claimed unallowable and unsupported costs.
2. Subgrantees had weaknesses in member timekeeping procedures and, in some instances, timesheets did not support member eligibility for some education awards.
3. Subgrantees did not maintain documentation to demonstrate that criminal history checks were conducted for all members and were in compliance with AmeriCorps provisions.
4. Subgrantees did not comply with AmeriCorps citizenship eligibility requirements.
5. Subgrantees could not demonstrate that some members received performance evaluations, and all end-of-term evaluations did not meet AmeriCorps requirements.
6. Subgrantees did not complete all member enrollment and exit forms and enter them into the Corporation's reporting systems in accordance with AmeriCorps requirements.
7. GPLC and its subgrantees did not follow certain AmeriCorps requirements.
8. One subgrantee's financial management system did not adequately account for and report Federal and match grant costs in accordance with Federal requirements.

9. One subgrantee did not adequately account for and report match grant costs in accordance with Federal requirements.

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:

Grant Program	Award No.	Award Period	AUP Period	Total Award During AUP Period
AmeriCorps National Direct	06NDHTX002	09/19/06-09/18/09	09/19/07-09/18/09	\$3,215,520

OIG’s AUP program included:

- Obtaining an understanding of GPLC and its subgrantee monitoring process.
- Reconciling GPLC’s claimed grant 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 GPLC’s compliance and a sample of subgrantees on selected AmeriCorps provisions and award terms and conditions.
- Testing GPLC’s claimed grant and match costs and a sample of subgrantees to ensure:
 - AmeriCorps grants were properly recorded in GPLC’s general ledger and subgrantee records;
 - Costs were properly matched; and
 - Costs were allowable and properly documented in accordance with applicable Office of Management and Budget (OMB) circulars, grant provisions, award terms, and conditions.

We performed testing at GPLC and two subgrantee sites from September 2009 through January 2010.

BACKGROUND

The Corporation

The Corporation supports a range of national and community service programs that provide an opportunity for participants to engage in full- or part-time periods of service. The Corporation funds service opportunities that foster civic responsibility and strengthen communities. 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). AmeriCorps, the largest of the initiatives, is funded in two ways: grants through state commissions and direct funding to applicants, including funding under the National Direct Program. The AmeriCorps National Direct grant is an annual award passed through the grantee to its subgrantee sites. Subgrantees recruit and select volunteers who must qualify to earn a living allowance and/or education awards.

Greater Pittsburgh Literacy Council

GPLC was founded in 1976 and became a non-profit corporation in 1982. Its mission is to ensure that adults and families acquire reading, writing, math, language, computer, and workplace skills. GPLC became the grantee for the AmeriCorps National Direct program called Literacy*AmeriCorps in 2006. GPLC provides programmatic and fiscal oversight, technical assistance, and support for its operating site and seven subgrantees, including the San Diego Council on Literacy (SDCOL) and the Literacy Alliance of Greater New Orleans (LAGNO). We performed testing at these two subgrantee sites.

EXIT CONFERENCE

We discussed contents of the draft report with GPLC and Corporation representatives on April 1, 2010, at GPLC's offices in Pittsburgh. We have summarized GPLC's comments in the appropriate sections of this report and have included its complete comments in Appendix A. Its response states that the contract for one of its subgrantees, for whom there are various findings in this report, has not been renewed.

The Corporation did not have specific comments, but intends to respond in its management decision at a later date (see Appendix B).



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July 21, 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 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 GPLC for the award detailed below.

This AUP 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, either for the purpose for which this report has been requested or any other purpose.

Our procedures covered testing of the following award:

Grant Program	Award No.	Award Period	AUP Period	Total Award During AUP Period
AmeriCorps National Direct	06NDHTX002	09/19/06-09/18/09	09/19/07-09/18/09	\$3,215,520

We performed testing of this Literacy* AmeriCorps program award at GPLC and two of its subgrantees sites, SDCOL and LAGNO. We selected samples of labor, benefits, and other direct costs at GPLC and the two subgrantees that were reported by GPLC on its September 30, 2009, Financial Status Report (FSR). We also tested certain grant compliance requirements by sampling the 16 of 234 subgrantee members, shown on the following page. We performed all applicable testing procedures in the AUP program for each sampled member.

Site	PY 2007-2008		PY 2008-2009	
	Total Members	Sampled Members	Total Members	Sampled Members
SDCOL	12	4	19	3
LAGNO	24	5	21	4
Other Sites	<u>79</u>	<u>0</u>	<u>79</u>	<u>0</u>
Total	<u>115</u>	<u>9</u>	<u>119</u>	<u>7</u>

At the request of the OIG, we expanded citizenship, criminal history checks, and timesheet testing at SDCOL. The scope of expanded testing is shown below:

Program Year	Expanded Member Sample Tested		
	Citizenship	Criminal History	Timesheets
2006-2007	0	0	13
2007-2008	8	8	6
2008-2009	<u>16</u>	<u>16</u>	<u>14</u>
Total	<u>24</u>	<u>24</u>	<u>33</u>

RESULTS OF AGREED-UPON PROCEDURES

We questioned claimed Federal-share costs of \$225,703. 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 \$131,022 and accrued interest awards of \$1,674. 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 Corporation's National Service Trust. These award amounts are not funded by Corporation grants and thus are not included in claimed costs. As part of our AUP, 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 summarized 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, GPLC, 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

A handwritten signature in black ink, appearing to read "Michael W. Gillespie". The signature is fluid and cursive, with a prominent initial "M" and a long, sweeping underline.

Michael W. Gillespie, CPA, CFE
Operations Managing Partner

EXHIBIT A

**GREATER PITTSBURGH LITERACY COUNCIL
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE AWARDS
CONSOLIDATED SCHEDULE OF CLAIMED AND QUESTIONED COSTS**

	Federal Costs			Questioned		Reference
	Awarded	Claimed	Questioned	Ed Awards	Accrued Interest	
GPLC	\$257,224	\$257,224	\$0	\$0	\$0	
SDCOL	347,760	282,337	207,567	122,175	\$1,674	Schedule A
LAGNO	557,762	422,638	18,136	8,847	0	Schedule B
Other Subgrantees	<u>2,052,774</u>	<u>1,753,065</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total	<u>\$3,215,520</u>	<u>\$2,715,264</u>	<u>\$225,703</u>	<u>\$131,022</u>	<u>\$1,674</u>	

Note:

Schedule A: San Diego Council on Literacy (page 8)

Schedule B: Literacy Alliance of Greater New Orleans (page 18)

SCHEDULE A

**GREATER PITTSBURGH LITERACY COUNCIL
SCHEDULE OF CLAIMED AND QUESTIONED COSTS
SAN DIEGO COUNCIL ON LITERACY**

	PY 2006-2007	PY 2007-2008	PY 2008-2009	Notes
Claimed Federal Costs	<u>\$0</u>	<u>\$110,278</u>	<u>\$172,059</u>	
Questioned Federal Costs:				
Missing documentation of criminal history checks	\$0	\$4,671	\$166,439	2
Returning members without prior-year end-of-term evaluation	0	22,394	0	3
Insufficient citizenship documentation	0	13,237	0	4
Improper living allowance payments	0	472	0	5
Healthcare for part-time members	0	0	0	6, 2
Unsupported worker's compensation costs	<u>0</u>	<u>354</u>	<u>0</u>	7
Total Questioned Federal Costs	<u>\$0</u>	<u>\$41,128</u>	<u>\$166,439</u>	
Questioned Education Awards:				
Timekeeping discrepancies	\$43,525	\$26,158	\$43,528	1
Missing documentation of criminal history checks	0	0	7,088	2
Returning members without prior-year end-of-term evaluation	0	0	0	3
Insufficient citizenship documentation	<u>0</u>	<u>1,876</u>	<u>0</u>	4
Total Questioned Education Awards	<u>\$43,525</u>	<u>\$28,034</u>	<u>\$50,616</u>	
Questioned Accrued Interest Awards	<u>\$714</u>	<u>\$45</u>	<u>\$915</u>	8

- SDCOL's member timekeeping documentation was insufficient to support member service hours. Test results for initial and expanded member samples are discussed below.

Initial Member Sample. Timesheet hours did not agree with hours reported in the Corporation's Web Based Reporting System (WBRS)/My AmeriCorps Portal for six of seven members in the initial member sample. WBRS was still active in PYs 2006-2007 and 2007-2008. The Portal became effective for PY 2008-2009.

The timesheet hours for four of seven members were insufficient to qualify the members for education awards.

PY	Member No.	WBRs/ Portal Hours	Timesheet Hours	Hours Required for Award	Questioned Education Awards
2007-2008	1	455	447	450	\$1,250
2007-2008	2	1,709	1,705	1,700	0
2007-2008	3	1,291	1,279	1,291	33
2007-2008	4	1,700	1,630	1,700	4,725
2008-2009	5	900	929	900	0
2008-2009	7	900	854/757	900	<u>2,363</u>
Total					<u>\$8,371</u>

Timesheets for one PY 2008-2009 member (No. 7) contained added estimated hours, that were not tracked on a daily basis and did not show time-in and time-out hours. We deducted the estimated hours:

PY	Member No.	Timesheet Hours	Estimated Hours Added	Estimated Hours Deducted
2008-2009	7	854	97	757

Expanded Member Sample. Timesheet hours did not agree with hours reported in WBRs for 25 of 33 members. Details follow.

Unsupported Hours for Education Awards. Timesheet hours did not agree with hours reported in WBRs for 7 of 13 PY 2006-2007 members and for all 6 PY 2007-2008 members. Timesheets hours for 8 of these 13 members were insufficient to qualify the members for education awards.

PY	Member No.	WBRS Hours	Timesheet Hours	Hours Required for Award	Questioned Education Awards
2006-2007	8	1,701	1,586	1,700	\$4,725
2006-2007	10	1,714	1,745	1,700	0
2006-2007	12	1,707	1,774	1,700	0
2006-2007	13	300	270	300	1,000
2006-2007	14	1,745	1,674	1,700	4,725
2006-2007	15	1,795	1,800	1,700	0
2006-2007	16	1,703	1,610	1,700	<u>4,725</u>
Total					<u>\$15,175</u>
2007-2008	21	1,714	1,680	1,700	\$4,725
2007-2008	22	468	319	450	1,250
2007-2008	23	1,729	1,719	1,700	0
2007-2008	24	675	466	675	Note 4
2007-2008	25	1,726	1,520	1,700	4,725
2007-2008	26	1,753	1,709	1,700	<u>0</u>
Total					<u>\$10,700</u>

Timesheet hours did not agree with hours reported in the Portal for 12 of 14 PY 2008-2009 members. The timesheet hours for 10 members were insufficient to qualify the members for education awards.

PY	Member No.	Portal Hours	Timesheet Hours	Hours Required for Award	Questioned Education Awards	Notes
2008-2009	27	300	111	300	\$1,000	
2008-2009	28	1,700	1,386	1,700	4,725	
2008-2009	29	1,700	1,601/1,277	1,700	4,725	a.
2008-2009	30	900	735	900	2,363	
2008-2009	31	1,700	1,542	1,700	4,725	
2008-2009	32	1,714	1,644	1,700	4,725	
2008-2009	33	932	861	900	2,363	
2008-2009	36	1,700	1,299	1,700	4,725	
2008-2009	37	1,768	1,709	1,700	0	
2008-2009	38	900	872	900	2,363	
2008-2009	39	1,702	1,708	1,702	0	
2008-2009	40	900	867/841	900	<u>2,363</u>	b.
Total					<u>\$34,077</u>	

- a. The file for one PY 2008-2009 member (No. 29) contained two timesheets per period from September 15, 2008, through March 15, 2009, and not all timesheets were dated. Further, timesheet hours for the same periods did not agree. Other timesheet hours of 818 for this member for the period March 16 through August 18, 2009, agreed, and were dated. We calculated 1,277 total service hours from dated

timesheets (459 + 818) and 1,601 total service hours from undated and dated timesheets (783 undated + 818 dated).

- b. The file for one PY 2008-2009 member (No. 40) contained two timesheets for the May 16-31, 2009 period. Hours and signature dates on both timesheets were different. Other timesheet hours of 792 for this member for the balance of the service year agreed, and were dated correctly. We calculated 841 total service hours using the 49 hours from the June 4, 2009, timesheet and timesheet hours for the balance of the service year (49 + 792) and 867 total service hours using the 75 hours from the August 6, 2009, timesheet and timesheet hours for the balance of the service year (75 + 792).

2007 AmeriCorps Grant Provisions, Section IV, AmeriCorps Special Provisions, Subsection C.2, AmeriCorps Members, requires grantees to 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.

Further, *2007 AmeriCorps Grant Provisions, Section IV, AmeriCorps Special Provisions, Subsection E.1, Program Requirements*, states that to be eligible for an education award, the member must complete the term of service and hours:

- Full-time members must serve at least 1,700 hours;
- Half-time members must serve at least 900 hours;
- Reduced half-time members must serve at least 675 hours;
- Quarter-time members must serve at least 450 hours; and
- Minimum-time members must serve at least 300 hours

Unsigned Timesheets. Some member timesheets in the expanded sample were missing member signatures. We deducted service hours reported on member timesheets for eight members whose timesheets were missing member signatures. After deducting hours from unsigned timesheets, the hours shown did not qualify the members for education awards.

PY	Member No.	Timesheet Hours			Hours Required	Questioned Ed Awards
		Total	Unsigned	Adjusted		
2006-2007	11	1,712	85	1,627	1,700	\$4,725
2006-2007	16	1,610	128	1,482	1,700	See above
2006-2007	20	1,701	10	1,691	1,700	4,725
2007-2008	21	1,680	76	1,604	1,700	See above
2007-2008	25	1,520	455	1,065	1,700	See above
2007-2008	26	1,709	600	1,109	1,700	<u>4,725</u>
2008-2009	30	735	243	492	900	See above
2008-2009	34	100	100	0	No Award	No Award
Total						<u>\$14,175</u>

2007 AmeriCorps Grant Provisions, Section IV, AmeriCorps Special Provisions, Subsection C.2, requires grantees to keep time-and-attendance records for all AmeriCorps members to document their eligibility for in-service and post-service

benefits. Time-and-attendance records must be signed and dated by both the member and supervisor.

Handwritten and Adjusted Timesheet Hours. Timesheets for ten PY 2006-2007 members and for four PY 2007-2008 members from the expanded sample showed estimated hours added to timesheets. These hours were handwritten, not tracked on a daily basis, and did not show time-in and time-out hours. After we deducted the handwritten hours, remaining hours were insufficient to qualify the members for education awards.

PY	Member No.	Timesheet Hours			Hours Required	Questioned Ed Awards
		Total	Handwritten	Adjusted		
2006-2007	8	1,586	30	1,556	1,700	See above
2006-2007	9	1,706	40	1,666	1,700	\$4,725
2006-2007	10	1,745	50	1,695	1,700	4,725
2006-2007	11	1,712	40	1,672	1,700	See above
2006-2007	12	1,774	55	1,719	1,700	0
2006-2007	14	1,674	80	1,594	1,700	See above
2006-2007	15	1,800	55	1,745	1,700	0
2006-2007	16	1,610	40	1,570	1,700	See above
2006-2007	17	1,702	40	1,662	1,700	4,725
2006-2007	18	1,783	20	1,763	1,700	0
2007-2008	21	1,680	515	1,165	1,700	See above
2007-2008	22	319	17	302	450	See above
2007-2008	23	1,719	10	1,709	1,700	0
2007-2008	25	1,520	48	1,472	1,700	See above
Total						<u>\$14,175</u>

AmeriCorps requirements address policy but do not address specific timesheet procedures, which is the responsibility of the grantee or subgrantee. It is, however, good business practice for people making alterations to timesheets to initial their changes. Accountability will be maintained and timesheets will be consistent with member and management intentions.

Hours for Other Activities. Timesheets for 26 of 33 members contained hours performed while members were at home. Timesheets for one PY 2006-2007 member and one PY 2007-2008 member itemized home hours, as shown on the table below. On most of the other member timesheets, members did not separate home hours from onsite hours, making it impossible to determine the exact number of home and site hours.

Home service hours were inconsistent with SDCOL's grant application, which described member service activities as serving at education centers and providing onsite tutoring to individuals, small groups, and classrooms.

After deducting home hours for the two members, the remaining hours were insufficient to qualify the members for education awards:

PY	Member No.	Timesheet Hours			Hours Required	Questioned Ed Awards
		Total	Home	Adjusted		
2006-2007	12	1,774	162	1,612	1,700	\$4,725
2008-2009	38	872	290	582	900	See above
Total						<u>\$4,725</u>

Also, timesheets for five members had service hours for various activities and events that were identified as a volunteer happy hour, field trips to the beaches and amusement parks, overnight hours, watching and attending sporting events, 23- and 24-hour service days, and attending a “good-bye” lunch. These activities were inconsistent with SDCOL’s grant application. After deducting home hours for the two members discussed above, remaining hours were insufficient to qualify the members for education awards:

PY	Member No.	Timesheet Hours			Hours Required	Questioned Ed Awards
		Total	Deducted	Adjusted		
2007-2008	23	1,719	90	1,629	1,700	\$4,725
2008-2009	32	1,644	4	1,640	1,700	See above
2008-2009	35	906	15	891	900	2,363
2008-2009	36	1,299	1	1,298	1,700	See above
2008-2009	39	1,708	25	1,683	1,700	<u>4,725</u>
Total						<u>\$11,813</u>

Without procedures to verify member activities or timesheet accuracy, the potential exists that members may perform activities prohibited by AmeriCorps provisions or may receive education awards to which they are not entitled.

According to the grant application, member service activities included serving at education centers and providing on-site tutoring and instruction to individuals, small groups, and classrooms.

Summary. We questioned education awards for those members who did not meet minimum requirements or hours certified to earn education awards. The prorated portion of the partial education award for one PY 2007-2008 member is included in the education awards questioned for citizenship in Note 4. (See Compliance Finding 2.)

PY	Members Tested	Members with Questioned Education Awards		Amount
		Members with Questioned Education Awards	Amount	
2006-2007	13	10		\$43,525
2007-2008	10	8		26,158
2008-2009	<u>17</u>	<u>13</u>		<u>43,528</u>
Total	<u>40</u>	<u>31</u>		<u>\$113,211</u>

- SDCOL did not maintain documentation to demonstrate that members had criminal history checks or that criminal history checks for each member complied with AmeriCorps requirements. All 7 members in the initial sample and all 24 members in the expanded sample did not have this documentation.

45 Code of Federal Regulations (CFR) § 2540.202, *What two search components of the National Service Criminal History Check must I satisfy to determine an individual's ability to serve in a covered position?*, requires programs to conduct State criminal history checks and National Sex Offender Public Registry (NSOPR) searches. Further, 45 CFR § 2540.205, *What documentation must I maintain regarding a National Service Criminal History Check for a covered position?*, requires grantees to:

- a) *Document in writing that you verified the identity of the individual in a covered position by examining the individual's government-issued photo identification card, and that you conducted the required checks for the covered position; and*
- b) *Maintain the results of the National Service Criminal History check (unless precluded by State law) and document in writing that you considered the results in selecting the individual.*

SDCOL stated that it is the responsibility of the service sites to obtain criminal background checks for the members. While the criminal background check documentation may reside at subgrantee service sites, SDCOL is still required to document in writing that it verified the identity of the individual, conducted required checks, and considered the results in selecting the individual.

After we informed SDCOL that it was required to maintain documentation demonstrating compliance with the Corporation's criminal history check regulations, SDCOL and GPLC provided letters from its seven service sites certifying that members received criminal background checks. The certification letters stated criminal history checks were conducted but did not, however, provide evidence that criminal background checks were conducted in accordance with AmeriCorps regulations.

As of November 23, 2007, the effective date of these regulations, this became an eligibility issue for members. Ten of 12 PY 2007-2008 members were subject to the former regulations. SDCOL's noncompliance with the regulations for these members is discussed in Compliance Finding 3. The 2 remaining PY 2007-2008 members and all 19 PY 2008-2009 members were ineligible.

We questioned living allowances and benefits totaling \$4,671 for the two PY 2007-2008 members (Nos. 1 and 22). We questioned education awards for these members in Note 1, above. We also questioned living allowances and benefits of \$166,439 for all 19 PY 2008-2009 members (Nos. 5-7 and 27-40) and education awards of \$7,088 for 2 PY 2008-2009 members (Nos. 5 and 37). We questioned education awards for the remaining PY 2008-2009 members (Nos. 6-7 and 27-40) who earned education awards in Note 1. (See Compliance Findings 1. and 3.)

3. SDCOL did not conduct end-of-term evaluations for two PY 2006-2007 members who served second terms in PY 2007-2008 and two PY 2007-2008 members who served second terms in PY 2008-2009.

2007 AmeriCorps Grant Provisions, Section IV, AmeriCorps Special Provisions, Subsection D.6, Performance Reviews, requires mid-term and end-of-year member performance evaluations. According to 45 CFR § 2522.220(c), *Eligibility for Second*

Term, a participant is not eligible for a second or additional term of service and/or for an AmeriCorps education award without satisfactory performance evaluations.

We questioned living allowances, benefits, and education awards for these members, because without end-of-term evaluations, they were ineligible for second terms. We questioned living allowances and benefits of \$22,394 for the two PY 2007-2008 members (Nos. 4 and 26). We questioned education awards for these members in Note 1. We questioned living allowances, benefits, and education awards for the two PY 2008-2009 members (Nos. 30 and 33) in Note 1 above. (See Compliance Findings 1 and 5).

4. Four of 7 members in the initial sample and 8 of 24 in the expanded sample did not have proper citizenship documentation. Files for four members in the initial sample and six in the expanded sample had only driver's licenses and Social Security cards. Files for the other two members in the expanded sample had no citizenship documentation. After we identified this issue, SDCOL provided citizenship documentation for 8 of the 12 members.

According to 45 CFR § 2522.200, *What are the eligibility requirements for an AmeriCorps participant*, every AmeriCorps participant must be a citizen, national, or lawful permanent resident of the United States. Further, Section III, *Minimum Qualifications*, of the Literacy* AmeriCorps member agreement requires a member to submit a birth certificate, U.S. passport, permanent resident alien card, and other documentation to support eligibility. Driver's licenses and Social Security cards do not establish citizenship.

Not verifying citizenship before a member begins service resulted in ineligible members. We questioned living allowances, benefits, and education awards for four members without proper citizenship documentation. We questioned living allowances and benefits totaling \$13,237 for two members (Nos. 24 and 51) in this note, questioned living allowances and benefits for one member (No. 6) in Note 2, and questioned living allowances and benefits for one member (No. 26) in Note 3.

We questioned the education award of \$1,876 for one PY 2007-2008 member (No. 24) in this note and questioned the education award for one PY 2007-2008 member (No. 26) in Note 1. (See Compliance Findings 1 and 4.)

5. SDCOL did not distribute living allowance payments in accordance with applicable provisions. It increased the incremental amount of living allowance paid to members who started service late. As a result, members who completed the program earned the same amount of living allowance regardless of their start dates.

We identified two PY 2007-2008 and four PY 2008-2009 members with increased living allowance payments totaling \$3,886. We calculated and questioned differences between amounts members received and amounts they were entitled to receive. Our calculations follow:

PY	Member No.	Member Type	Questioned Federal Costs
2007-2008	2	Full Time	\$472
2007-2008	51	Full Time	86
2008-2009	5	Half Time	256
2008-2009	6	Full Time	256
2008-2009	31	Full Time	512
2008-2009	7	Half Time	<u>2,304</u>
			<u>\$3,886</u>

2007 AmeriCorps Grant Provisions, Section IV, AmeriCorps Special Provisions, Subsection I.1, Living Allowance Distribution, states that if a member enrolls after a program start date, the program must provide regular living allowance payments from the member's start date. The program may not increase the member's living allowance incremental payment or provide a lump sum to "make up" any missed payments.

Questioned living allowances totaling \$3,414 for all but Member No. 2 are included in the living allowance questioned in Note 2 above. We questioned the remaining \$472 in this note. (See Compliance Finding 7.)

- SDCOL claimed \$2,005 of healthcare payments as Federal costs for three PY 2008-2009 half-time members. According to the 2007 AmeriCorps Grant Provisions, Section IV, AmeriCorps Special Provisions, Subsection I.5, Health Care Coverage, the Corporation will not cover health care costs for less than full-time members.

PY	Member No.	Member Type	Questioned Federal Costs
2008-2009	5	Half Time	\$836
2008-2009	33	Half Time	901
2008-2009	40	Half Time	<u>268</u>
			<u>\$2,005</u>

We questioned the \$2,005 of unallowable health care payments. These costs are included in the questioned costs in Note 2 above. (See Compliance Finding 1.)

- SDCOL claimed \$1,895 for member worker's compensation costs as Federal costs, but only \$676 was documented in its accounting detail reports. OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, Attachment A, Paragraph A.2, *Factors affecting allowability of costs*, states that an award cost must be adequately documented to be allowable. We questioned \$865 of the \$1,219 of unsupported Federal costs in Notes 2-5 above. We questioned the remaining \$354 of unsupported costs in this note (See Compliance Finding 8.)
- The Corporation made accrued interest payments for student loans to SDCOL members whose education award we questioned because the members did not serve the required number of hours (one member in Note 2 and five members in Note 1).

45 CFR § 2529.10(a), *Eligibility*, states that the Corporation will pay interest that accrues on an individual's qualified student loan only if the member successfully completes a term of service in an approved AmeriCorps position.

PY	Member No.	Ed Award Questioned	Accrued Interest Questioned	Reason for Questioned Payments
2006-2007	10	Note 1	\$100	Hours for other activities
2006-2007	17	Note 1	614	Hours for other activities
			<u>\$714</u>	
2007-2008	26	Note 1	<u>\$45</u>	Hours for other activities
2008-2009	32	Note 1	\$159	Hours for other activities
2008-2009	29	Note 1	253	Hours for other activities
2008-2009	5	Note 2	<u>503</u>	No background check
			<u>\$915</u>	

SCHEDULE B

**GREATER PITTSBURGH LITERACY COUNCIL
SCHEDULE OF CLAIMED AND QUESTIONED COSTS
LITERACY ALLIANCE OF GREATER NEW ORLEANS**

	PY 2007-2008	PY 2008-2009	Notes
Claimed Federal Costs	<u>\$204,347</u>	<u>\$218,291</u>	
Questioned Federal Costs:			
Returning member without prior-year end-of-term evaluation	\$0	\$10,559	1
Criminal history checks not performed	0	1,679	2
Program operating costs claimed as member support costs	1,346	0	3
Living allowance paid outside service period	550	0	4
Unallocable costs	0	250	5
Unallowable Unemployment insurance	<u>0</u>	<u>29</u>	6
Subtotal	<u>\$1,896</u>	<u>\$12,517</u>	
Administrative Costs	\$100	\$658	7
Excess administrative costs	<u>0</u>	<u>2,965</u>	8
Total Questioned Federal Costs	<u>\$1,996</u>	<u>\$16,140</u>	
Questioned Education Awards:			
Returning member without prior-year end-of-term evaluation	\$0	\$4,725	1
Timesheet discrepancies	0	2,363	9
Unsigned timesheets	0	0	10
Compelling personal circumstances not adequately documented	<u>1,759</u>	<u>0</u>	11
Total Questioned Education Awards	<u>\$1,759</u>	<u>\$7,088</u>	

1. LAGNO did not conduct end-of-term performance evaluations for two of five sampled PY 2007-2008 members and for three of four sampled PY 2008-2009 members. One PY 2007-2008 member (No. 45) without an end-of-term evaluation served a second term in PY 2008-2009.

2007 AmeriCorps Grant Provisions, Section IV, AmeriCorps Special Provisions, Subsection D.6, requires mid-term and end-of-term member performance evaluations. According to 45 CFR § 2522.220(c), a participant is not eligible for a second or additional term of service and/or for an AmeriCorps education award without satisfactory performance evaluations.

We questioned the member's PY 2008-2009 Federal-share living allowance and fringe benefits of \$10,559 and education award of \$4,725, because without an end-of-term evaluation, the member was ineligible for a second term. (See Compliance Finding 5.)

2. LAGNO did not perform a criminal history check on one PY 2008-2009 member (No. 46). According to 45 CFR § 2540.205, grantees must document in writing that the following were conducted:

- The identity of the individual in a covered position was verified by examining the individual's government-issued photo identification card;
- Required checks for the covered position were conducted;
- Results of the National Service Criminal History Check were maintained, unless precluded by state law; and
- Results were considered in selecting the individual.

Further, 45 CFR § 2540.203, *When must I conduct a State criminal registry check and NSOPR check on an individual in a covered position?*, required the state criminal registry check to be conducted on an individual who enrolled or was hired by the program after November 23, 2007.

The criminal history process was delayed in PY 2008-2009 because LAGNO's program coordinator was on leave at the beginning of the program year, and did not understand which forms were required by the State to complete the checks. By the time the criminal history checks were submitted to the State, the member had left the program.

Not obtaining criminal background checks on members with substantial, recurring contact with children and vulnerable populations before a member's start date may present a danger to the population they are serving. This is an eligibility issue for members who enrolled after November 23, 2007. We questioned the member's PY 2008-2009 Federal-share living allowance and fringe benefits of \$1,679. (See Compliance Finding 3).

3. LAGNO claimed \$1,346 of program operating costs as member support costs. It claimed \$64 for a member criminal history check processing fee (February 2008) and \$1,282 of food expenses for the end-of-year recognition ceremony (August 2008). LAGNO could not claim these costs as Federal program operating costs because it would have exceeded its budget. LAGNO did not provide documentation of prior written approval for deviating from its approved budget.

2007 AmeriCorps Grant Provisions, Section IV, AmeriCorps Special Provisions, Subsection M.3, Budgetary Changes, states that the grantee must obtain prior written approval from the Corporation's Office of Grants Management before deviating from the approved budget by reallocating funds from the member support cost category to other categories of the approved budget. We questioned \$1,346 for reallocated costs claimed without prior written approval. (See Compliance Finding 1.)

4. LAGNO claimed living allowance and benefits paid to one member (No. 42) for the time period between program years when the member was not enrolled. The member completed PY 2006-2007 service on December 31, 2007, and started PY 2007-2008 service on January 24, 2008. The member received a living allowance payment on January 18, 2008, for the period January 5-18, 2008. In addition, this member's living allowance payment was calculated using the \$505 PY 2007-2008 rate instead of the \$419 PY 2006-2007 rate. We questioned \$550 of living allowance and benefits paid to this member. (See Compliance Finding 7).

5. LAGNO claimed \$250 in room rental fees for the PY 2009-2010 member pre-service orientation in August 2009. These costs are not allocable to the PY 2008-2009 project period or to the grant award.

OMB Circular A-122, Attachment A, 4, *Allocable costs*, states that a cost is allocable to a particular cost objective in accordance with the relative benefits received. We questioned \$250 of unallocable costs. (See Compliance Finding 1).

6. In August 2009, LAGNO claimed \$29 of personnel fringe benefits for State unemployment insurance (SUTA) for members.

LAGNO did not provide evidence that it was required to report SUTA for its members. According to the *2007 AmeriCorps Grant Provisions*, Section IV, AmeriCorps Special Provisions, Subsection I.3.d, Unemployment Insurance:

The U.S. Department of Labor ruled on April 20, 1995, that Federal unemployment compensation law does not require coverage for members because no employer-employee relationship exists. The grantee may not charge the cost of unemployment insurance taxes to the grant unless mandated by state law. Programs are responsible for determining the requirements of state law by consulting their State Commission, legal counsel or the applicable state agency. AmeriCorps National and AmeriCorps Tribes and Territories grantees must coordinate with their State Commissions to determine a consistent treatment of unemployment insurance requirements.

We questioned the \$29 of Federal costs. (See Compliance Finding 7).

7. Questioned costs in Notes 3 and 4 resulted in \$100 ($\$1,896 \times 5.26\%$) of unallowable administrative costs in PY 2007-2008. Questioned costs in Notes 1, 2, 5, and 6 resulted in \$658 ($\$12,517 \times 5.26\%$) of unallowable administrative costs in PY 2008-2009.
8. In PY 2008-2009, LAGNO claimed \$2,965 of excess administrative costs. It claimed \$13,725 of administrative costs. The allowable amount of administrative costs was \$10,760 ($5.26\% \times$ Allowable Section I and II costs of \$204,566).

Per the *2008 AmeriCorps National Application Instructions*, Submitting Your Application in eGrants, Section VIII, Budget; Section III, Administrative/Indirect Costs; Subsection B, Options for Calculating Administrative/Indirect Costs; administrative costs are calculated by multiplying the sum of the Corporation funding shares of Sections I and II by 0.0526. The Corporation's share of administrative costs is limited by statute to five percent of the total Corporation funds actually expended under this grant.

We questioned the \$2,965 of Federal costs.

9. One PY 2008-2009 member (No. 48) had two timesheets for the May 16-31, 2009, service period. We obtained the first timesheet during onsite testing from LAGNO's file for the member, and LAGNO subsequently provided the second timesheet. The timesheets did not agree, as follows:

- Service hours recorded for two days differed.

- Daily time-in and time-out hours differed.
- Total hours differed.
- Timesheet signatures and dates varied. One timesheet was unsigned by the member (and signed by the supervisor and dated June 4, 2009). The second timesheet was signed by the member and dated May 31, 2009 (and signed by the supervisor but undated).

Because of the timesheet discrepancies described above, we questioned the education award of \$2,363 for this PY 2008-2009 member. (See Compliance Finding 2).

10. Timesheets for one PY 2007-2008 member (No. 45) did not agree with hours reported in WBRS. In addition, the timesheet for January 29-31, 2008, was missing member and supervisor signatures. We deducted service hours reported on the unsigned timesheet.

Hours			
WBRS	Timesheet	Unsigned Timesheets	After Deduction
633	580	23	557

2007 AmeriCorps Grant Provisions, Section IV, AmeriCorps Special Provisions, Subsection C.2, requires grantees to keep time-and-attendance records for all AmeriCorps members to document their eligibility for in-service and post-service benefits. Time-and-attendance records must be signed and dated by both the member and supervisor.

After deducting hours on unsigned timesheets, remaining hours did not support WBRS hours used to calculate the member's partial education award. We questioned a prorated portion of the partial education award of \$211 [(633/1,700 hours x \$4,725)-(557/1,700 hours x \$4,725)] for this member. The \$211 questioned education award is included in the questioned education award in Note 11 below. (See Compliance Finding 7).

11. LAGNO did not have sufficient documentation to demonstrate that one PY 2007-2008 member (No. 45) exited early from the program due to a compelling personal circumstance. It provided us with internal correspondence from the program coordinator discussing the compelling circumstance, but did not have documentation from the member.

According to 45 CFR § 2522.230, *Under what circumstances may AmeriCorps participants be released from completing a term of service, and what are the consequences?*, an AmeriCorps program may release a participant from completing a term of service for compelling personal circumstances as demonstrated by the participant, or for cause. Further, the participant has the primary responsibility for demonstrating that compelling personal circumstances prevent the participant from completing the term of service. We questioned the member's prorated education award of \$1,759. (See Compliance Finding 7.)

**GREATER PITTSBURGH LITERACY COUNCIL
COMPLIANCE RESULTS**

Results of our agreed-upon procedures identified the compliance findings described below.

Finding 1. Subgrantees claimed unallowable and unsupported costs.

Notes to Schedules A and B describe questioned costs of \$225,703, 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 was not supported by adequate documentation.

Match-cost exceptions identified in Compliance Finding Nos. 8 and 9 resulted in overstated match costs claimed. GPLC had substantial overages in match requirements on this grant, and these offset the match exceptions identified. As a result, we did not question overclaimed match costs.

General Recommendations: We recommend that the Corporation:

- 1a. Calculate and seek to recover the appropriate amount of disallowed costs based on our costs questioned;
- 1b. Calculate and seek to recover administrative costs related to the disallowed costs; and
- 1c. Instruct GPLC and its subgrantees to review applicable regulations and develop policies and procedures to ensure that claimed costs are allowable, adequately documented, and allocable in accordance with applicable cost principles and regulations.

GPLC's Response: GPLC did not concur with all questioned costs. It provided detailed responses to questioned costs in Exhibit A, Schedule B, Notes 3, 5, 7, and 8, which are summarized below:

- **Note 3:** GPLC stated that the Federal share of the prime grantee budget did not exceed the maximum.
- **Note 5:** GPLC concurred with the questioned costs. The misallocation of PY 2008-2009 costs was a clerical error, and LAGNO has added additional checks to its accounting system to prevent this type of error from occurring again.
- **Note 7:** GPLC did not concur with the amount of questioned costs used in the calculation of administrative costs.

- **Note 8:** GPLC did not concur with the total amount of unallowable cost and did not concur with the Total Allowable Section I and Section II amounts used to calculate questioned administrative costs.

GPLC's responses for the other questioned costs in this section are summarized in Compliance Findings 2-8, below.

Accountants' Comments: GPLC's response to Note 5 is responsive to our recommendations, and we recommend that the Corporation recover these costs and related administrative costs. We continue to make the recommendations stated above for Notes 3, 7, and 8.

Finding 2. Subgrantees had weaknesses in member timekeeping procedures and, in some instances, timesheets did not support member eligibility for some education awards.

We tested timesheets for 49 members (40 at SDCOL and 9 at LAGNO). As described below, timesheet hours were not always accurately recorded in WBRS or the Portal, and we identified weaknesses in how timesheets were prepared.

- Timesheets for 31 SDCOL members tested did not agree with hours recorded in WBRS or the Portal.
- Estimated and handwritten hours were added to timesheets for 15 SDCOL members (10 from PY 2006-2007, 4 from PY 2007-2008, and one from PY 2008-2009).
- Timesheets for 11 SDCOL members (3 from PY 2006-2007, 4 from PY 2007-2008, and 4 from PY 2008-2009) were missing signatures.
- Timesheets for 31 SDCOL members (10 from PY 2006-2007, 8 from PY 2007-2008, and 13 from PY 2008-2009) contained hours performed while members were at home. On most timesheets, home hours were not separated from service-site hours, and we could not determine home and service-site hours. Home and service-site hours were separated on timesheets for one PY 2006-2007 member and one PY 2008-2009 member. Hours served at home is an activity inconsistent with the grant application, which describes member activities as serving at education centers and providing on-site tutoring and instruction to individuals, small groups, and in classrooms.
- Timesheets for seven SDCOL members (one from PY 2007-2008 and six from PY 2008-2009) in the expanded sample had service hours for unallowable activities and events. These included a volunteer happy hour, field trips to beaches and amusement parks, overnight hours, watching and attending sporting events, 23- and 24-hour service days, and attending a "good-bye" lunch. These activities were also inconsistent with the member activities described in the grant application.
- Files for two PY 2008-2009 SDCOL members contained multiple timesheets for the same period with differing service hours.
- Timesheets for five PY 2007-2008 and four PY 2008-2009 LAGNO members tested did not agree with hours recorded in WBRS or the Portal.

- Timesheets for three LAGNO members (two from PY 2007-2008 and one from PY 2008-2009) were missing signatures.
- One PY 2008-2009 LAGNO member had two timesheets for the same period, but with service hours on different days, different time-in and time-out hours, different daily hours, different total hours, and different member and supervisor signatures and dates.

Criteria

2007 AmeriCorps Grant Provisions, Section IV, AmeriCorps Special Provisions, Subsection C.2, 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 entered in the Portal (and formerly in WBRs) to track member status, which forms the basis for calculating education awards.

AmeriCorps requirements address policy but do not address specific timesheet procedures. It is, however, good business practice to check the accuracy of hours recorded on timesheets. 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 education awards for those members who did not meet the minimum requirements to earn education awards as the result of timesheet discrepancies or did not meet minimum requirements after we deducted unallowable hours. The prorated portion of the partial education award for one PY 2007-2008 member is included in the education awards questioned for citizenship in Schedule A, Note 4.

Program	PY	Members Tested	Members with Questioned Ed Awards	Questioned Amounts
SDCOL	2006-2007	13	10	\$43,525
SDCOL	2007-2008	10	9	26,158
SDCOL	2008-2009	<u>17</u>	<u>12</u>	<u>42,528</u>
		<u>40</u>	<u>31</u>	<u>\$112,211</u>
LAGNO	2007-2008	5	1	\$0
LAGNO	2008-2009	<u>4</u>	<u>1</u>	<u>2,363</u>
		<u>9</u>	<u>2</u>	<u>\$2,363</u>

We noted weaknesses in timekeeping procedures. A summary of timesheet discrepancies by program follows:

Discrepancy	Number of Members	
	SDCOL	LAGNO
Timesheets altered with whiteout	2	3
Timesheets signed in advance	4	1
Corrections not initialed	5	6
Timesheet not original	5	8
Signature not dated	9	4
Missing timesheets	13	0
Alterations made in pencil	0	1
Multiple timesheets signed on the same day	3	1
Total	<u>41</u>	<u>24</u>

AmeriCorps requirements address policy but do not address specific timesheet procedures, which is the responsibility of the grantee or subgrantee. It is, however, good business practice to maintain original documents, initial changes, make corrections without pencil or whiteout, sign and date documents. As a result, accountability is maintained, and timesheets are consistent with member and management intentions. GPLC stated that it was implementing an electronic timekeeping system for members in PY 2009-2010. As a result, many of the weaknesses cited above should be resolved.

Recommendations: We recommend that the Corporation:

- 2a. Disallow and, if already used, recover education awards and accrued interest awards made to members who did not serve the minimum required service hours;
- 2b. Require GPLC to strengthen its training and monitoring procedures to ensure that subgrantees maintain proper member timesheets; and
- 2c. Verify that training and monitoring of GPLC's electronic timesheet system have been implemented.

GPLC's Response: GPLC acknowledged that the timekeeping systems used during PYs 2006-2007, 2007-2008, and 2008-2009 had weaknesses, and concurred that SDCOL did not have position descriptions in member files.

GPLC implemented an online timekeeping system in PY 2009-2010 and stated that this system prevents mistakes, such as lack of signatures or dates, math errors, missing timesheets, multiple timesheets for a period, changes not initialed, and other errors. GPLC provided all subgrantees with system training, and the national coordinator regularly monitors member logs. GPLC collected the missing position descriptions and will provide them to the Corporation.

GPLC did not agree with service hours questioned for unallowable activities. It stated that the one-sentence description of member activities was taken from SDCOL's subgrantee application, and the auditors disallowed any hours that did not fit into this one-sentence description. It further stated that the SDCOL subgrantee application, as well as GPLC's

application to the Corporation, included a more expansive description of member activities than was described by the auditors.

GPLC did not agree with questioned education and accrued interest awards for six members. It stated that it remitted payment to the Corporation on February 26, 2010, for all of the members with questioned education and accrued interest awards. Therefore, it does not believe these costs should be questioned in the final report.

GPLC will work with the Corporation during the resolution process to resolve this finding.

Accountants' Comments: GPLC's actions concerning the electronic timekeeping system, position descriptions, and remittance of questioned education awards are responsive to the recommendations.

We reviewed SDCOL's subgrantee application and GPLC's application to the Corporation. While the GPLC and SDCOL applications mentioned that the members would be performing outreach, the applications specifically stated that SDCOL members would be performing outreach at book fairs and volunteer fairs, not at any of the unallowable activities described earlier in this finding.

Finding 3. Subgrantees did not maintain documentation to demonstrate that criminal history checks were conducted for all members and were in compliance with AmeriCorps Provisions.

SDCOL did not document in writing that it conducted required criminal history checks and considered their results in selecting its members. LAGNO did not conduct a criminal history check for one PY 2008-2009 member.

SDCOL Criminal History Checks

SDCOL did not maintain documentation to demonstrate that members had criminal history checks or that background checks for each member complied with AmeriCorps regulations. The files for all 7 members in the initial sample and all 24 members in the expanded sample did not have any criminal history documentation. This issue was identified by GPLC in its 2006 and 2009 monitoring reports for SDCOL.

SDCOL indicated that it is the responsibility of the individual service sites to obtain criminal background checks for their respective members. Background check documentation was maintained at the service sites. After we informed SDCOL that it was required to maintain documentation demonstrating compliance with the Corporation's criminal history check regulations, SDCOL and GPLC provided letters from the service sites for seven members certifying that they received background checks. The certification letters stated criminal history checks were conducted but did not provide evidence that background checks were conducted in accordance with AmeriCorps regulations.

LAGNO Criminal History Checks

LAGNO did not perform a criminal history check on one PY 2008-2009 member. The process was delayed in PY 2008-2009 because LAGNO's program coordinator was on leave at the beginning of the program year, and also did not understand which forms were

required by the State to complete the checks. By the time the history checks were submitted to the State, the member had left the program.

Criteria

45 CFR § 2540.202 requires programs to conduct state criminal history checks and National Sex Offender Public Registry (NSOPR) searches. Further, 45 CFR § 2540.205, requires grantees to:

- a) *Document in writing that you verified the identity of the individual in a covered position by examining the individual's government-issued photo identification card, and that you conducted the required checks for the covered position; and*
- b) *Maintain the results of the National Service Criminal History check (unless precluded by State law) and document in writing that you considered the results in selecting the individual.*

Not obtaining criminal background checks on members with substantial recurring contact with children and vulnerable populations before a member's start date could present a danger to the populations those members are serving. As of November 23, 2007, the effective date of the regulation, this became a member eligibility issue.

Criteria

45 CFR § 2540.203 requires state criminal registry checks to be conducted on individuals who enrolled or were hired by the program after November 23, 2007. The NSOPR check was required to be performed on an individual who was serving or applied to serve in a covered position on or after November 23, 2007.

Ten of 12 PY 2007-2008 SDCOL members were subject to the pre-November 23 regulations. We did not question education awards for these members, although the 2 remaining members and all 19 PY 2008-2009 SDCOL members were ineligible. As discussed in Schedule A, Note 2, we questioned education awards for these members. As discussed in Schedule B, Note 2, we questioned living allowances and benefits for the one LAGNO member.

Timeliness of Criminal History and NSOPR Checks

We identified the timeliness weaknesses described below:

- Background check letters from the SDCOL member service sites indicated that sites did not receive criminal history check results for the four members until after the members had started their service. The time lapse in conducting the checks for the four members ranged from 25 to 257 days.
- SDCOL did not perform NSOPR checks in a timely manner for 2 PY 2007-2008 members and 19 PY 2008-2009 members. Days lapsed in conducting the checks for the two PY 2007-2008 were 490 and 532 days. Days lapsed in conducting the checks for the 19 PY 2008-2009 members ranged from 207 to 385. The checks for 21 members were not conducted until after GPLC's June 2009 monitoring visit.

- LAGNO did not receive the criminal history results for four PY 2007-08 members and three PY 2008-2009 sampled members until after members started service. The days lapsed in conducting the checks ranged from 31 to 177. LAGNO stated that while the criminal history checks were not received in a timely manner, service sites did not allow the members to be unsupervised.
- LAGNO did not conduct NSOPR checks timely for two sampled PY 2007-2008 members and four sampled PY 2008-2009 members.

Criteria

45 CFR § 2540.202 requires programs to conduct state criminal history checks and NSOPR searches. A subsequent paragraph, 45 CFR § 2540.204(c), suggests that the checks should be completed prior to member enrollment. Specifically, it states, “Document the individual’s understanding that selection into the program is contingent upon the organization’s review of the individual’s criminal history, if any;”

Further, 45 CFR § 2540.205 requires grantees to document in writing that results were considered when selecting members for the program.

Recommendations: We recommend that the Corporation:

- 3a. Disallow and, if already used, recover education awards and accrued interest awards made to members with questioned education awards;
- 3b. Provide guidance to GPLC to ensure that its subgrantee programs conduct, maintain, and retain documentation to support member background checks conducted in compliance with AmeriCorps provisions; and
- 3c. Verify that GPLC has implemented effective background check procedures.

GPLC’s Response: GPLC provided responses on SDCOL criminal history checks, LAGNO criminal history checks, and the timeliness of NSOPR checks. Its responses are summarized below.

SDCOL Criminal History Checks. GPLC concurred that SDCOL was not able to produce results of criminal background checks. GPLC collected documentation from the service sites that checks had been performed, which the auditors did not accept. GPLC stated that checks were conducted on members, and that the members were not threats to the program. GPLC will work with the Corporation during audit resolution to verify this response.

LAGNO Criminal History Checks. GPLC stated that the missing background check at LAGNO was an isolated issue that resulted from the program coordinator’s maternity leave and the member leaving service early. The LAGNO director has subsequently been trained on the background check procedure to ensure that a backup is available to complete this requirement.

Timeliness of Criminal History and NSOPR Checks. GPLC stated that the Corporation has provided clear guidance that results of criminal history checks can be received after a member begins service if the member is not unsupervised until receipt of the results. It provided the following as support:

*Frequently Asked Questions; Published by Corporation – 10/29/07 7.8 **Why doesn't the rule bar someone from serving until the criminal registry results are received?** ...Because state criminal registry check results can sometimes take weeks or more to complete, the rule does not prohibit an individual from serving while the check is pending. However, the individual may not have unsupervised access to children, persons age 60 and older, or individuals with disabilities while waiting for the results of the state criminal registry check. Further, the individual (including grantee-funded staff) must also be physically accompanied at all times by either a participant or staff member who has been cleared for such access.*

During the GPLC monitoring of SDCOL, the national coordinator found no documentation of NSOPR checks in member files for PY 2008-2009. The SDCOL program coordinator certified that she ran the checks, but the documentation was misfiled or lost. Therefore, the national coordinator re-ran the checks to ensure that documentation supported compliance with regulations. GPLC stated that it created a stronger, more detailed background check policy in October 2009 that was approved by the Corporation.

Accountants' Comments: Our responses on SDCOL criminal history checks, LAGNO criminal history checks, and timeliness of NSOPR checks are summarized below.

SDCOL Criminal History Checks. Documentation collected by GPLC as evidence that SDCOL performed background checks consisted of letters from member service sites certifying that members received background checks. The letters did not provide evidence that background checks were conducted, in accordance with AmeriCorps regulations. We continue to recommend that the Corporation disallow and, if already used, recover education awards and accrued interest awards made to members with questioned education awards.

LAGNO Criminal History Checks. GPLC's actions are responsive to the recommendations.

Timeliness of Criminal History and NSOPR Checks. It appears that GPLC complied with guidance provided by the Corporation. As stated above, such guidance, which would allow a person to serve prior to determining their suitability to do so, is contrary to the Federal regulation. The Corporation should ensure that its guidance to grantees is compliant and consistent with Federal regulations. In addition, the Corporation should verify that GPLC has provided training to its subgrantees, and implemented procedures consistent with the Federal regulation, to prevent a recurrence of this issue.

Finding 4. Subgrantees did not comply with AmeriCorps citizenship eligibility requirements.

We tested 16 members at SDCOL and LAGNO. Files for the four PY 2007-2008 members at SDCOL contained unacceptable documentation to support citizenship, such as Employment Eligibility Verification (I-9) forms documenting review of member Social

Security cards and driver’s licenses. At the request of the OIG, we expanded testing to the remaining 24 members from PY 2007-2008 and PY 2008-2009. Eight of the 24 members in the expanded sample also did not have proper citizenship documentation. Files for two members had no citizenship documentation, and files for six members had driver’s licenses and Social Security cards, which are not acceptable to verify citizenship.

Criteria

According to 45 CFR § 2522.200, every AmeriCorps participant is required to be a citizen, national, or lawful permanent resident alien of the United States. In addition, *2007 AmeriCorps Grant Provisions*, Section IV, AmeriCorps Special Provisions, Subsection C.1, Member Enrollment Procedures, states that an individual is enrolled as an AmeriCorps member when the program has verified a member’s eligibility to serve.

SDCOL indicated it was unaware that I-9 forms documenting review of Social Security cards and driver’s licenses were inadequate support for citizenship. GPLC noted missing citizenship documentation during its 2008 and 2009 monitoring visits. In addition, Section III of the member agreement used by SDCOL identifies documents needed to verify citizenship. After we discussed the issue with the SDCOL and GPLC representatives, SDCOL provided citizenship documentation for seven PY 2007-2008 members and one PY 2008-2009 member.

Not verifying citizenship before a member’s start date could result in enrolling ineligible members who are not citizens, nationals, or lawful permanent residents. As discussed in Schedule A, Note 4, we questioned education awards for the four members without proper citizenship documentation.

In addition, citizenship verification forms were dated after the start of service for one PY 2008-2009 SDCOL member and six LAGNO members (two from PY 2007-2008 and four from PY 2008-2009). Documentation indicated that the delays in verifying citizenship ranged from 3 to 342 days.

PY	Member No.	Start Date on Timesheet	Citizenship Verification Date	Number of Days to Verify Citizenship
2007-2008	44	10/19/07	10/22/07	3
2007-2008	45	09/17/07	08/18/08	336
2008-2009	7	01/22/09	08/04/09	194
2008-2009	46	09/20/08	10/08/08	18
2008-2009	47	09/22/08	07/14/09	295
2008-2009	48	09/22/08	08/30/09	342
2008-2009	49	09/22/08	07/14/09	295

Criteria

2007 AmeriCorps Grant Provisions, Section IV, AmeriCorps Special Provisions, Subsection C.1.a.ii, states that an individual is enrolled as an AmeriCorps member when “[t]he program has verified the individual’s eligibility to serve.”

GPLC proposed a corrective action in its August 2009 monitoring report for its June 2009 visit to SDCOL. GPLC informed SDCOL that it was not to enroll members until it submitted citizenship verification forms to GPLC and received GPLC's approval to enroll.

Recommendations: We recommend that the Corporation:

- 4a. Disallow and, if already used, recover education awards and accrued interest awards made to members who did not have the proper citizenship documentation;
- 4b. Require GPLC to strengthen its subgrantee training and monitoring to ensure that subgrantees comply with AmeriCorps eligibility requirements; and
- 4c. Verify implementation of GPLC's corrective action plan for determining the eligibility of its members at SDCOL.

GPLC's Response: GPLC agreed that citizenship documentation was missing from member files, but certified that the members in question were eligible to serve. GPLC was able to provide missing citizenship documentation for all but four questioned members before the exit conference, subsequently collected two more documents, and will provide them and the last two missing documents to the Corporation during resolution.

GPLC provides subgrantees with an enrollment checklist indicating that citizenship verification and completion of the I-9 forms is an eligibility requirement. It will continue to provide training in this area and will monitor subgrantee compliance. Starting in PY 2009-2010, GPLC implemented a policy that requires subgrantees to submit citizenship verification to GPLC before enrolling members.

Accountants' Comments: GPLC's actions are responsive to the recommendations.

Finding 5. Subgrantees could not demonstrate that some members received performance evaluations, and all end-of-term evaluations did not meet AmeriCorps requirements.

SDCOL and LAGNO could not demonstrate that some members received end-of-term performance evaluations.

SDCOL did not conduct mid-term or end-of-year evaluations for all members. SDCOL stated that it was unaware that it had to perform evaluations even though conducting the evaluations was identified as an issue in GPLC's 2006, 2008, and 2009 subgrantee monitoring reports. In addition, the requirement for evaluations is discussed in Section IV, C, of the member agreement used by SDCOL.

LAGNO did not conduct end-of-term evaluations for two of five sampled members in PY 2007-2008, and for three of four sampled members in PY 2008-2009.

In addition, none of the evaluations tested at LAGNO indicated if the members had completed the required number of service hours to be eligible for education awards. LAGNO stated that the process in the Literacy AmeriCorps program was for the service-site supervisors to conduct end-of-year evaluations for terms completed at the service site and provide members with performance feedback. The program coordinator is responsible for verifying that the member completed the required number of hours and for making the final

decision that the member successfully completed their term of service. The program coordinator's final determination of successful completion is documented on the exit form, which is signed by both the program coordinator and the member.

Criteria

2007 AmeriCorps Grant Provisions, Section IV, AmeriCorps Special Provisions, Subsection D.6, 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.

Evaluations are necessary to ensure that members are eligible for additional service terms, and that grant objectives have been met. We identified five returning members without end-of-year evaluations for their first term:

- Two PY 2007-2008 SDCOL members were returning members from PY 2006-2007 and two PY 2008-2009 SDCOL members were returning members from PY 2007-2008.
- One PY 2008-2009 LAGNO member was a returning member from PY 2007-2008.

Criteria

According to 45 CFR § 2522.220(c), a participant is not eligible for a second or additional term of service and/or for an AmeriCorps education award without satisfactory performance evaluations. As discussed in Schedule A, Note 3, we questioned education awards for these members.

We identified other issues with mid- and end-of-term evaluations. The evaluation for one PY 2007-2008 member did not have a supervisor signature and another for one PY 2008-2009 member was not signed by the member.

Recommendations: We recommend that the Corporation:

- 5a. Disallow and, if already used, recover education awards and accrued interest awards made to members who were not eligible to receive an award; and
- 5b. Train GPLC on requirements for member evaluations and ensure that it strengthens its training and monitoring procedures for conducting and documenting member evaluations.

GPLC's Response: GPLC did not concur with the questioned costs and education awards. GPLC agreed that a final evaluation is necessary, but stated that the exit form and all other supporting documentation retained in a member file also serve as notification that the member successfully completed the first term of service. Additionally, GPLC stated that the

program coordinator evaluates whether a member completed the service hour requirement when the member is exited from the program in the Portal.

Accountants' Comments: GPLC did not respond to the recommendations. We continue to make the recommendations stated above.

Finding 6. Subgrantees did not complete all member enrollment and exit forms and enter them into the Corporation's reporting systems in accordance with AmeriCorps requirements.

We reviewed member contracts, enrollment forms, change of status forms, and exit forms for 16 sampled members. The two subgrantees tested did not enter some member enrollment and exit forms into WBRs or the Portal within 30 days after members started or ended their service terms. The number of late instances for each situation is noted below:

Type of Form	PY 2007-2008	PY 2008-2009	Days to Approve
SDCOL			
Enrollment Form (Approved in WBRs/Portal)	3	0	32-127
Exit Form (Approved in WBRs/Portal)	3	2	32-112
LAGNO			
Enrollment Form (Approved in WBRs/Portal)	3	1	39-155
Exit Form (Approved in WBRs/Portal)	5	2	46-262

Criteria

2007 AmeriCorps Grant Provisions, Section IV, AmeriCorps Special Provisions, Subsection E.2, Notice to the Corporation's National Service Trust, states that the grantee must notify the Corporation's National Service Trust within 30 days upon entering into a commitment with an individual to serve; upon a member's enrollment; and completion of lengthy or indefinite suspension from, or release from, a term of service.

In addition, we noted other compliance issues with the member forms:

- The file for one PY 2007-2008 LAGNO member did not have an exit form.
- The file for one PY 2008-2009 LAGNO member did not have an exit form, and the member's exit date was unknown; however, documentation was provided to show that the member had exited the program and received an education award.
- The file for one PY 2007-2008 SDCOL member did not contain the hard copy of the exit form. A copy of the WBRs exit form was placed in the file, but it was unsigned by the member.
- The exit form for one PY 2008-2009 SDCOL member was signed by the supervisor but was not signed by the member. SDCOL stated that the member did not respond to requests to sign. The member was suspended on March 31, 2009, and the exit form was not completed until October 15, 2009. In addition, sections of the form relating to certifying hours and eligibility were incomplete.

Criteria

2007 AmeriCorps Grant Provisions, Section V, General Provisions, Subsection E, Retention of Records, requires grantees to retain all program records for three years from the date of submission of the final FSR. AmeriCorps requirements do not specifically address procedures for preparing forms. It is, however, good business practice to maintain original forms, complete all sections, and to obtain all necessary signatures.

Without timely completion and submission of enrollment and exit forms, the Corporation cannot maintain accurate member records. This may also impact the member's eligibility to receive an education award.

Recommendations: We recommend that the Corporation:

- 6a. Require GPLC to strengthen its subgrantee training and program monitoring procedures to ensure proper completion of member enrollment, change of status, and exit forms; and
- 6b. Verify that member forms at GPLC sites are properly completed and submitted in accordance with grant requirements.

GPLC's Response: GPLC concurred with this finding, and stated that it provides all subgrantees with an enrollment and exit checklist that indicates which forms are required. When members leave unexpectedly or on bad terms, it is sometimes difficult to collect a signed exit form from the individual. GPLC has written, clear guidelines on necessary steps and documentation for instances such as this. It continues to provide training and technical assistance to subgrantees to ensure that forms are submitted on time.

Accountants' Comments: GPLC's actions are responsive to the recommendations.

Finding 7. GPLC and its subgrantees did not follow certain AmeriCorps requirements.

GPLC, SDCOL, and LAGNO did not comply with AmeriCorps requirements relating to living allowances, pre-service orientation training, position descriptions, member agreements, fundraising, member unemployment insurance, and compelling personal circumstances.

Living Allowances

GPLC did not ensure that SDCOL and LAGNO complied with provisions regarding the payment of member living allowances.

- SDCOL provided catch-up living allowance payments totaling \$3,886 to two PY 2007-2008 members and four PY 2008-2009 members.
- LAGNO claimed living allowances and benefits totaling \$550 paid to one member during the period between two program years when the member was not actually enrolled. The member completed PY 2006-2007 service on December 31, 2007, and started PY 2007-2008 service on January 24, 2008. The member received a living allowance payment on January 18, 2008, for the period January 5-18, 2008. In

addition, LAGNO calculated this member's living allowance payment using the PY 2007-2008 \$505 rate instead of the PY 2006-2007 \$419 rate.

Criteria

2007 AmeriCorps Grant Provisions, Section IV, AmeriCorps Special Provisions, Subsection I.1, 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. It also states that the program is not permitted to provide "lump sum" payments of remaining living allowances upon a member's early completion of a term of service or provide "make-up" missed payments.

Pre-Service Orientation Training

SDCOL did not provide documentation to demonstrate that members in either program year tested received AmeriCorps pre-service orientation before starting their terms of service. It did not retain sign-in sheets from orientation sessions, and was unaware of the need for any documentation. In addition, LAGNO did not provide documentation that one PY 2007-2008 member attended AmeriCorps pre-service orientation before starting service. LAGNO did not have an orientation sign-in sheet, but the member's timesheet indicated the member was at the service site during the days orientation was conducted.

Criteria

2007 AmeriCorps Grant Provisions, Section IV, AmeriCorps Special Provisions, Subsection D, Training, Supervision, and Support, Subsection 3, states that grantees must conduct orientation for members and comply with any pre-service orientation or training required by the Corporation. In addition, grantees are required to provide members with training, skills, knowledge, and supervision necessary to perform tasks required in their assigned project positions, including specific training in a particular field and background information on the community served.

Position Descriptions

SDCOL's member agreement did not include a position description describing member duties and responsibilities in the AmeriCorps program. In addition, SDCOL's member files did not contain position descriptions for all four PY 2007-2008 and all three PY2008-2009 members sampled. The only document that SDCOL could provide was a position description template provided to service sites. Not developing complete and accurate member position descriptions could result in members participating in unallowable activities.

Criteria

2007 AmeriCorps Grant Provisions, Section IV, AmeriCorps Special Provisions, Subsection 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 member skill levels. In planning for the 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.

Member Agreements

Two SDCOL and five LAGNO sampled members started service before signing member agreements. The number of days between start of service and signing of the agreements ranged from 5 to 193 days.

PY	Program	Members	Days to Sign Member Agreement
PY 2007-2008	SDCOL	1	9
PY 2008-2009	SDCOL	1	5
PY 2007-2008	LAGNO	4	7-193
PY 2008-2009	LAGNO	1	14

Criteria

2007 AmeriCorps Grant Provisions, Section IV, AmeriCorps Special Provisions, Subsection C.1, Member Enrollment Procedures, Subsection b, 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.

In addition, three PY 2007-2008 LAGNO members started their service before the start dates entered in WBRs. One member started service 2 days before the WBRs start date, and 2 members started 17 days before the WBRs start dates.

Fundraising

GPLC did not have a procedure to ensure that no more than 10 percent of member service hours in each program year were spent on fundraising. GPLC indicated it did not have a procedure to monitor this limit because its members did not perform fundraising. We identified five SDCOL members with fundraising hours, however, and determined that both SDCOL and LAGNO did not have procedures to track fundraising hours.

SDCOL members performed fundraising activities, although it did not have procedures to track fundraising hours. Fundraising hours were included in timesheets for one member in the original sample and four members in the expanded sample. Members who performed fundraising activities recorded these service hours as direct service.

SDCOL's timesheet had two columns, one for direct service and one for training. In the instances above, service hours spent on fundraising activities were recorded as direct service. In addition, timesheet descriptions did not clearly identify whether fundraising activities were to support program service activities or were unallowable fundraising activities.

We did not identify fundraising hours on timesheets for sampled LAGNO members. LAGNO did not, however, have procedures to track fundraising hours. Its timesheets had two columns, one for direct service and one for training. Also, its timesheet procedures did not mention fundraising.

If these hours are not tracked, program officials will be unaware that members may have exceeded the 10 percent maximum limitation as specified by 45 CFR § 2520.45, *How much time may an AmeriCorps member spend fundraising?*, which states an AmeriCorps member

may spend no more than 10 percent of his or her originally agreed-upon term of service, as reflected in the member enrollment in the National Service Trust, performing fundraising activities.

Member Unemployment Insurance

As discussed in Schedule B, Note 6, LAGNO claimed \$29 of unallowable State unemployment insurance (SUTA) for members in August 2009, identified as Federal personnel fringe benefits. In addition, LAGNO claimed \$1,182 of SUTA for members as match Personnel Fringe Benefits in October 2008 through August 2009. LAGNO did not provide evidence that it was required to pay SUTA for its members, and was unaware of AmeriCorps requirements for member unemployment insurance.

Criteria

2007 AmeriCorps Grant Provisions, Section IV, AmeriCorps Special Provisions, Subsection I.3.d:

The U.S. Department of Labor ruled on April 20, 1995, that Federal unemployment compensation law does not require coverage for members because no employer-employee relationship exists. The grantee may not charge the cost of unemployment insurance taxes to the grant unless mandated by State law. Programs are responsible for determining the requirements of State law by consulting their State Commission, legal counsel or the applicable State agency. AmeriCorps National and AmeriCorps Tribes and Territories grantees must coordinate with their State Commissions to determine a consistent treatment of unemployment insurance requirements.

Compelling Personal Circumstances

As discussed in Schedule B, Note 11, LAGNO did not have sufficient documentation to demonstrate compelling personal circumstances for one PY 2007-2008 member who exited the program early. LAGNO provided correspondence from the program coordinator discussing the circumstances that led to the member's exit, but did not have documentation from the member demonstrating the compelling circumstances as required.

Criteria

According to 45 CFR § 2522.230, an AmeriCorps program may release a participant from completing a term of service for compelling personal circumstances as demonstrated by the participant, or for cause. Further, the participant has the primary responsibility for demonstrating that compelling personal circumstances prevent the participant from completing the term of service.

Recommendations: We recommend that the Corporation:

- 7a. Disallow and, if already used, recover education awards made to members who did not meet the AmeriCorps requirements for compelling personal circumstances;
- 7b. Require GPLC to strengthen its subgrantee training and monitoring to ensure that subgrantees comply with AmeriCorps requirements for living allowance, pre-service

orientation training, position descriptions, member agreements, fundraising, member unemployment insurance, and compelling personal circumstances; and

7c. Verify implementation of GPLC's strengthened training and monitoring.

GPLC's Response: GPLC's responses are summarized below:

- **Living Allowance.** GPLC concurred with this finding. GPLC reemphasized this policy to subgrantees and will continue to provide training and technical assistance to subgrantees and monitor subgrantees to ensure compliance. In PY 2009-2010, GPLC updated its reimbursement request form to include the number of members active on the first day and last days of the month. This allows GPLC to better monitor if total living allowances claimed by the subgrantee match the number of active members.
- **Pre-Service Orientation.** While GPLC stated that members do receive pre-service orientation, it concurred that orientation documentation at SDCOL was missing.
- **Position Descriptions.** GPLC concurred that member files at SDCOL were missing position descriptions, but stated that such descriptions existed prior to the start of member service. GPLC has collected the position descriptions and will provide them to the Corporation during the resolution process.
- **Member Agreements.** GPLC agreed that signing a member agreement is an important and required component of being a member, and members sign agreements during pre-service orientation held during the first week of the program year. GPLC stated that the instances cited in the report were isolated and not examples of a systemic problem. GPLC stated that it provides subgrantees with an enrollment checklist indicating that signing a member agreement is a requirement of enrollment, and will reemphasize the importance of signing agreements at the start of a member's term.
- **Fundraising.** GPLC concurred that the timekeeping system used during the period under review lacked a separate column for fundraising hours, but stated that it intends for members to spend the majority of their service hours interacting with adult students, and that no member spends more than 10 percent of his/her hours engaged in fundraising activities. The online timekeeping system implemented in PY 2009-2010 includes a separate charge for fundraising.
- **Member Unemployment Insurance.** GPLC concurred with this finding. GPLC ensured that LAGNO corrected this mistake, and will provide training and technical assistance to all subgrantees to ensure further compliance with this regulation.
- **Compelling Personal Circumstances.** GPLC disagreed with this finding and the questioned costs and education awards. The regulation does not define "demonstrated by member" as a written document from the member. In this case, the member demonstrated his compelling personal circumstance for medical reasons to his program coordinator, who verified the member's condition. After verifying the condition, the program coordinator made a written request to the national coordinator, who granted the release. GPLC believes the regulation was followed and the release was justified.

Accountants' Comments: GPLC did not comment on the pre-service orientation issues found at LAGNO, or the recommendation to strengthen its subgrantee training and monitoring to ensure that subgrantees comply with pre-service orientation requirements.

We continue to make the recommendation regarding the member with compelling personal circumstances. In cases involving member illness, we contend that a doctor's statement lends greater credibility to the program's decision that a member is unable to serve and should be exited from the program early with a pro-rated education award.

GPLC's actions for the remaining items are responsive to the recommendations.

Finding 8. One subgrantee's financial management system did not adequately account for and report Federal and match grant costs in accordance with Federal requirements.

SDCOL did not adequately account for and report Federal and match costs. It used the services of an external bookkeeper during eight months of PY 2007-2008. During this time, reimbursement requests were prepared using a spreadsheet, payroll reports, and reports from the accounting system showing transaction-level detail for other program costs. This method resulted in calculation errors, claiming of costs not recorded in the accounting system, and differences between amounts reported on reimbursement requests and amounts shown on supporting documents. Examples of errors and differences we identified follow:

- Living allowance expenses were recorded in the accounting system for 4 months as the net costs paid to the members, but gross costs were claimed.
- During November 2007 through May 2008, workers compensation costs were claimed as a percentage of member living allowance costs; however, these costs were not recorded in the accounting detail reports. As a result, \$1,219 of Federal and \$605 of match costs were unsupported.
- Contractual & Consulting Services costs were claimed as fixed amounts on the spreadsheets supporting the reimbursement requests; however, the costs were not recorded in the accounting detail reports. Specifically,
 - In October 2007, SDCOL claimed \$1,381 of accounting services as match costs. Invoices only supported \$764 of the match costs claimed.
 - In February 2008, SDCOL claimed \$152 of payroll processing fees as match costs. This amount represents 50 percent of payroll processing fees of \$304 recorded on the spreadsheet supporting amounts claimed on the February reimbursement request. SDCOL provided invoices supporting \$120 of payroll processing fees. After multiplying these costs by the percentage used in its calculation, only \$60 was supported, resulting in a \$92 difference.
 - In October 2007, SDCOL claimed \$30 of other program and operating costs on its Periodic Expense Report (PER). These costs were not supported by accounting records.

- SDCOL claimed personnel costs using a different percentage than was supported by timesheets. Specifically, for the January 31, 2008 pay period, timesheets for the director of special projects supported a different percentage than the percentage identified in the accounting detail report. SDCOL allocated 48 percent of the director's salary, but timesheets supported 45.8 percent. This difference resulted in an overclaim of \$38.
- We identified differences between amounts reported on reimbursement requests and amounts supported by accounting detail reports in several instances. For example, in August 2008, SDCOL claimed total costs of \$11,425 on its PER, while the accounting detail report supported \$11,508, a difference of \$83. When comparing the PER with the accounting detail report, however, we noted that while there was only a difference of \$83 between the two, SDCOL underclaimed Sections I and III costs by \$1,296 and overclaimed Section II costs by \$1,213.

The differences identified above contributed to the PY 2007-2008 differences shown below:

Description	PY 2007-2008		
	Claimed	Supported	Unsupported
Worker's Compensation, Federal	\$1,895	\$676	\$1,219
Section I: Program Operating Costs, Match	\$31,055	\$26,356	\$4,699
Section II: Member Costs-Match	\$23,419	\$20,925	\$2,494

In PY 2008-2009, amounts claimed on SDCOL's Literacy Alliance Expense Form (LEAF) reconciled to accounting detail reports provided, except for differences show below:

Description	PY 2008-2009		
	Claimed	Supported	Unsupported
Section I: Travel Costs-Match	\$10,394	\$9,204	\$1,190
Section II: Member Costs-Match	\$16,052	\$16,544	\$ (492)

Criteria

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.

As discussed in Schedule A, unsupported Federal workers' compensation costs totaling \$354 are questioned in Note 7 and \$865 are questioned in Notes 2-5. In addition, as discussed in Compliance Finding 1, we did not question overstated match costs, because GPLC had overages in match requirements on this grant that offset match exceptions identified.

Recommendations: We recommend that the Corporation:

- 8a. Ensure that GPLC trains its subgrantees to maintain complete and accurate accounting records.

8b. Require GPLC to adjust its final FFR for the unallowable and unsupported costs claimed.

GPLC's Response: GPLC concurred with this finding.

Accountants' Comments: GPLC concurred with the finding but did not respond to all recommendations. We continue to recommend that GPLC adjust its final FFR for the unsupported and unallowable costs.

Finding 9. One subgrantee did not adequately account for and report match grant costs in accordance with Federal requirements.

LAGNO did not adequately account for and report match costs, as discussed below.

Unsupported Match Costs

LAGNO required its AmeriCorps service sites to report match expenditures each quarter. Service sites documented their match expenditures using the In-Kind Match Report form. We used these reports to select and test a sample of costs.

We sampled \$7,145 of PY 2008-2009 match costs provided by the New Orleans Public Library (NOPL)/African American Resource Center (AARC), and \$35,570 provided by YMCA Educational Services. LAGNO did not require its service sites to submit supporting documentation such as invoices, receipts and timesheets with its match reports. As a result, LAGNO had to contact the service sites for the documentation. It did not, however, provide any documentation to support sampled costs. LAGNO stated that most of the supporting documents were in a New Orleans city department, and the city department had not responded to LAGNO's request. LAGNO also indicated that it did not expect to receive the documents.

PYs 2007-2008 and 2008-2009 match costs provided by these organizations are summarized below:

Service Site	Total Match Provided	
	PY 2007-2008	PY 2008-2009
NOPL/AARC	\$18,381	\$ 23,422
Other NOPL Sites	10,651	35,552
YMCA Educational Services	<u>48,587</u>	<u>50,353</u>
Total	<u>\$77,619</u>	<u>\$109,327</u>

In addition, we noted from reviewing LAGNO's In-Kind Match Reports that it claimed estimated costs. The following table shows examples of how two service sites used estimates to develop match costs:

PY and Service Site	Expenditure	Description	Amount Reported
PY 2008-2009			
NOPL/AARC	Office space	\$80/week x 12	\$960
NOPL/AARC	Printing and copying	In-house copying and printing	\$50
NOPL/AARC	Telephone and internet	\$40 x 4 weeks for December 2008, January and February 2009	\$480
PY 2007-2008			
Delgado Community College	Supplies	\$7,000 budget ÷ 4 quarters = \$1,750	\$1,750
Delgado Community College	Printing and copying	\$2,000 budget ÷ 4 quarters = \$500	\$500

Criteria

According to 45 CFR §2541.240(a)(6), *Records:*

Costs and third party in-kind contributions counting towards satisfying a cost sharing or matching requirement must be verifiable from the records of grantees and subgrantee or cost-type contractors. These records must show how the value placed on third party in-kind contributions was derived.

As discussed in Compliance Finding 1, we did not question overstated match costs because GPLC had substantial overages in match requirements on this grant that offset match exceptions identified.

Reporting Match Costs

LAGNO had an inadequate system for reporting in-kind match contributions. It created a master report to summarize in-kind match costs reported by service sites. While totals on the master in-kind reports agreed to amounts reported to GPLC on PERs and Literacy LEAF reports, master reports did not agree with individual service site reports. Report errors occurred because LAGNO did not perform mathematical checks of individual site match reports or master in-kind reports.

As shown below, LAGNO underclaimed in-kind service site match costs by \$3,999 in PY 2007-2008, and by \$52,386 in PY 2008-2009.

PY	In-Kind Match Reports		
	Service Sites	Master	Difference
2007-2008	\$93,216	\$89,217	\$3,999
2008-2009	\$300,514	\$248,128	\$52,386

Criteria

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

Recommendations: We recommend that the Corporation:

- 9a. Instruct GPLC to review applicable regulations concerning match costs and develop policies and procedures to ensure that subgrantee claimed match costs are allowable, adequately documented, and allocable in accordance with applicable cost principles and regulations;
- 9b. Ensure that GPLC trains its subgrantees to maintain complete and accurate accounting records for match costs; and
- 9c. Require GPLC to adjust its final FFR for the unsupported match costs.

GPLC's Response: GPLC concurred with this finding.

Accountants' Comments: GPLC concurred with the finding but did not respond to all recommendations. We continue to recommend that GPLC adjust its final FFR for the unsupported match costs.

APPENDIX A

**GREATER PITTSBURGH LITERACY COUNCIL'S
RESPONSE TO THE DRAFT REPORT**



Open up a life.

Greater Pittsburgh Literacy Council

100 Sheridan Square, 4th Floor
Pittsburgh, PA 15206

(412) 661-7323
fax: 661-3040

July 8, 2010

Stuart Axenfeld
Assistant Inspector General for Audit
Corporation for National and Community Service
1201 New York Avenue, NW, Suite 830
Washington, DC 20525

Dear Mr. Axenfeld:

Enclosed please find comments from Greater Pittsburgh Literacy Council (GPLC) to the Office of Inspector General on the agreed-upon procedures for the grant awarded to GPLC by the Corporation for National and Community Service. It has been a pleasure working with you and your team during this process.

If you would like to request additional information, please feel free to contact Elizabeth Rivera, National Coordinator, at (412) 661-7323 or erivera@gplc.org

Sincerely,

A handwritten signature in black ink that reads "Donald Block". The signature is written in a cursive, flowing style.

Donald Block
Executive Director

Enclosure

cc: Ron Huritz, OIG Audit Manager; Michael Gillespie, Partner, Cotton & Company

Finding 1. Subgrantees claimed unallowable and unsupported costs.

Calculate and seek to recover the appropriate amount of disallowed costs based on our costs questioned;

Calculate and seek to recover administrative costs related to the disallowed costs; and

Instruct GPLC and its subgrantees to review applicable regulations and develop policies and procedures to ensure that claimed costs are allowable, adequately documented, and allocable in accordance with applicable cost principles and regulations.

GPLC's Response:

GPLC does not concur with all questioned costs. Our response to four findings in Exhibit A is included here. All other findings/questioned costs are addressed in our responses to Findings 2-9.

Exhibit A Schedule B Note 3: The federal share of the prime grantee budget did not exceed the maximum.

Exhibit A Schedule B Note 5: GPLC concurs with this finding. The misallocation of PY 08-09 costs to the PY 09-10 grant was a clerical mistake. LAGNO has added additional checks to their accounting system to prevent this type of clerical mistake from happening again.

Exhibit A Schedule B Questioned Administrative Costs:

Note 7: GPLC does not agree with all of the costs questioned by the auditors, therefore we do not agree with the amount of administrative costs deemed unallowable by the auditors.

Note 8: GPLC does not agree with the total amount of unallowable costs assigned by the auditors to LAGNO. Therefore, we contend that the total Allowable Section I and II used to determine the administrative cost is different from what the auditors used.

Finding 2. Subgrantees had weaknesses in member timekeeping procedures and, in some instances, timesheets did not support member eligibility for some education awards.

2a. Disallow and, if already used, recover education awards and accrued interest awards made to members who did not serve the minimum required service hours;

2b. Require GPLC to strengthen its training and monitoring procedures to ensure that subgrantees maintain proper member timesheets; and

2c. Verify implementation of training and monitoring of GPLC's electronic timesheet system.

GPLC's Response:

GPLC acknowledges that timekeeping systems during PY06-07, 07-08, and 08-09 had weaknesses. GPLC took over as parent organization shortly before the start of PY 06-07 and inherited the timekeeping system. During our time as parent we identified timekeeping weaknesses and worked to improve our timekeeping system every year. As a result, GPLC implemented an online timekeeping system in PY 09-10. This system is very strong and prevents mistakes such as lack of signatures or dates, math errors, missing timesheets, multiple timesheets for a period, changes not initialed, etc. GPLC has provided all subgrantees with training on the system (including manuals) and the national coordinator regularly monitors member logs.

GPLC does not agree that a portion of the hours should be deemed inappropriate and therefore unallowable by the auditors. The auditors used a one sentence description of member activities, taken from SDCOL's subgrantee application, and disallowed any hours that did not fit into this one sentence. The one sentence is not a full and accurate description of member activities. The SDCOL subgrantee application, as well as our grant application to the Corporation, included a more expansive description of member activities than what the auditors used as a test; for example, the application included a section outlining how members would be involved in volunteer and community outreach. While SDCOL did not have member position descriptions in the member files, which was a clerical mistake and did not follow the policies mandated by GPLC, GPLC staff was able to collect the missing position descriptions. These position descriptions were written by service sites as part of service site applications to SDCOL prior to members beginning service (and not created after the fact for the audit). GPLC will provide the position descriptions to the Corporation.

Six of the members whose education awards and interest accrual payments were questioned by the auditors were previously identified by GPLC as a result of our subgrantee monitoring. GPLC reported this deficiency to the Corporation on 10/21/09 for resolution, received a debt collection letter from the Corporation on 01/29/10 and remitted payment on 02/26/10. (Member numbers 1, 4, 21, 22, 24, and 25). These costs cannot be questioned as they have been repaid.

GPLC will work with the Corporation during the audit resolution process to resolve this finding.

Finding 3. Subgrantees did not maintain documentation to demonstrate that criminal history checks were conducted for all members and were in compliance with AmeriCorps Provisions.

3a. Disallow and, if already used, recover education awards and accrued interest awards made to members with questioned education awards;

3b. Provide guidance to GPLC to ensure that its subgrantee programs conduct, maintain, and retain documentation to support member background checks conducted in compliance with AmeriCorps provisions; and

3c. Verify that GPLC has implemented effective background check procedures.

GPLC's Response:

GPLC concurs that one of its subgrantees (SDCOL) was not able to produce the results of criminal background checks requested by the auditors. GPLC has collected documentation that checks were performed from member service sites, which the auditors did not accept. GPLC maintains that checks were conducted on members and that the members were not threats to the program. GPLC will work with the Corporation during audit resolution to verify this.

The missing background check at LAGNO was an isolated issue that resulted from the program coordinator's maternity leave and the member leaving service early in the term. The LAGNO director has subsequently been trained on the background check procedure to ensure that if one staff is out another at LAGNO is able to complete this requirement. All other members at LAGNO were properly checked.

The lack of background check documentation was an isolated issue at one subgrantee and not a systemic problem. The contract with that subgrantee has not been renewed. GPLC is confident that all other subgrantees follow the background check policy correctly, and we regularly monitor compliance.

Timeliness of checks:

Criminal history checks: the Corporation has provided clear guidance that results of criminal history checks can be received after a member begins service if the member is not unsupervised until receipt of the results.

Frequently Asked Questions; Published by Corporation - 10/29/07

7.8 Why doesn't the rule bar someone from serving until the criminal registry results are received?

The rule does bar selection until an individual has been checked against a sex offender registry. An individual listed on a sex offender registry is not eligible to serve in a covered position. Because state criminal registry checks results can sometimes take weeks or more to complete, the rule does not prohibit an individual from serving while that check is pending. However, the individual may not have unsupervised access to children, persons age 60 and older, or individuals with disabilities while waiting for the results of the state criminal registry check. Further, the individual (including grant-funded staff) must also be physically accompanied at all times by either a participant or staff member who has been cleared for such access.

NSOPR checks:

SDCOL – During GPLC monitoring of SDCOL the national coordinator found no documentation of NSOPR checks in member files for PY 08-09. The program coordinator certified that she had conducted the checks but the documentation was misfiled or lost. Therefore, the national coordinator re-ran the checks to ensure documentation existed of compliance with the

regulation that no individual with a positive hit on NSOPR is enrolled. No enrolled members had a positive hit.

GPLC created a stronger and more detailed background check policy in October 2009 that was approved by the Corporation.

Finding 4. Subgrantees did not comply with AmeriCorps citizenship eligibility requirements.

Disallow and, if already used, recover education awards and accrued interest awards made to members who did not have the proper citizenship documentation;

Require GPLC to strengthen its subgrantee training and monitoring to ensure that subgrantees comply with AmeriCorps eligibility requirements; and

Verify implementation of GPLC's corrective action plan for determining the eligibility of its members at SDCOL.

GPLC's Response:

GPLC agrees that citizenship documentation was missing from member files but certifies that the members in question were eligible to serve. GPLC was able to provide missing citizenship documentation for all but four questioned members before the exit conference, has collected two more documents and will provide them and the last two documents to the Corporation during resolution. The lack of citizenship documentation was an isolated issue at one subgrantee. The contract with that subgrantee has not been renewed. As well, GPLC implemented a policy, starting in PY 09-10, which requires subgrantees to submit citizenship verification to GPLC before enrolling members.

The auditors state "In addition, I-9 and citizenship verification forms were dated after the start of service . . . Documentation indicated that the delays in verifying citizenship ranged from 3 to 756 days." But, no distinction is made between I-9 signature date and citizenship verification date in the table that follows. An I-9 form does not verify citizenship, so the date on an I-9 form cannot be used to indicate when citizenship was verified.

GPLC provides subgrantees with an enrollment checklist indicating that citizenship verification and completion of I-9 forms is an eligibility requirement. GPLC will continue to provide training in this area and monitor subgrantee compliance.

Finding 5. Subgrantees could not demonstrate that some members received performance evaluations, and all end-of-term evaluations did not meet AmeriCorps requirements.

5a. Disallow and, if already used, recover education awards and accrued interest awards made to members who were not eligible to serve and receive an award; and

5b. Train GPLC on requirements for member evaluations and ensure that it strengthens its training and monitoring procedures for conducting and documenting member evaluations.

GPLC's Response:

GPLC does not concur with the questioned costs. While agreeing that a final evaluation is important, GPLC states that the exit form and all other supporting documentation retained in the member's file also serve as a notification that the member successfully completed their first term of service. As well, GPLC does have a mid-term and end term evaluation form used by all subgrantees. The auditors stated that this evaluation was not sufficient because it did not contain a question relating to if the member completed the hour requirement. GPLC contends that evaluation of this requirement of service is provided by the program coordinator when the member is exited from the program in the Portal.

Finding 6. Subgrantees did not complete all member enrollment and exit forms and enter them into the Corporation's reporting systems in accordance with AmeriCorps requirements.

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

6b. Verify that member forms at GPLC sites are properly completed and submitted in accordance with grant requirements.

GPLC's Response:

GPLC concurs with this finding. As indicated in the table on pg. 31, the number of late forms decreased significantly from PY 07-08 to PY 08-09 (from 14 to 5). GPLC provides all subgrantees with an enrollment and exit checklist which indicates which forms are required. When members leave service unexpectedly or on bad terms it is sometimes difficult to collect a signed exit form from the individual. GPLC has written clear guidance on the necessary steps and documentation for instances such as this.

GPLC continues to provide training and technical assistance to subgrantees to ensure that forms are submitted on time.

Finding 7. GPLC and its subgrantees did not follow certain AmeriCorps requirements.

Disallow and, if already used, recover education awards made to members who did not meet the AmeriCorps requirements for compelling personal circumstances.

Require GPLC to strengthen its subgrantee training and monitoring to ensure that subgrantees comply with AmeriCorps requirements for living allowance, pre-service orientation training, position descriptions, member agreements, fundraising, member unemployment insurance, and compelling personal circumstances; and

Verify implementation of GPLC's strengthened training and monitoring.

GPLC's Response:

Living Allowances

GPLC concurs with this finding. GPLC has reemphasized this policy to subgrantees and will continue to provide training and technical assistance to subgrantees and monitor subgrantees to ensure compliance. In PY 09-10 we updated the LEAF (Literacy*AmeriCorps Expense Form) to include two questions: subgrantees must include the number of members active on the first day of the month and how many members were active on the last day of the month. This allows GPLC to better monitor if total living allowances for the subgrantee match number of active members based on the correct living allowance amount.

Pre-service orientation

GPLC concurs that documentation of pre-service orientation at SDCOL was missing but contends that members did receive pre-service orientation. The lack of pre-service orientation documentation was an isolated issue at one subgrantee. The contract with that subgrantee has not been renewed.

Position descriptions

GPLC concurs that member files in SDCOL were missing position descriptions but contends that position descriptions did exist prior to the members beginning service; GPLC has collected these missing position descriptions and will provide them to the Corporation during the resolution process. The missing position descriptions were an isolated issue at one subgrantee. The contract with that subgrantee has not been renewed.

Member agreements

GPLC agrees that signing a member agreement is an important and required component of being a member; members in our program sign agreements during pre-service orientation in the first week of the program year. The Corporation requires members to be enrolled in the Portal within 30 days of their first day of service and members in our program sign a contract well before the 30 day enrollment requirement passes. The instances cited in this report were isolated instances, caused by a staff member being out on maternity leave, misplaced/misfiled agreements which were re-signed at a later date to replace the missing original, and staff errors, and not examples of a systemic problem. GPLC provides subgrantees with an enrollment checklist indicating that signing a member agreement is a requirement of member enrollment and will reemphasize the importance of doing this at the beginning of a member's term.

Fundraising

GPLC concurs that the timekeeping system during the period under review lacked a separate column for fundraising hours. But, GPLC contends that our program design and member activities is for members to spend the majority of their service hours interacting with adult students and that no member spent more than 10% of their hours engaged in fundraising activities. The online timekeeping system implemented in PY 09-10 includes a separate charge for fundraising.

Member unemployment insurance

GPLC concurs with this finding. GPLC has ensured that LAGNO corrected this mistake and will provide training and technical assistance to all subgrantees to ensure further compliance with this regulation.

Compelling personal circumstances

GPLC disagrees with this finding and the questioned cost. The regulation does not define 'demonstrated by member' as a written document from the member. In this case, the member demonstrated his compelling personal circumstance, which was a medical condition, to his program coordinator who verified his condition. After verifying his condition, the program coordinator made a written request to the national coordinator who granted the release. GPLC believes the regulation was followed and the release was justified.

Finding 8. One subgrantee's financial management system did not adequately account for and report Federal and match grant costs in accordance with Federal requirements.

8a. Ensure that GPLC trains its subgrantees to maintain complete and accurate accounting records.

8b. Require GPLC to adjust its final FFR for the unallowable costs.

GPLC's Response:

GPLC concurs with this finding. This was an isolated issue at one subgrantee; the contract with that subgrantee has not been renewed.

Finding 9. One subgrantee did not adequately account for and report match grant costs in accordance with Federal requirements.

9a. Instruct GPLC to review applicable regulations concerning match costs and develop policies and procedures to ensure that subgrantee claimed match costs are allowable, adequately documented, and allocable in accordance with applicable cost principles and regulations; and

9b. Ensure that GPLC trains its subgrantees to maintain complete and accurate accounting records for match costs.

9c. Requires GPLC to adjust its final FFR for the unsupported match costs.

GPLC's Response:

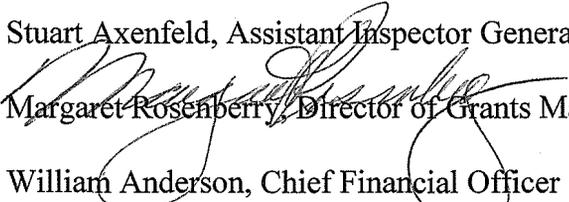
GPLC concurs with this finding. GPLC provided an In-Kind and Match Reporting training to all subgrantees at our Literacy*AmeriCorps National Conference in February 2010. GPLC will continue to provide training and technical assistance on this topic to subgrantees and will more regularly monitor compliance.

APPENDIX B

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

Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

To: Stuart Axenfeld, Assistant Inspector General for Audit

From: 
Margaret Rosenberry, Director of Grants Management

Cc: William Anderson, Chief Financial Officer
Rocco Gaudio, Deputy CFO, Grants and Field Financial Management
John Gomperts, Director of AmeriCorps
Frank Trinity, General Counsel
Bridgette Roy, CFO, Administrative Assistant

Date: July 8, 2010

Subj: Response to OIG Draft of Agreed-Upon Procedures of Corporation Grants
Awarded to the Greater Pittsburgh Literacy Council

Thank you for the opportunity to review the draft Agreed-Upon Procedures report of the Corporation's grants awarded to the Greater Pittsburgh Literacy Council. We will respond to all findings and recommendations in our management decision when the audit working papers are provided and the final audit is issued.

APPENDIX C

**SUMMARY OF QUESTIONED EDUCATION AND
ACCRUED INTEREST AWARDS**

**Summary of Questioned Education and Accrued Interest Awards
Greater Pittsburgh Literacy Council**

Member Number	Program Year	Subgrantee	Questioned Education Awards	Questioned Accrued Interest Awards	Description
1	2007-2008	SDCOL	\$1,250		Schedule A, Note 1, Unsupported Hours for Education Awards
1	2007-2008	SDCOL	Questioned Above		Schedule A, Note 2, Criminal History Checks
3	2007-2008	SDCOL	\$33		Schedule A, Note 1, Unsupported Hours for Education Awards
4	2007-2008	SDCOL	\$4,725		Schedule A, Note 1, Unsupported Hours for Education Awards
4	2007-2008	SDCOL	Questioned Above		Schedule A, Note 3, Returning Member Without Prior Year Final Evaluation
5	2008-2009	SDCOL	\$2,363	\$503	Schedule A, Note 2, Criminal History Checks
7	2008-2009	SDCOL	\$2,363		Schedule A, Note 1, Unsupported Hours for Education Awards
7	2008-2009	SDCOL	Questioned Above		Schedule A, Note 1, Handwritten and Adjusted Timesheet Hours
7	2008-2009	SDCOL	Questioned Above		Schedule A, Note 2, Criminal History Checks
8	2006-2007	SDCOL	\$4,725		Schedule A, Note 1, Unsupported Hours for Education Awards
8	2006-2007	SDCOL	Questioned Above		Schedule A, Note 1, Handwritten and Adjusted Timesheet Hours
9	2006-2007	SDCOL	\$4,725		Schedule A, Note 1, Handwritten and Adjusted Timesheet Hours
10	2006-2007	SDCOL	\$4,725	\$100	Schedule A, Note 1, Handwritten and Adjusted Timesheet Hours
11	2006-2007	SDCOL	\$4,725		Schedule A, Note 1, Unsigned Timesheets
11	2006-2007	SDCOL	Questioned Above		Schedule A, Note 1, Handwritten and Adjusted Timesheet Hours
12	2006-2007	SDCOL	\$4,725		Schedule A, Note 1, Hours for Other Activities
13	2006-2007	SDCOL	\$1,000		Schedule A, Note 1, Unsupported Hours for Education Awards
14	2006-2007	SDCOL	\$4,725		Schedule A, Note 1, Unsupported Hours for Education Awards
14	2006-2007	SDCOL	Questioned Above		Schedule A, Note 1, Handwritten and Adjusted Timesheet Hours
16	2006-2007	SDCOL	\$4,725		Schedule A, Note 1, Unsupported Hours for Education Awards
16	2006-2007	SDCOL	Questioned Above		Schedule A, Note 1, Unsigned Timesheets
16	2006-2007	SDCOL	Questioned Above		Schedule A, Note 1, Handwritten and Adjusted Timesheet Hours
17	2006-2007	SDCOL	\$4,725	\$614	Schedule A, Note 1, Handwritten and Adjusted Timesheet Hours
20	2006-2007	SDCOL	\$4,725		Schedule A, Note 1, Unsigned Timesheets
21	2007-2008	SDCOL	\$4,725		Schedule A, Note 1, Unsupported Hours for Education Awards
21	2007-2008	SDCOL	Questioned Above		Schedule A, Note 1, Unsigned Timesheets
21	2007-2008	SDCOL	Questioned Above		Schedule A, Note 1, Handwritten and Adjusted Timesheet Hours
22	2007-2008	SDCOL	\$1,250		Schedule A, Note 1, Unsupported Hours for Education Awards
22	2007-2008	SDCOL	Questioned Above		Schedule A, Note 1, Handwritten and Adjusted Timesheet Hours
22	2007-2008	SDCOL	Questioned Above		Schedule A, Note 2, Criminal History Checks
23	2007-2008	SDCOL	\$4,725		Schedule A, Note 1, Hours for Other Activities
24	2007-2008	SDCOL	\$1,876		Schedule A, Note 4, Citizenship

**Summary of Questioned Education and Accrued Interest Awards
Greater Pittsburgh Literacy Council**

Member Number	Program Year	Subgrantee	Questioned Education Awards	Questioned Accrued		Description
				Interest Awards		
24	2007-2008	SDCOL	Questioned Above			Schedule A, Note 1, Unsupported Hours for Education Awards
25	2007-2008	SDCOL	\$4,725			Schedule A, Note 1, Unsupported Hours for Education Awards
25	2007-2008	SDCOL	Questioned Above			Schedule A, Note 1, Unsigned Timesheets
25	2007-2008	SDCOL	Questioned Above			Schedule A, Note 1, Handwritten and Adjusted Timesheet Hours
26	2007-2008	SDCOL	\$4,725	\$45		Schedule A, Note 1, Unsigned Timesheets
26	2007-2008	SDCOL	Questioned Above			Schedule A, Note 3, Returning Member Without Prior Year Final Evaluation
26	2007-2008	SDCOL	Questioned Above			Schedule A, Note 4, Citizenship
27	2008-2009	SDCOL	\$1,000			Schedule A, Note 1, Unsupported Hours for Education Awards
27	2008-2009	SDCOL	Questioned Above			Schedule A, Note 2, Criminal History Checks
28	2008-2009	SDCOL	\$4,725			Schedule A, Note 1, Unsupported Hours for Education Awards
28	2008-2009	SDCOL	Questioned Above			Schedule A, Note 2, Criminal History Checks
29	2008-2009	SDCOL	\$4,725	\$253		Schedule A, Note 1, Unsupported Hours for Education Awards
29	2008-2009	SDCOL	Questioned Above			Schedule A, Note 2, Criminal History Checks
30	2008-2009	SDCOL	\$2,363			Schedule A, Note 1, Unsupported Hours for Education Awards
30	2008-2009	SDCOL	Questioned Above			Schedule A, Note 1, Unsigned Timesheets
30	2008-2009	SDCOL	Questioned Above			Schedule A, Note 2, Criminal History Checks
30	2008-2009	SDCOL	Questioned Above			Schedule A, Note 3, Returning Member Without Prior Year Final Evaluation
31	2008-2009	SDCOL	\$4,725			Schedule A, Note 1, Unsupported Hours for Education Awards
31	2008-2009	SDCOL	Questioned Above			Schedule A, Note 2, Criminal History Checks
32	2008-2009	SDCOL	\$4,725	\$159		Schedule A, Note 1, Unsupported Hours for Education Awards
32	2008-2009	SDCOL	Questioned Above			Schedule A, Note 1, Hours for Other Activities
32	2008-2009	SDCOL	Questioned Above			Schedule A, Note 2, Criminal History Checks
33	2008-2009	SDCOL	\$2,363			Schedule A, Note 1, Unsupported Hours for Education Awards
33	2008-2009	SDCOL	Questioned Above			Schedule A, Note 2, Criminal History Checks
33	2008-2009	SDCOL	Questioned Above			Schedule A, Note 3, Returning Member Without Prior Year Final Evaluation
35	2008-2009	SDCOL	\$2,363			Schedule A, Note 1, Hours for Other Activities
35	2008-2009	SDCOL	Questioned Above			Schedule A, Note 2, Criminal History Checks
36	2008-2009	SDCOL	\$4,725			Schedule A, Note 1, Unsupported Hours for Education Awards
36	2008-2009	SDCOL	Questioned Above			Schedule A, Note 1, Hours for Other Activities
36	2008-2009	SDCOL	Questioned Above			Schedule A, Note 2, Criminal History Checks
37	2008-2009	SDCOL	\$4,725			Schedule A, Note 2, Criminal History Checks
38	2008-2009	SDCOL	\$2,363			Schedule A, Note 1, Unsupported Hours for Education Awards

**Summary of Questioned Education and Accrued Interest Awards
Greater Pittsburgh Literacy Council**

Member Number	Program Year	Subgrantee	Questioned Education Awards	Questioned Accrued Interest Awards	Description
38	2008-2009	SDCOL	Questioned Above		Schedule A, Note 1, Hours for Other Activities
38	2008-2009	SDCOL	Questioned Above		Schedule A, Note 2, Criminal History Checks
39	2008-2009	SDCOL	\$4,725		Schedule A, Note 1, Hours for Other Activities
39	2008-2009	SDCOL	Questioned Above		Schedule A, Note 2, Criminal History Checks
40	2008-2009	SDCOL	\$2,363		Schedule A, Note 1, Unsupported Hours for Education Awards
40	2008-2009	SDCOL	Questioned Above		Schedule A, Note 2, Criminal History Checks
45	2007-2008	LAGNO	\$1,759		Schedule B, Note 11, Compelling Personal Circumstances Not Demonstrated
45	2007-2008	LAGNO	Questioned Above		Schedule B, Note 10, Timesheet Discrepancies
45	2007-2008	LAGNO	\$4,725		Schedule B, Note 1, Returning Member Without Prior Year Final Evaluation
48	2008-2009	LAGNO	\$2,363		Schedule B, Note 9, Timesheet Discrepancies
			<u>\$131,022</u>	<u>\$1,674</u>	