

Office of Inspector General Corporation for National and Community Service

**AGREED-UPON PROCEDURES FOR
CORPORATION FOR NATIONAL AND COMMUNITY
SERVICE GRANTS AWARDED TO
ALABAMA GOVERNOR'S OFFICE OF FAITH-BASED
AND COMMUNITY INITIATIVES**

OIG REPORT 11-18



Prepared by:

Clifton Gunderson LLP
11710 Beltsville Drive, Suite 300
Calverton, MD 20705

This report was issued to Corporation management on June 29, 2011. Under the laws and regulations governing audit follow-up, the Corporation is to make final management decisions on the report's findings and recommendations no later than December 29, 2011, and complete its corrective actions by June 29, 2012. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.



June 29, 2011

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 11-18, Agreed-Upon Procedures for Corporation for National and Community Service Grants Awarded to Alabama Governor's Office of Faith-Based and Community Initiatives (GFBCI)*

Attached is the final report for the above-noted agreed-upon procedures, which were performed for the OIG under contract by the independent certified public accounting firm of Clifton Gunderson LLP. The contract required Clifton Gunderson to conduct its procedures in accordance with generally accepted government attestation standards.

Clifton Gunderson is responsible for the attached report, dated March 14, 2011, and conclusions expressed therein. The agreed-upon procedures, unlike an audit in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express opinions on GFBCI's Consolidated Schedule of Award Costs or the Schedules of Award and Claimed Costs for individual awards, conclusions on the effectiveness of internal controls, or compliance with laws, regulations and grant provisions.

Under the Corporation's audit resolution policy, a final management decision on the findings in this report is due by December 29, 2011. Notice of final action is due by June 29, 2012.

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

Attachment

cc: Jon Mason, Executive Director, GFBCI
Lisa Castaldo, Deputy Director, GFBCI
William Anderson, Chief Financial Officer, CNCS
Rocco Gaudio, Deputy Chief Financial Officer, Grants & Field Financial Management
Claire Moreno, Audit Liaison, CNCS
Jack Goldberg, Audit Resolution Specialist, CNCS
Samantha Shaw, State Auditor, State of Alabama
Denise Wu, Partner, Clifton Gunderson LLP

1201 New York Avenue, NW ★ Suite 830 ★ Washington, DC 20525
202-606-9390 ★ Hotline: 800-452-8210 ★ www.cncsoig.gov

Senior Corps ★ AmeriCorps ★ Learn and Serve America

**AGREED-UPON PROCEDURES FOR
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE GRANTS
AWARDED TO ALABAMA GOVERNOR’S OFFICE OF
FAITH- BASED AND COMMUNITY INITIATIVES**

TABLE OF CONTENTS

	PAGE
EXECUTIVE SUMMARY	1
INDEPENDENT ACCOUNTANT’S REPORT	5
SCHEDULE A – CONSOLIDATED SCHEDULE OF AWARD COSTS	6
SCHEDULE B – SCHEDULE OF AWARD AND CLAIMED COSTS: Alabama Governor’s Office of Faith-Based & Community Initiatives	7
SCHEDULE C – SCHEDULE OF AWARD AND CLAIMED COSTS: City of Selma	9
SCHEDULE D – SCHEDULE OF AWARD AND CLAIMED COSTS: Birmingham City Schools	10
SCHEDULE E – SCHEDULE OF FINDINGS	11
APPENDIX A: ALABAMA GOVERNOR’S OFFICE OF FAITH-BASED & COMMUNITY INITIATIVES’ RESPONSE TO DRAFT REPORT	
APPENDIX B: CORPORATION FOR NATIONAL AND COMMUNITY SERVICE’S RESPONSE TO DRAFT REPORT	



Executive Summary

The Office of Inspector General (OIG), Corporation for National and Community Service (Corporation), contracted with Clifton Gunderson LLP (auditors) to perform agreed-upon procedures (AUP) on grant cost and compliance with applicable regulations for Corporation-funded Federal assistance provided to the Alabama Governor's Office of Faith-Based and Community Initiatives (GFBCI).

Results

As a result of applying the procedures, the auditors questioned claimed Federal-share costs of \$2,573, match costs of \$26,372, and education award costs of \$4,725. A questioned cost is an alleged violation or non-compliance with grant terms and/or provisions of laws and regulations governing the expenditures of funds; or a finding that, at the time of testing, adequate documentation supporting a cost item was not readily available. The results of our agreed-upon procedures are summarized in the Consolidated Schedule of Award Costs (Schedule A).

GFBCI claimed total Federal costs of \$1,673,074 and total match costs of \$1,806,072 from April 1, 2008, through March 31, 2010, for grant numbers 06AFHAL001 and 06AFHAL002; and total Federal costs of \$809,927 and total match costs of \$490,560 from July 1, 2008, through June 30, 2010, for grant numbers 08CAHAL001, 08CDHAL001, and 08PTHAL001. GFBCI also claimed Federal costs of \$291,369 and match costs of \$22,297 from June 1, 2009, through June 30, 2010, for grant number 09RFHAL001; and total Federal costs of \$75,835 from October 28, 2007, through September 30, 2009, for grant number 07VSSAL005. Grant number 09ACHAL001 was awarded, but no costs had been incurred. Based on testing a judgmentally selected sample of transactions, the auditors questioned claimed costs as detailed below:

Type of Questioned Costs	Federal Share	Match Share	Education Award
Unsupported match costs	\$ -	\$25,018	\$ -
Required number of hours not met on timesheet	-	-	4,725
Incomplete background investigation	2,450	1,230	-
Incorrect mileage rate used for travel reimbursement	123	39	-
Match training cost incurred not allocated properly	-	85	-
Totals	\$2,573	\$26,372	\$4,725

Participants who successfully complete their AmeriCorps term of service 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 the Corporation grants and, as a result, are not included in the claimed grant costs. However, when the grant award is made, the education awards become obligations of the Corporation's National Service Trust. Therefore, as part of our AUP and applying the same criteria used for the grantee's claimed costs, we determined the effect of our findings on AmeriCorps members' entitlement to education and accrued interest awards.

We compared GFBCI's inception-to-date drawdown amounts with the amounts reported in its last Federal Financial Report (FFR) for the period tested and determined that the drawdowns were reasonable.

We questioned a \$4,725 education award because the member's service hours did not meet the 1,700 hours required to be eligible for the award.

Details of the questioned costs, grant awards, non-compliance with grant provisions, and applicable laws and regulations are presented in the *Schedule of Findings* (Schedule E) that follows the results of our AUP, which are summarized below.

- A formalized cost allocation methodology of indirect costs claimed was not established and consistently implemented;
- Documentation was not available to support in-kind match costs;
- An incorrect mileage rate was used for travel reimbursements;
- Member contracts did not specify whether the term of service was half-time or full-time;
- There were inadequate procedures for conducting criminal background checks and searches of the National Sex Offender Public Registry;
- Timesheets do not reflect the required amount of service hours needed to earn an education award; and
- Federal Financial Reports were submitted late.

Background

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

The Alabama Commission on National and Community Service (Commission) was originally established by Gubernatorial Executive Order 10 on November 5, 1993. Also created under the Order was a Governor's Office on National and Community Service. The Office assumed functions previously assigned to the Governor's Office on Volunteerism by Executive Order Number 12 on July 9, 1987. The responsibilities of the Commission were expanded and the office was renamed the Governor's Office of Faith-Based and Community Initiatives through Executive Order 21 on June 22, 2004.

GFBCI conducts statewide advocacy for community service, facilitates collaboration among public and private individuals, organizations and communities, and provides training and technical assistance for community programs. It coordinated the Alabama Citizen Corps Program and serves as the lead agency for Annex G of the State Emergency Operations Plan Volunteer and Donations Management. It also chairs the State Interagency Council on

Homelessness and provides staff support to the Alabama Women's Commission. In addition to AmeriCorps grants, GFBCI received the following Corporation grant funding:

- Administrative – Supports the revision and development of a comprehensive State plan, and assists in coordinating with partners to promote national service and volunteerism in Alabama to address unmet needs in underserved communities.
- Program Development and Training (PDAT) – Provides support for subgrantees and interested organizations to promote and expand service opportunities.
- Disability – Promotes and strengthens volunteer opportunities for people with disabilities.

GFBCI provided grants to twelve subgrantees during the period covered by this report. The subgrantees, which use the funds to support their operations and provide member support, maintain supporting documentation for the claimed costs and member files. Each subgrantee has a reporting schedule for submitting its Periodic Expense Reports (PERs). Prior to May 2009, the subgrantees submitted monthly PERs into the Corporation's Web-Based Reporting System (WBRS). Thereafter, WBRS was terminated and replaced with a new system called the My AmeriCorps Portal. GFBCI implemented the "My Service Log" (MSL) grant management system in 2010. The subgrantees now submit PERS directly into MSL. GFBCI prepares the aggregate FFR for the grant by accumulating the expenses reported in MSL by each subgrantee and submitting a consolidated FFR through the Corporation's online eGrants system.

GFBCI monitors its subgrantees by reviewing member information and reimbursement requests, performing site visits and desk reviews, and through regular communications.

GFBCI claimed Federal costs totaling \$2,817,546 during the AUP period covered by this report.

Agreed-Upn Procedures Scope

We performed our procedures from September 10, 2010, through February 14, 2011. The procedures covered the allowability, allocability and reasonableness of the financial transactions reported for the following grants and periods:

Grants	Periods
06AFHAL001	April 1, 2008 thru March 31, 2010
06AFHAL002	April 1, 2008 thru March 31, 2010
07VSSAL005	October 28, 2007 – September 30, 2009
08CAHAL001	July 1, 2008 – June 30, 2010
08CDHAL001	July 1, 2008 thru June 30, 2010
08PTHAL001	July 1, 2008 thru June 30, 2010
09ACHAL001	September 1, 2009 – March 31, 2010
09RFHAL001	June 1, 2009 – June 30, 2010

We also performed tests to determine compliance with certain grant terms and provisions. The procedures were based on the OIG's "Agreed-Upn Procedures for Corporation Awards to Grantees (including Subgrantees), dated April 2010." We focused on GFBCI and two of its subgrantees: City of Selma and Birmingham City Schools. We tested the following: GFBCI

transactions totaling \$31,091; City of Selma transactions totaling \$24,448; Birmingham City Schools transactions totaling \$75,128.

Exit Conference

We provided a draft report and discussed its contents with officials of the Corporation, GFBCI, and applicable subgrantees at an exit conference on March 14, 2011. Excerpts of the grantee's response are summarized after each recommendation in the body of this report, and the response in its entirety is included as Appendix A. The Corporation's response is attached in Appendix B.

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

Office of Inspector General
Corporation for National and Community Service

We have performed the procedures, agreed to by the Corporation for National and Community Service (Corporation) Office of Inspector General (OIG), solely to assist you in evaluating certain information reported by Alabama Governor's Office of Faith-Based and Community Initiatives (GFBCI), in accordance with its Corporation grant terms and provisions, and applicable laws and regulations, for the period from October 28, 2007, through June 30, 2010. GFBCI and its subgrantees are responsible for the accuracy and completeness of the reported information. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of the procedures is solely the responsibility of the OIG. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose(s) enumerated or for any other purpose.

The results of our procedures are described in the Schedule of Findings (Schedule E).

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

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

Clifton Gunderson LLP

Calverton, Maryland
March 14, 2011

Schedule A

Corporation for National and Community Service
Alabama Governor's Office of Faith-Based and Community Initiatives
Consolidated Schedule of Award Costs

Award No.	Program	Approved Budget	Claimed Federal Cost	Questioned Cost			Schedule
				Federal Cost	Match Cost	Education Awards	
08CAHAL001	ADMIN	\$ 814,238	500,270	\$ -	\$ 85	\$ -	B
08PTHAL001	PDAT	304,967	213,175	-	-	-	
08CDHAL001	Disability	175,112	96,482	-	-	-	
07VSSAL005	VISTA	48,780	43,176	-	-	-	
06AFHAL001	City of Selma			-	39	4,725	C
06AFHAL001	Birmingham City Schools			1,560	10,201	-	D
06AFHAL001	AmeriCorps-Formula	3,408,002	\$1,454,734	\$1,560	\$10,240	\$4,725	
06AFHAL002	AmeriCorps-Formula	1,177,412	218,340	-	-	-	
09ACHAL001	Birmingham City Schools			890	16,047	-	D
09ACHAL001	AmeriCorps-Competitive	974,784	-	\$890	\$16,047	-	
09RFHAL001	City of Selma			123	-	-	C
09RFHAL001	AmeriCorps-Formula Recovery	399,131	291,369	\$123	-	-	
Total¹		<u>\$7,302,426</u>	<u>\$2,817,546</u>	<u>\$2,573</u>	<u>\$26,372</u>	<u>\$4,725</u>	

¹ Approved budget and claimed Federal cost amounts include all subgrantees.

Schedule B

**Schedule of Award and Claimed Costs
For Period October 28, 2007, through September 30, 2009
GFBCI – 07VSSAL005**

			Reference
Authorized Budget (Corporation Funds)		\$48,780	Note 1
Claimed Federal Costs		\$43,176	Note 2

**Schedule of Award and Claimed Costs
For Period July 1, 2008, through June 30, 2010
GFBCI – 08CAHAL001**

			Reference
Authorized Budget (Corporation Funds)		\$814,238	Note 1
Claimed Federal Costs		\$500,270	Note 2
Authorized Match Budget		\$296,589	Note 3
Claimed Match Costs		\$490,560	Note 4
Questioned Match Costs:			
Cost not covered under approved budget	<u>85</u>		Note 5
Total Questioned Match Costs		<u>\$85</u>	

**Schedule of Award and Claimed Costs
For Period July 1, 2008, through June 30, 2010
GFBCI – 08CDHAL001**

			Reference
Authorized Budget (Corporation Funds)		\$175,112	Note 1
Claimed Federal Costs		\$96,482	Note 2

**Schedule of Award and Claimed Costs
For Period July 1, 2008, through June 30, 2010
GFBCI – 08PTHAL001**

			Reference
Authorized Budget (Corporation Funds)		\$304,967	Note 1
Claimed Federal Costs		\$213,175	Note 2

Notes

1. The authorized budget amount represents the funding to GFBCI under Grant Nos. 07VSSAL005, 08CAHAL001, 08CDHAL001, and 08PTHAL001.
2. Claimed costs represent GFBCI's reported Federal expenditures for the period October 28 2007, through September 30, 2009, for Grant No. 07VSSAL005; and July 1, 2008, through June 30, 2010, for Grant Nos. 08CAHAL001, 08CDHAL001, and 08PTHAL001. No costs were questioned for Grant No.07VSSAL005.
3. The authorized match budget represents the funding to GFBCI under Grant No. 08CAHAL001.
4. Claimed match costs represent GFBCI's reported match expenditures for the period July 1, 2008, through June 30, 2010, for Grant No. 08CAHAL001.
5. Questioned cost of \$85 is based on training cost not being allocated properly for Grant No. 08CAHAL001. (See Finding 1)

**Schedule of Award and Claimed Costs
City of Selma – 06AFHAL001
AUP Period April 1, 2008, through March 31, 2010**

			Reference
Authorized Budget (Federal Funds)		\$759,350	Note 1
Authorized Match Budget		\$512,258	Note 2
Questioned Match Costs:			
Incorrect mileage rate used for travel reimbursement	<u>39</u>		Note 3
Total Questioned Match Costs		<u>\$39</u>	
Questioned Education Awards:			
Required number of hours not met on time sheets	<u>4,725</u>		Note 4
Total Questioned Education Awards		<u>\$4,725</u>	

**City of Selma – 09RFHAL001-0003 (Recovery Grant)
AUP Period June 1, 2009, through June 30, 2010**

			Reference
Authorized Budget (Federal Funds)		\$151,906	Note 1
Questioned Federal Costs:			
Incorrect mileage rate used for travel reimbursement	<u>123</u>		Note 3
Total Questioned Federal Costs		<u>\$123</u>	

Notes

1. The authorized budget amount represents the funding to the City of Selma in accordance with the grant agreement.
2. The authorized match budget amount represents the funding to the City of Selma in accordance with the grant agreement.
3. Questioned \$39 in match cost for Grant No. 06AFHAL001 and \$123 in Federal costs for Grant No. 09RFHAL001 were due to the incorrect mileage rate used by the subgrantee for 2010 travel reimbursements. (See Finding 3)
4. Questioned education award of \$4,725 was due to one member not meeting the required numbers of hours necessary to be eligible for the award. (See Finding 6)

**Schedule of Award and Claimed Costs
Birmingham City Schools – 06AFHAL001
AUP Period April 1, 2008, through March 31, 2010**

			Reference
Authorized Budget (Federal Funds)		\$251,925	Note 1
Authorized Match Budget		\$222,179	Note 2
Questioned Federal Costs:			
Background investigation not completed	1,560		Note 3
Total Questioned Federal Costs		\$ 1,560	
Questioned Match Costs:			
Background investigation not completed	516		Note 3
Unsupported match costs	9,685		Note 4
Total Questioned Match Costs		\$10,201	

**Birmingham City Schools – 09ACHAL001
AUP Period September 1, 2009, through March 31, 2010**

			Reference
Authorized Budget (Federal Funds)		\$465,961	Note 1
Authorized Match Budget		\$476,335	Note 2
Questioned Federal Costs:			
Incomplete Background Investigation	890		Note 3
Total Questioned Federal Costs		\$890	
Questioned Match Costs:			
Incomplete background investigation	714		Note 3
Unsupported match costs	15,333		Note 4
Total Questioned Match Costs		\$16,047	

Notes

1. The authorized budget amounts represent the funding to Birmingham City Schools in accordance with the grant agreement.
2. The authorized match budget amounts represent the funding to Birmingham City Schools in accordance with the grant agreement.
3. Questioned costs of \$1,560 in Federal costs and \$516 in match costs for Grant No. 06AFHAL001, and \$890 in Federal costs and \$714 in match costs for Grant No. 09ACHAL001 were due to incomplete criminal background checks. (See Finding 5)
4. Questioned costs of \$9,685 in match costs for Grant No. 06AFHAL001, and \$15,333 in match costs for Grant No. 09ACHAL001 were due to lack of documentation to support the claimed costs. We could not determine if the subgrantee had additional match to satisfy the requirement as the subgrant is still active and the opportunity to obtain further match still exists. (See Finding 1)

Schedule of Findings

Finding 1 – A formalized cost allocation methodology of indirect costs claimed was not established and consistently implemented. Documentation was not available to support the allocation of indirect costs to each grant.

We selected a sample of 20 transactions each, reported during the period of July 1, 2008, through June 30, 2010, for the PDAT, Disability and Administrative grants (plus 10 transactions of the match contributions for the Administrative grant).

For 28 of the 70 transactions tested, GFBCI did not have documentation to support the methodology for allocating indirect costs to the grants, and did not have an indirect cost rate agreement in effect. Indirect costs were being allocated as direct costs. Management informed us that the costs were allocated using a variety of bases, but we determined that, although the costs we sampled were reasonable, the methodology used in the allocation process was inconsistently applied. Without a reasonable and consistent methodology for allocating indirect costs, management may overcharge or undercharge the grant funds. Because the costs were not unreasonable, they are not being questioned. However, the absence of a documented cost allocation methodology is being noted as a non-compliance issue.

Criteria:

OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments*, Attachment A *General Principles for Determining Allowable Costs*, Section E. *Direct Costs*, 3. *Minor Items*, states, "Any direct cost of a minor amount may be treated as an indirect cost for reasons of practicality where such accounting treatment for that item of cost is consistently applied to all cost objectives." Section F. *Indirect Costs*, 1. *General*, states, "Indirect costs are those: (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. The term "indirect costs," as used herein, applies to costs of this type originating in the grantee department, as well as those incurred by other departments in supplying goods, services, and facilities. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect costs within a governmental unit department or in other agencies providing services to a governmental unit department. Indirect cost pools should be distributed to benefitted cost objectives on bases that will produce an equitable result in consideration of relative benefits derived."

Recommendation:

- 1a. We recommend that the Corporation work with GFBCI to formalize its process for allocating indirect costs to the grants, and verify that controls are in place to ensure that costs are reasonable, equitable, allocable and properly documented. Consideration should also be given to implementing an approved indirect cost rate for future grants.

GFBCI Response:

GFBCI concurred with the finding and will submit a cost allocation plan by no later than September 1, 2011, for the Corporation funds received.

Auditors' Comments:

The Corporation should review the cost allocation plan to ensure that the allocation of indirect costs is reasonable, consistently applied, documented and supported.

Match Training Cost Incurred Was Not Properly Allocated.

For one of the 10 match transactions tested, the grantee incurred \$340 for classes at Auburn University at Montgomery for Participant Presentation, Conflict Management, and Emotional Intelligence. The classes were taken by GFBCI's accountant, who charges 75 percent of her time to the grant as direct Federal costs.

Using the 75 percent allocation, we are questioning \$85 in match costs charged to the Administrative grant. This amount represents 25 percent of the total training cost incurred.

Criteria:

OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, Attachment A General Principles for Determining Allowable Costs, Section C. Basic Guidelines, 1. *Factors affecting allowability of costs*, states, "To be allowable under Federal awards, costs must meet the following general criteria: a.) Be necessary and reasonable for proper and efficient performance and administration of Federal awards."

Recommendation:

1b. We recommend that the Corporation resolve the questioned \$85 in match costs.

GFBCI Response:

GFBCI concurred with the finding.

Auditors' Comments:

The Corporation should resolve the questioned match costs with GFBCI.

Finding 2 – Documentation was not available to support in-kind match costs.

We selected a sample of 10 claimed match costs for each program year (30 sample items in total) for subgrantee Birmingham City Schools as part of our cost testing. After several requests, the subgrantee was not able to provide us supporting documentation for 22 of the 30 sampled items. As a result, we are questioning \$25,018 (\$9,685 - Grant No. 06AFHAL001; \$15,333 - Grant No. 09ACHAL001) claimed for in-kind match costs under "Other Program Operating Costs" in its PERs for the period reviewed.

Criteria:

Per OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments*, Attachment A General Principles for Determining Allowable Costs, Section C. Basic Guidelines, 1. Factors affecting allowability of costs, states, "To be allowable under Federal awards, costs must meet the following general criteria: j.) Be adequately documented."

Recommendations:

We recommend that the Corporation:

- 2a. Resolve the \$25,018 in questioned match costs due to a lack of supporting documentation.
- 2b. Work with GFBCI to ensure that its subgrantees' internal controls are strengthened to assure that claimed in-kind match costs are supported with proper documentation.

GFBCI Response:

GFBCI concurred with the finding and has required the subgrantee to submit supporting documentation with its quarterly reimbursement request.

Auditors' Comments:

The Corporation should resolve the questioned match costs and ensure that the corrective action implemented by GFBCI is effective.

Finding 3 – City of Selma used an incorrect mileage rate for travel reimbursements during 2010.

For 15 of the 80 transactions we tested for the City of Selma, the amount claimed for personal owned vehicle (POV) mileage reimbursement during 2010 was higher than what was allowed under the Federal POV mileage rate and IRS rules. As a result, Grant No. 06AFHAL001 was overcharged \$39 in match costs, and Grant No. 09RFHAL001 was overcharged \$123 in Federal costs.

City of Selma staff was unaware of the change that became effective in January 2010, when the allowable reimbursement rate was reduced from 55 cents per mile to 50 cents per mile.

Criteria:

Internal Revenue Service Revenue Announcement IR-2009-111, dated December 3, 2009, established the standard mileage reimbursement rate at 50 cents per mile beginning on January 1, 2010. The U.S. General Services Administration (GSA) adopted the rate change and incorporated it into the Federal Travel Regulations.

Recommendations:

We recommend that the Corporation:

- 3a. Resolve the questioned \$123 in Federal costs for Grant No. 09RFHAL001 and \$39 in match costs for Grant No. 06AFHAL001.

- 3b. Ensure that GFBCI strengthens the monitoring of its subgrantees to ensure that subgrantees are using the correct POV mileage reimbursement rate.

GFBCI Response:

GFBCI concurred with this finding.

Auditors' Comments:

The Corporation should resolve the questioned costs and ensure that GFBCI has controls in place to ensure that future mileage rate changes are promptly adjusted for subgrantee travel reimbursements.

Finding 4 – Member contracts did not specify whether the term of service was half-time or full-time.

For 31 of the 32 member files tested for City of Selma and Birmingham City Schools, the member contract did not specify whether the member was half-time or full-time. The contract is confusing because it contains information pertaining to both statuses.

We believe the member contract would be simplified and more effective if it specified whether the member is a half-time or a full-time member. Confusion between the subgrantee and the member would be avoided as to the service period, the total number of hours to be served, the member living allowance, and the education award.

Criteria:

The 2007 AmeriCorps Special Provisions, Section IV.D. *Training, Supervision and Support*, Paragraph 2. *Member Contracts*, states: "The grantee must require that members sign contracts that, at a minimum, stipulate the following: a.) The minimum number of service hours and other requirements (as developed by the Program) necessary to successfully complete the term of service and to be eligible for the education award; ..., and i.) Other requirements as established by the Program."

The 2009 AmeriCorps Special Provisions, Section IV.D. *Supervision and Support*, Paragraph 2. *Member Contracts*, states: "The grantee must require that each member signs a contract that, at a minimum, includes or refers to the following: a.) Member position description; b.) The minimum number of service hours (as authorized by statute) and other requirements (as developed by the grantee) necessary to successfully complete the term of service and to be eligible for the education award;..., and i.) Other requirements as established by the grantee."

Recommendation:

4. We recommend that the Corporation ensure that GFBCI strengthens the monitoring of its subgrantees to ensure that member contracts address all significant issues, including type and term of service (specifying half-time or full-time) and financial benefits.

GFBCI Response:

GFBCI concurred with this finding and will discontinue the use of contracts that do not specifically state the term of service.

Auditors' Comments:

The Corporation should ensure that the corrective action implemented by GFBCI is effective.

Finding 5 - Procedures were inadequate for conducting criminal background checks and searches of the National Sex Offender Public Registry.

National Sex Offender Search was incomplete or improperly performed.

In 11 of the 20 City of Selma member files tested, the searches of the National Sex Offender Public Registry (NSOPR) did not cover all 50 states. The reasons some U.S. States did not provide their findings were due to "unexpected conditions," "gateway time-outs" or the server being "temporarily unavailable." The search is considered incomplete if the results showed that one or more U.S. States could not provide their findings.

By not conducting a complete National Sex Offender search to include all 50 states prior to enrolling the member, subgrantees can place at risk their programs, GFBCI, the Corporation, and the vulnerable persons they serve.

The subgrantee subsequently provided completed searches for all the members confirming that they were eligible to serve. As a result, no costs were questioned.

Criteria:

The October 2009 45 C.F.R. 2540.203(b) states that "The National Sex Offender Public Web site check must be conducted on an individual who is serving, or applies to serve, as a Foster Grandparent, Senior Companion, or AmeriCorps State and National participant or grant-funded staff with recurring access to children, persons age 60 or older, or individuals with disabilities on or after November 23, 2007." In addition, 45 C.F.R. 2540.201(a) states that "an individual is ineligible to serve in a covered position if the individual is registered, or required to be registered, on a State sex offender registry or the National Sex Offender Registry."

The October 2007 and 2008 45 C.F.R. 2540.203(b) states that "The National Sex Offender Public Registry (NSOPR) check must be conducted on an individual who is serving, or applies to serve, in a covered position on or after November 23, 2007." In addition, 45 C.F.R. 2540.201 states that "Any individual who is registered, or required to be registered, on a State sex offender registry is deemed unsuitable for, and may not serve in, a position covered by suitability criteria."

Recommendation:

- 5a. We recommend that the Corporation ensure that GFBCI strengthens the monitoring of its subgrantees to determine that subgrantees conduct NSOPR searches that include all 50 states prior to the member starting service.

GFBCI and Corporation Responses:

GFBCI concurred with this finding and will require its subgrantees to repeat the process if any state's data are unavailable when the NSOPR check is conducted. However, the Corporation takes exception to the auditor's assertion that the Corporation regulations require the NSOPR check to include results from all 50 states. The Corporation indicated that the Federal regulations require that the NSOPR check be conducted, but does not require that the system connectivity be functioning for all 50 states when the NSOPR check is conducted.

Auditors' Comments:

The Federal regulation states that a national NSOPR check must be conducted. If information is missing from one or more states, then it is no longer a national check. The intent of the regulation is to ensure that no registered sex offenders are allowed to serve as AmeriCorps members. This can only be achieved by ensuring that the NSOPR check is complete. The risk is that the applicant may be a registered sex offender in the state where the information was not obtained when the check was performed. As a result, the subgrantees can place at risk their programs, GFBCI, the Corporation, and the vulnerable persons they serve. The OIG's position is that the Corporation should ensure that the corrective action implemented by GFBCI is effective to provide assurance that a complete NSOPR check, including all 50 states, is done for each member prior to starting service.

Criminal background check and/or National Sex Offender Public Registry Search was performed after member enrollment, or background investigation was not completed.

In seven of the 12 member files tested for the Birmingham City Schools, we found the criminal background check was performed after the member's start date. In addition, for three of the 12 Birmingham member files tested, there was no proof that a background investigation was completed for the member. There was no documentation for one of the members, and the subgrantee could not demonstrate that an authorized program representative accompanied the member while the member was serving until the criminal background check was completed, as required by Federal regulations.

In 28 of the 32 member files reviewed for City of Selma and Birmingham City Schools, we found the NSOPR search was completed after the member's start date.

Birmingham City Schools was unaware that the National Sex Offender Search was to be completed before enrollment. The City of Selma performed the National Sex Offender search shortly after the member's start date due to a "grace period" that they thought was available to gather documentation. However, the City of Selma could not provide any support for this "grace period."

By not conducting criminal background checks and NSOPR searches prior to enrolling its members, a subgrantee places itself, GFBCI, the Corporation, and vulnerable populations being served at risk. It also incurs the additional administrative burden to ensure that members with pending criminal background checks are supervised at all times when interacting with vulnerable populations. No education awards were disbursed because the members exited early. We questioned \$2,450 in Federal costs and \$1,230 in match costs for member living allowances.

Criteria

The October 2009 45 C.F.R. 2540.203(b) states that “The National Sex Offender Public Web site check must be conducted on an individual who is serving, or applies to serve, as a Foster Grandparent, Senior Companion, or AmeriCorps State and National participant or grant-funded staff with recurring access to children, persons age 60 or older, or individuals with disabilities on or after November 23, 2007.” In addition, 45 C.F.R. 2540.201(a) states that “an individual is ineligible to serve in a covered position if the individual is registered, or required to be registered, on a State sex offender registry or the National Sex Offender Registry.”

The October 2007 and 2008 45 C.F.R. 2540.203(b) states, “The National Sex Offender Public Registry (NSOPR) check must be conducted on an individual who is serving, or applies to serve, in a covered position on or after November 23, 2007.” In addition, 45 C.F.R. 2540.201 states that “Any individual who is registered, or required to be registered, on a State sex offender registry is deemed unsuitable for, and may not serve in, a position covered by suitability criteria.”

The October 2009 45 C.F.R. 2540.203(a) states, “The State criminal registry check must be conducted on Foster Grandparents, Senior Companions, and AmeriCorps State and National participants and grant-funded staff with recurring access to children, persons age 60 or older, or individuals with disabilities, who enroll in, or are hired by, your program after November 23, 2007.” 45 C.F.R. 2540.201(b) states that “an individual is ineligible to serve in a covered position if the individual has been convicted of murder, as defined in section 1111 of title 18, United States Code.”

The October 2007 and 2008 45 C.F.R. 2540.203(a) states, “The State criminal registry check must be conducted on an individual who enrolls in, or is hired by, your program after November 23, 2007.”

The October 2007 – 2009 45 C.F.R. 2540.204(f) states, “Ensure that an individual, for whom the results of a required State criminal registry check are pending, is not permitted to have access to children, persons age 60 and older, or individuals with disabilities without being accompanied by an authorized program representative who has previously been cleared for such access.”

Recommendations:

We recommend that the Corporation:

- 5b. Resolve the questioned \$1,560 in Federal costs and \$516 in match costs for member living allowances for Grant No. 06AFHAL001, and \$890 in Federal costs and \$714 in match costs for Grant No. 09ACHAL001 for member living allowances.
- 5c. Ensure that GFBCI strengthens the monitoring of its subgrantees to ensure that NSOPR and State criminal registry searches are conducted prior to members starting service. For members whose State criminal registry checks are pending, GFBCI should work with its subgrantees to ensure that a program official is present whenever such members interact with vulnerable populations and document that this supervision was established. In addition, GFBCI should ensure that findings from criminal background checks are considered, investigated, and the results should be documented to demonstrate compliance by its subgrantees.

GFBCI and Corporation Responses:

GFBCI indicated that Birmingham City School members receive weeks of pre-service training where they are not with students. After the training is complete, the members are placed in classrooms under the direct supervision of a teacher who, by State Department of Education policy, must have a cleared background check. GFBCI stated that the members in question did not serve while unsupervised. In addition, GFBCI's current policy requires that the criminal history check be initiated prior to enrollment. The Corporation stated that the two questioned members without criminal background checks resigned from the program before the check was completed. The Corporation indicated that the subgrantee had followed the regulation which requires members to be supervised until the state checks are completed, and that the members were supervised at all times and had no access to vulnerable populations.

Auditors' Comments:

GFBCI should implement controls to ensure that supervisors are formally instructed to supervise members with pending criminal background checks, at all times, when interacting with the vulnerable population. In addition, the finding indicates that the subgrantee could not provide documentation that an authorized program representative was instructed to accompany the member while the member was serving until the criminal background check was completed. The Corporation's statement that the members had no access to vulnerable populations is incorrect, because the members were working with children. The Corporation should resolve the questioned costs and ensure that the corrective action implemented by GFBCI is effective. In cases where the full amount questioned is not recovered, justification for a lesser recovery amount should be documented.

Alternate background investigations were performed through the Board of Education without prior written approval.

For 11 of the 12 Birmingham City Schools member files tested, an alternate background investigation was performed through the Alabama Board of Education without prior written approval from the Corporation. The subgrantee routinely performs its background investigations through the Board of Education. Birmingham City Schools received a monitoring finding from GFBCI informing the subgrantee that it needed approval in writing for the alternative search protocol. Birmingham received approval on June 18, 2010, outside the scope of our AUP period. We cite this matter as a non-compliance issue with the Federal regulation.

Criteria:

The October 2007, 2008, and 2009 45 C.F.R. 2540.206(c) states, "If you demonstrate that you are prohibited or otherwise precluded under State law from complying with a Corporation requirement relating to criminal history checks or that you can obtain substantially equivalent or better information through an alternative process, the Corporation will consider approving an alternative search protocol that you submit in writing to the Corporation's Office of Grants Management. The Office of Grants Management will review the alternative protocol to ensure that it: (1) Verifies the identity of the individual; and (2) Includes a search of an alternative criminal database that is sufficient to identify the existence, or absence of, criminal offenses."

Recommendation:

- 5d. We recommend that the Corporation ensure that GFBCI strengthens the monitoring of its subgrantees to verify that prior written approval is obtained from the Corporation before an alternate criminal background check protocol is implemented.

GFBCI Response:

GFBCI indicated that the practice of submitting the members' criminal history checks through the Board of Education performed by the Alabama Bureau of Investigation (ABI) has been a standard practice for many years. The subgrantee will continue to utilize the standing program procedures. GFBCI will ensure an alternate search protocol is approved if a subgrantee decides not utilize the ABI for criminal history checks in the future.

Auditors' Comments:

The Corporation should ensure that GFBCI revises its policies to obtain prior written approval from the Corporation before an alternate criminal background check protocol is implemented.

Finding 6 – Timesheets do not reflect the required amount of service hours needed to earn an education award.

For one of the 20 City of Selma member files tested, the timesheets in the member's file did not support the hours needed to meet the 1,700 hours required to receive an education award. After our fieldwork ended, the City of Selma provided us with Member Daily Sign-In Rosters. Members are required to sign-in and out each day at the site where they were serving, which was also reviewed and signed by the site supervisor. For the member tested, the site supervisor had signed the roster on February 15, 2008, but the member had additional sign-in and out dates on the roster covering February 25 – 28, 2008, for an additional 12 hours that was not signed by the supervisor. Given the lack of timesheets and the inadequate sign-in rosters for these hours, the member had adequate support for only 1,692.5 hours of the 1,700 needed for the education award.

The City of Selma believes that the member appears short on service hours because there may be timesheets missing from the file.

By not maintaining adequate support for the hours claimed, the National Service Trust cannot be sure that the member earned the education award. As a result, we are questioning the \$4,725 education award.

Criteria:

The 2007 AmeriCorps Special Provisions, Section IV.E, *Terms of Service*, Paragraph 1a. *Program Requirements*, states: "Each Program must, at the start of the term of service, establish the guidelines and definitions for the successful completion of the Program year, ensuring that these Program requirements meet the Cooperation's service hour requirements as defined below:

Full-Time Members. Members must serve at least 1,700 hours during a period of not less than nine months and not more than one year."

The 2007 AmeriCorps Special Provisions, Section IV.J., *Post-Service Education Awards*, Paragraph 3, states: “In order to receive a full education award, a member must perform the minimum hours of service as required by the Corporation and successfully complete the program requirements as defined by the Program.”

The 2007 AmeriCorps Special Provisions, Section IV.C. *Member Enrollment*, Paragraph 2. *AmeriCorps Members*, states: “The grantee must keep time and attendance records on all AmeriCorps members in order to document their eligibility for in-service and post-service benefits. Time and attendance records must be signed and dated both by the member and by an individual with oversight responsibilities for the member.”

Recommendations:

We recommend that the Corporation:

- 6a. Resolve the questioned \$4,725 education award for Grant 06AFHAL0010001.
- 6b. Ensure that GFBCI strengthens the monitoring of its subgrantees to determine that member timesheets support the service hours reported in eGrants.

GFBCI and Corporation Responses:

GFBCI concurred with this finding as the subgrantee was unable to provide other documents, such as sign-in sheets, to support the member’s shortage of 7.5 hours. The Corporation decided to hold the member harmless and disallow the pro rata amount of \$21, representing the portion of the education award that was already accessed by the member.

Auditors’ Comments:

The regulation states that a member must perform the minimum required hours of service in order to receive a full education award. The Corporation should resolve the questioned education award and ensure that the corrective action implemented by GFBCI is effective. In the case where the full amount questioned is not recovered, justification for a lesser recovery amount should be documented.

Finding 7 – Federal Financial Reports were submitted late.

Four of the 28 Federal Financial Reports (FFRs) selected for compliance testing were submitted to the Corporation late, as shown below:

Grant No.	FFR End Date	FFR Submission Date	No. Days Late
08CAHAL001	12/31/09	2/3/09	3
08CDHAL001	12/31/09	2/3/09	3
08PTHAL001	12/31/09	2/3/09	3
07VSSAL005	9/30/09	1/22/10*	7

*Extension granted until 1/15/2010

Management indicated that the late filing of the FFRs was an administrative oversight. Failure to submit FFRs timely could affect future funding for the grantee. We cite this as a non-compliance issue.

Criteria:

The 2009 Provisions for State Administrative, Program Development and Training, and Disability Placement Grants; Section D. *Admin/PDAT/Disability Special Provisions*, Paragraph 6. *Reporting Requirements*, a). *Financial Reports*, states, “The Grantee shall complete and submit financial reports in eGrants (Financial Status Reports on menu tree) to report the status of all funds. Grantees must submit timely cumulative financial reports in accordance with Corporation guidelines according to the following schedule:”

<u>Due Date</u>	<u>Reporting Period Covered</u>
July 31	Start of grant through June 30
January 31	July 1 – December 31

The eGrants portal indicated that the FFR for grant number 07VSSAL005 for the period October 26, 2008, through September 30, 2009, was due on October 30, 2009. It also stated that an extension was provided, which amended the due date to January 15, 2010.

Recommendation:

7. We recommend that the Corporation ensure that GFBCI submits its FFRs when they are due.

GFBCI Response:

GFBCI concurred with this finding.

Auditor’s Comments:

The Corporation should ensure that the corrective action implemented by GFBCI is effective.

APPENDIX A

**ALABAMA GOVERNOR'S OFFICE OF
FAITH-BASED AND COMMUNITY INITIATIVES
RESPONSE TO THE DRAFT REPORT**

ROBERT BENTLEY
GOVERNOR

JON MASON
DIRECTOR



ONE COMMERCE STREET, SUITE 620
MONTGOMERY, ALABAMA 36104
(334) 954-7440
FAX: (334) 242-2885

STATE OF ALABAMA
GOVERNOR'S OFFICE OF FAITH-BASED AND COMMUNITY INITIATIVES

June 14, 2011

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

Assistant Inspector General Axenfeld,

Please find enclosed the Alabama Governor's Office of Faith-Based and Community Initiatives (GFBCI) response to the Office of Inspector General Draft Report for the Agreed-Upon Procedures for Corporation Grants Awarded to the Alabama GFBCI.

Please do not hesitate to contact us if you have any additional questions concerning the audit response.

Sincerely,

A handwritten signature in blue ink that reads "Lisa Castaldo".

Lisa Castaldo
Deputy Director

CC: Jon Mason, GFBCI Director
Claire Moreno, Corporation for National and Community Service

Alabama Governor's Office of Faith-Based and Community Initiatives

Finding 1

A formalized cost allocation methodology of indirect costs claimed was not established and consistently implemented. Documentation was not available to support the allocation of indirect costs to each grant.

Recommendation

We recommend that the Corporation

1a. Work with GFBCI to formalize its process for allocating indirect costs to the grants, and verify that controls are in place to ensure that costs are reasonable, equitable, allocable and properly documented. Consideration should also be given to implementing an approved indirect cost rate for future grants.

1b. Resolve the questioned \$85 in match cost

GFBCI Response

1a. The GFBCI will complete and submit a cost allocation plan, no later than September 1, 2011, for the CNCS funds received by the GFBCI. The GFBCI is still exploring the feasibility of utilizing an indirect rate but may opt for the Corporation Fixed Percentage. All 2012 CNCS grants submitted by the GFBCI will employ the newly adopted policy for cost allocation. Currently, the GFBCI follows all State of Alabama Fiscal Policy and Standard Accounting Procedures.

1b. The GFBCI's current method of cost allocation justified the \$85 charged toward the Administrative grant towards the GFBCI Accountant's cost for participation in the Certified Public Manager course for the State of Alabama. This cost was reasonable and allowable. However, since there are no grantee funds applied to the grant for the GFBCI Accountant's salary the GFBCI does not dispute the questioned cost of \$85.

Finding 2

Documentation was not available to support in-kind match costs.

Recommendation

We recommend that the Corporation

2a. Resolve the \$25,018 in questioned match costs due to a lack of supporting documentation.

2b. Work with GFBCI to ensure that its sub-grantees internal controls are strengthened to assure that claimed in-kind match cost are supported with proper documentation.

GFBCI Response

2a. The GFBCI received all of the outstanding match documents and they have been submitted to the Corporation for further consideration. However, the documents were not provided to the GFBCI by the sub-grantee during the time period that they could be reviewed by the contracted audit firm. The documents were stored by the sub-grantee,

who is a large urban school system, off-site and this resulted in an extensive delay for the records to be pulled.

2b. The sub-grantee has received formal notification of corrective action by the GFBCI. Currently all sub-grantees, excluding this sub-grantee and one other program who have longevity and a good record with the GFBCI, are required to submit monthly and or quarterly reimbursement requests with support documents included for federal costs and match costs. This sub-grantee had a demonstrated record and was exempted from this requirement. They submitted a bi-annual reimbursement request and received desk audits and fiscal site visits to verify support documentation. Due to the delay in the ability to produce the requested documents during the audit period, the reimbursement schedule and the submission of support documents have been changed to a mandatory quarterly schedule.

Finding 3

City of Selma used an incorrect mileage rate for travel reimbursements during 2010.

Recommendations

We recommend that the Corporation

3a. Resolve the questioned \$123 in Federal costs for Grant No. 09RFHAL001 and \$39 in match cost for Grant No. 06AFHAL001

3b. Ensure the GFBCI strengthens the monitoring of its sub-grantees to ensure that sub-grantees are using the correct POV mileage reimbursement rate.

GFBCI Response

3a. The City of Selma's mileage rate is .55 per mile. A Mileage Resolution and Mileage Memo from the Selma City Council were included in the initial audit response. In addition, a mileage rate of .55 per mile was submitted to the GFBCI and the Corporation in the grant for the period tested. During the grant year, the mileage rate was reduced to .50 cents per mile and the State of Alabama should not have reimbursed at the .55 cent per mile rate. The GFBCI concurs with this finding.

3b. The GFBCI has an internal process for reviewing all reimbursement requests from sub-grantees. This process has built in redundancy to reduce the rate of error. However, in this instance the reimbursement to the sub-grantee at the incorrect mileage rate was an error. The rate had changed mid-year from .55 cents per mile to .50 cents per mile and the 5 cent per mile difference was not adjusted by the GFBCI.

Excerpt from the GFBCI AmeriCorps Policy and Procedure Manual:

State Requirements (GFBCI) – Draw Downs

The following forms and information should be included when submitting a draw down request if it is applicable to grant award:

- 1. Certification Cover Sheet***
- 2. Field Voucher***
- 3. Periodic Expense Report (PER)***
- 4. Draw Calculations Sheet (when applicable)***
- 5. Member Roster Report from the Portal***

6. *General Ledger, General Journal, and/or Payroll Register for the time period covered in the draw request*
7. *Support documentation for all expenditures, i.e., invoices, detailed receipts, travel reimbursement forms, etc. (when applicable)*
8. *Quarterly FFR (Due by 10th of appropriate month)*
9. *In-Kind Form (when applicable)*

Once the hard copies and supporting documentation (when applicable) are received, the draw request will have a final review and be processed upon verification of documentation submitted. If a problem or error occurs in the information submitted, payment will not be made until problem or error has been corrected. Sub-grantees are required to submit financial reimbursement requests based upon the schedule in the program contract, Attachment 1.

The GFBCI receives notification from the Alabama Department of Finance when the federal mileage rate changes. All GFBCI staff members will receive a copy of the memo.

Finding 4

Member contracts did not specify whether the term of service was half-time or full-time

Recommendation

We recommend that the Corporation

4. Ensure that the GFBCI strengthens the monitoring of its sub-grantees to ensure that member contracts address all significant issues, including type and term of service (specifying half-time or full-time) and financial benefits.

GFBCI Response

4. The GFBCI utilizes a Risk Based Monitoring System which includes an annual on-site Module C -Member File reviews, in addition to quarterly compliance reviews. All monitoring tools are available at www.ServeAlabama.gov. The contracts in questions had the option to circle either full time or part time on the contract. The objective was to have one version of a member contract. However, by not circling the appropriate option the contract did not indicate clearly the term of service.

As a corrective action, the GFBCI is disallowing the use of contracts that do not specifically state the term of service. This will be reinforced at the mandatory annual AmeriCorps Program Start-Up Training which occurs prior to the start of the new program year. This is also be reviewed during the fall when all programs receive an on-site Module C- Member File Review Site Visit.

Finding 5 (1)

Procedures were inadequate for conducting criminal background checks and searches of the National Sex Offender Public Registry

Recommendation

We recommend that the Corporation

5a. Ensure that the GFBCI strengthens the monitoring of its sub-grantees to determine that the sub-grantees conduct NSOPR searches that include all 50 states prior to the member starting service

GFBCI Response

5a. The GFBCI had been checking each member file to ensure the completion of the NSOPR check annually. However, the GFBCI has strengthened the guidance on the NSOPR check to ensure that sub-grantees repeat the process if any of the state's data is unavailable on the day the NSOPR check is conducted. As an immediate corrective action, the GFBCI has sent out an email advising programs to review all NSOPR checks that have been conducted to determine if any states were not available on the day of the check. There have also been 2 quarterly Program Director trainings conducted since this audit recommendation was originally made and the review of the NSOPR check was included on both agendas.

Also, the GFBCI's AmeriCorps Policy Manual has been revised to include the emphasis on what constitutes a completed NSOPR check. This will be reinforced at the mandatory annual AmeriCorps Program Start-Up Training which occurs prior to the start of the new program year. This is also reviewed on-site during the fall when all programs receive a Module C- Member File Review Site Visit.

Finding 5 (2)

Criminal background check and/or National Sex Offender Public Registry search was performed after member enrollment or background investigation was not completed.

Recommendation

We recommend that the Corporation

5b. Resolve the questioned \$1,560 in Federal cost and \$516 in match costs for member living allowances for Grant No. 06AFHAL001, and \$890 in Federal costs and \$714 in match costs for Grant No. 09ACHAL001 for member living allowances.

5c. Ensure that the GFBCI strengthens the monitoring of its sub-grantees to ensure that NSOPR and State criminal registry searches are conducted prior to members starting service. For members whose state criminal registry searches are pending, GFBCI should work with its sub-grantees to ensure that a program official is present whenever such members interact with vulnerable populations and document that this supervision was established. In addition, GFBCI should ensure that findings from criminal background checks are considered, investigated, and the results should be documented to demonstrate compliance by its sub-grantees.

GFBCI Response

5b. The questioned cost are a result of stipends (living allowances) for members. The sub-grantees have always been advised by the GFBCI that as an eligibility requirement the NSOPR check must be completed prior to enrollment. However, guidance regarding the timing of the initiation of the criminal history check has been changed since becoming law in 2007. Originally, the GFBCI advised that the criminal history check should be conducted in a timely manner. Birmingham City School members receive weeks of pre-service training where they are not with students and after the training is complete they are placed in classrooms under the direct supervision of a teacher who by State Department of Education policy must have a cleared background check. The

member's in question did not serve unsupervised. Currently, Birmingham READS AmeriCorps applicants must complete the background check and provide a copy of the letter verifying they have initiated the background check prior to enrollment.

Currently, the GFBCI's policy and training practices dictate that the criminal history check must be initiated prior to enrollment. During the period prior to receiving clearance for the criminal history check, the member must be accompanied by a covered employee.

Excerpt from GFBCI AmeriCorps Policy and Procedure Manual:

National Service Criminal History Check

Under the Serve America Act (SAA), all grantees must conduct National Service Criminal History checks on participants and program employees in AmeriCorps, Learn and Serve, Foster Grandparent, Senior Companion and any other programs funded by the Corporation under National Service laws (Title 45 CFR Part 2540, Subpart B, Section 2540, 200-207).

All employees, participants, and others who receive a salary, national service education award, living allowance, or stipend under Corporation grants, even if the activities don't involve service with vulnerable populations, must receive the checks prior to beginning employment or service. Summer of service awards are not considered national service education awards. For the RSVP and VISTA programs, grantees are not required to conduct criminal history checks on their volunteers; however, RSVP and VISTA grantees are required to conduct criminal history checks on all employees who receive part or all of their salary from the respective program grant.

Regulations have been in effect since November 2007 requiring checks on individuals in recurring contact with a vulnerable population, and expanded requirements went into effect on October 1, 2009, establishing coverage of all employees and participants, including those without contact with a vulnerable population.

Beginning in April 21, 2011, programs will also be required to conduct FBI background checks on covered individuals who will have recurring contact with vulnerable populations.

1. *Sub-grantee agrees to search based on two (2) separate components of the criminal history check:*
 - a. *A search (by name or fingerprint) of the State criminal registry for the State in which the program operates and the State in which the individual resides at the time of application;*
 - b. *A National Sex Offender Public Registry (NSOPR) check is an eligibility requirement and must be completed prior to beginning of member contract.*
 2. *Unless the Corporation approves an alternative screening protocol, in determining an individual's suitability to serve in a covered position, Sub-grantees are responsible for conducting and documenting a National Service Criminal History Check.*
 - a. *An individual who refuses to consent to a State criminal registry check is not eligible to serve. This was previously included in the preamble to the proposed rule, but not in regulatory language.*
 - b. *No applicant may have unsupervised access to vulnerable individuals (as defined in the rule) until the results of his or her State criminal registry checks have been reviewed and verified by the program.*
 - c. *Programs keep the actual results of the criminal history checks in the participants' files, unless prohibited from doing so by State law, and document in writing the consideration of the participant.*
- *Returning Members - Returning members in an AmeriCorps State program who have been checked through the State criminal registry, are returning to the same program and*

have no more than a thirty day break in service do not have to undergo a second State criminal history check.

- *Consent - An individual who refuses to consent to a State criminal registry check is not eligible to serve.*
- *Service without Clearance - No applicant may have unsupervised access to vulnerable individuals (as defined in the rule) until the results of his or her State criminal registry checks have been reviewed and verified by the program.
A program may allow a member to begin their service but the following conditions must be met: A member may not have access to a vulnerable beneficiary without being accompanied by an authorized program representative who has been previously cleared to have such access.*
- *Disqualification - An individual who is subject to a State sex offender registration requirement is deemed unsuitable for, and may not serve in, a covered position. The disqualification includes individuals who are applicants for covered positions, as well as individuals who are currently serving with the organization in a covered position. An individual convicted of murder is deemed unsuitable for, and may not serve in, a covered position.*
- *Cost - CNCS considers the cost of a criminal history check a reasonable and necessary grant expense. Unless approved by CNCS, a Sub-grantee may not charge applicants for the cost of a criminal history check.*
- *Maintenance of National Service Criminal History Check Records - Programs keep the actual results of the criminal history checks in the participants' files, unless prohibited from doing so by State law. AmeriCorps State program can maintain criminal history checks in a separate locked file.*

5c. Currently the GFBCI's policy and training practices dictate that the NSOPR check must be completed prior to enrollment and the criminal history check must be initiated prior to enrollment. During the period prior to receiving clearance for the criminal history check, the member must be accompanied by a covered employee. This is reviewed periodically through policy updates, quarterly trainings and will be reinforced at the mandatory annual AmeriCorps Program Start-Up Training which occurs prior to the start of the new program year. This is also reviewed during the fall when all programs receive an on-site Module C- Member File Review Site Visit. For the City of Selma's 20 questioned files, all of the checks were conducted the day of enrollment just not prior to enrollment. This procedure has been amended as a result of the audit. All information pertaining to the member's NSOPR check and criminal history check must be maintained in the member's file and is reviewed annually by a GFBCI staff member during the Module C- Member File Review on-site visit.

Finding 5 (3)

Alternate background investigations were performed through the Board of Education without prior written approval

Recommendation

We recommend that the Corporation

5d. Ensure that the GFBCI strengthens the monitoring of its sub-grantees to verify that prior written approval is obtained from the Corporation before an alternate criminal background check protocol is implemented

GFBCI Response:

5d. The sub-grantee in question has been submitting the members' criminal history checks through the Board of Education as a standard practice for many years. All of the GFBCI's current sub-grantees, who are hosted through a local Board of Education, are required to follow the system's practice of submitting checks through the State Department of Education to the Alabama Bureau of Investigations (ABI) (the state repository). While approval of an alternate search protocol was pending, the sub-grantee continued to follow the standing program procedures. The GFBCI has worked diligently to ensure that if a program is not directly utilizing the ABI (the state repository) for criminal history checks that they request (via the GFBCI) to CNCS an approval for an alternate search protocol. The GFBCI has established for all sub-grantees, excluding school systems, an account to expedite submission of criminal history checks to ABI.

Finding 6

Timesheets do not reflect the required amount of service hours needed to earn an education award

Recommendation

We recommend that the Corporation

6a. Resolve the questioned \$4,725 education award for Grant No. 06AFHAL0010001

6b. Ensure the GFBCI strengthens the monitoring of its sub-grantees to determine that member timesheets support the service hours reported in e-grants.

GFBCI Response

6a. The education award in question was for a member who hours fell short by 7.5 (1692.5 of the 1700 were properly documented). The program attempted to identify other documents, such as sign-in sheets, to support the member's shortage of 7.5 hours. The sub-grantee was unable to do so. All other member hours served in this program were verified.

6b. Computation of time logs is reinforced at the mandatory annual AmeriCorps Program Start-Up Training which occurs prior to the start of the new program year. This is also reviewed on-site during the fall when all programs receive a Module C- Member File Review Site Visit. In addition, the GFBCI has implemented a grants management tool called "My Service Log" which provides sub-grantees with a web based system that has detailed member sheets. The sub-grantee with the member in question has had a change in Program Director since the member whose education award is questioned served. The GFBCI based on site reviews and compliance checks has a high level of confidence that the program employs adequate checks and balances to reduce errors in member timekeeping.

Finding 7

Federal Financial Reports were submitted late

Recommendation

We recommend that the Corporation

7a. Ensure that the GFBCI submits its FFRs when they are due

GFBCI Response

7a. As the GFBCI's fiscal agent, the Alabama Department of Mental Health (ALDMH) supports the GFBCI with numerous fiscal staff to allow for adequate internal controls and separation of duties. The ALDMH submits all of the FFRs, once approved by the GFBCI. Three of the 4 (of 28 sampled) late submissions were 3 FFRs due on the same date that were 3 days late and the fourth FFR report was 7 days late. The GFBCI recognizes and continues to address coordination and communication with the fiscal agent on deadlines. Since these dates were missed, the GFBCI and the ALDMH have worked to strengthen the process for meeting the FFR deadlines. The GFBCI sends the electronic e-grants reminder to the ALDMH point of contact and the ALDMH point of contact prepares the reports and submits by the deadline. The GFBCI does not dispute this finding.

APPENDIX B

**CORPORATION FOR NATIONAL AND
COMMUNITY SERVICE**

RESPONSE TO THE DRAFT REPORT

To: Stuart Axenfeld, Inspector General for Audit
From: Margaret Rosenberry, Director of Grants Management
Date: June 17, 2011
Subject: Response to OIG Draft of Agreed-Upon Procedures of Grants Awarded to the Alabama Governor's Office of Faith-Based and Community Initiatives

Thank you for the opportunity to review the Office of the Inspector General draft Agreed-Upon Procedures report of the Corporation's grants awarded to the Alabama Governor's Office of Faith-Based Community Initiatives (GFBCI). The Corporation reviewed the OIG report, met with the auditors and the grantee and reviewed the GFBCI draft response to the audit. We noted that the auditor included recommendations for the Corporation to recover match costs questioned without considering the facts that allowable alternative match was available or that match requirements were met at the aggregate level by the Commission. In the past OIG audits have taken the availability of alternative and aggregate match into consideration prior to making match cost recovery recommendations. Please note that we consider the more comprehensive review of match conducted in previous audits a more efficient use of resources. We are addressing all draft findings and recommendations at this time. We have reviewed a preliminary corrective action plan from GFBCI. The plan adequately addresses the audit findings and we will work with GFBCI to ensure corrective action is implemented within 120 days of the final audit issue date.

Finding 1 – A formalized cost allocation methodology of indirect costs claimed was not established and consistently implemented. Documentation was not available to support the allocation of indirect costs to each grant.

Recommendation 1a: We recommend that the Corporation work with GFBCI to formalize its process for allocating indirect costs to the grants, and verify that controls are in place to ensure that costs are reasonable, equitable, allocable and properly documented. Consideration should also be given to implementing an approved indirect cost rate for future grants.

Corporation Response: The Corporation is working with GFBCI to ensure it implements a Cost Allocation Plan and documents its cost allocation methodology for both direct and indirect costs in October 2011. The Corporation will ensure GFBCI's plan is designed to strengthen compliance. GFBCI is also considering implementing an approved indirect cost rate. **(Open)**

Match Training Cost Incurred Was Not Properly Allocated.

Recommendation 1b: We recommend that the Corporation resolve the questioned \$85 in match costs.

Corporation Response: The Corporation concurs with the finding and the costs are disallowed. GFBCI will include its methodology for allocating training costs in the Cost Allocation Plan. No debt results from the match as GFBCI met its match without the disallowed costs. **(Action Complete)**

Finding 2 – Documentation was not available to support in-kind match costs.

Recommendation 2: We recommend that the Corporation:

- 2a. Resolve the \$25,018 in questioned match costs due to a lack of supporting documentation.
- 2b. Work with GFBCI to ensure that its subgrantees' internal controls are strengthened to assure that claimed in-kind match costs are supported with proper documentation.

Corporation Response: The Corporation agrees with the findings and recommendations. The subgrantee did not provide the support to the auditors during field work when requested. After the exit conference, the subgrantee provided the documentation to the auditors and to the Corporation. The Corporation has reviewed the support for the selected transactions and found it adequate. The match costs are allowed. However, the inability of the subgrantee to provide support in a timely manner is a compliance matter which must be corrected. The GFBCI has determined the cause for the delay is now requiring the subgrantee to submit supporting documentation with quarterly reimbursement requests. **(Action Completed)**

Finding 3 – City of Selma used an incorrect mileage rate for travel reimbursements during 2010.

Recommendation 3: We recommend that the Corporation:

- 3a. Resolve the questioned \$123 in Federal costs for Grant No. 09RFHAL001 and \$39 in match costs for Grant No. 06AFHAL001.
- 3b. Ensure that GFBCI strengthens the monitoring of its subgrantees to ensure that subgrantees are using the correct POV mileage reimbursement rate.

Corporation Response: The Corporation agrees and recommendations. The questioned costs are disallowed. No debt results from disallowed match as GFBCI has sufficient alternative match. The Corporation has verified that GFBCI has an internal process for reviewing mileage rates and that GFBCI will ensure that changes to the Federal government's rate for mileage reimbursement are promptly incorporated into its internal review process. **(Action Completed)**

Finding 4 – Member contracts did not specify whether the term of service was half-time or full-time.

Recommendation 4: We recommend that the Corporation ensure that GFBCI strengthens the monitoring of its subgrantees to ensure that member contracts address all significant issues, including type and term of service(specifying half-time or full-time) and financial benefits.

Corporation Response: The Corporation agrees. As a result of the audit finding GFBCI implemented a requirement that member contracts designate half-time or full-time status in June 2011. The Corporation considers the GFBCI correction action adequate. **(Action completed)**

Finding 5 - Procedures were inadequate for conducting criminal background checks and searches of the National Sex Offender Public Registry (NSOPR).

Recommendation 5: We recommend that the Corporation:

5a. Ensure that GFBCI strengthens the monitoring of its subgrantees to determine that subgrantees conduct NSOPR searches that include all 50 states prior to the member starting service.

5b. Resolve the questioned \$1,560 in Federal costs and \$516 in match costs for member living allowances for Grant No. 06AFHAL001, and \$890 in Federal costs and \$714 in match costs for Grant No. 09ACHAL001 for member living allowances.

5c. Ensure that GFBCI strengthens the monitoring of its subgrantees to ensure that NSOPR and State criminal registry searches are conducted prior to members starting service. For members whose State criminal registry checks are pending, GFBCI should work with its subgrantees to ensure that a program official is present whenever such members interact with vulnerable populations and document that this supervision was established. In addition, GFBCI should ensure that findings from criminal background checks are considered, investigated, and the results should be documented to demonstrate compliance by its subgrantees.

5d. Ensure that GFBCI strengthens the monitoring of its subgrantees to verify that prior written approval is obtained from the Corporation before an alternate criminal background check protocol is implemented.

Corporation Response: The Corporation agrees that GFBCI did not follow appropriate procedures to demonstrate compliance with requirements for criminal history checks. We are working with GFBCI to ensure it revises its criminal history check policy to address the audit concerns in regards to monitoring and training to strengthen compliance. Furthermore, the GFBCI must ensure that NSOPRs are completed prior to enrollment and that criminal background checks are completed timely. However, the Corporation takes exception to the auditor's assertion that Corporation regulations requiring the NSOPR include results from all 50 states. The Federal regulations require that the NSOPR check be conducted. The regulations do not require that system connectivity be functioning for all 50 states when the NSOPR is conducted. CNCS takes its responsibility to safeguard vulnerable populations very seriously and requires its grantees to fully comply with our current regulation, 45 C.F.R. §2540.203(B). We will continue to work with our grantees and OIG to ensure safeguards are in place. **(Open)**

The Corporation verified that the two questioned members without criminal background checks resigned from the program before the check was completed. The program followed regulations which require that members be supervised until the state checks are completed. The members were supervised at all times and had no access to vulnerable populations. Therefore, the \$2,450 in Federal costs and \$1,230 in match costs are allowed. **(Action Complete)**

Finding 6 – Timesheets do not reflect the required amount of service hours needed to earn an education award.

Recommendation 6: We recommend that the Corporation:

6a. Resolve the questioned \$4,725 education award for Grant 06AFHAL0010001.

6b. Ensure that GFBCI strengthens the monitoring of its subgrantees to determine that member timesheets support the service hours reported in eGrants.

Corporation Response: The Corporation agrees one member out of all the members tested was 7.5 hours short of the required 1700 hours. GFBCI reviewed the circumstances resulting in the error and determined it was a single instance of human error by program staff. The Corporation agrees with the GFBCI determination and the limited audit findings confirm controls over member timekeeping are effective. In these cases, the Corporation holds the member harmless and will require the GFBCI to reimburse the National Service Trust for education award amounts accessed by the members which exceed the pro rata amount of service actually performed by the members. The member has accessed the full award. Under the CEO's authority to determine debts owed to the Corporation, the grantee must repay the Trust for the amounts accessed in excess of awards earned. Therefore, the amount attributed the 7.5 hour shortage or \$21 must be reimbursed to the Trust. **(Action Complete)**

Finding 7 – Federal Financial Reports were submitted late.

Recommendation 7: We recommend that the Corporation ensure that GFBCI submits its FFRs when they are due.

Corporation Response: The Corporation agrees that four FFR reports were three to seven days late. In response to the audit, GFBCI implemented and the Corporation verified procedures to send reminder emails to subgrantees to ensure they submit their financial reimbursement requests in enough time to allow GFBCI to submit timely. **(Action Complete)**

Summary: The Corporation will allow \$2,450 and disallow \$123 of the questioned Federal cost. We will allow \$26,248 and disallow \$124 of the questioned match share. The Corporation considers the one questioned education award of properly certified; however, we will require the program to reimburse the Trust \$21 to reflect a prorated award. Two of the seven of the internal control and compliance remain open.