

# Office of Inspector General Corporation for National and Community Service

## AGREED-UPON PROCEDURES FOR CORPORATION FOR NATIONAL AND COMMUNITY SERVICE GRANTS AWARDED TO Colorado Governor's Commission on Community Service

OIG REPORT 11-20



Corporation for  
**NATIONAL &  
COMMUNITY  
SERVICE** 

Prepared by:

COTTON & COMPANY LLP  
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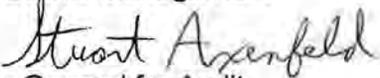
This report was issued to Corporation management on September 12, 2011. Under the laws and regulations governing audit follow-up, the Corporation is to make final management decisions on the report's findings and recommendations no later than March 12, 2012 and complete its corrective actions by September 12, 2012. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.



September 12, 2011

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

Margaret Rosenberry  
Director, Office of Grants Management

FROM: Stuart Axenfeld   
Assistant Inspector General for Audit

SUBJECT: *OIG Report 11-20, Agreed-Upon Procedures for Corporation for National and Community Service Grants Awarded to Colorado Governor's Commission on Community Service (Serve Colorado)*

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 Cotton & Company LLP (Cotton). The contract required Cotton to conduct its procedures in accordance with generally accepted government attestation standards.

Cotton is responsible for the attached report, dated September 7, 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 Serve Colorado'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 March 12, 2012. Notice of final action is due by September 12, 2012.

If you have questions pertaining to this report, please call me at (202) 606-9360, or Rick Samson, Audit Manager, at (202) 606-9380.

Attachment

cc: Toya Nelson, Executive Director, Serve Colorado  
Lindsay Morgan Tracy, Commission Chair, Serve Colorado  
William Anderson, Chief Financial Officer, CNCS  
Rocco Gaudio, Deputy Chief Financial Officer, Grants & Field Financial Management  
Kim Mansaray, Acting Chief Operating Officer  
Claire Moreno, Audit Liaison, CNCS  
Dianne Ray, Acting State Auditor, State of Colorado  
Michael Gillespie, Partner, Cotton & Company LLP

**OFFICE OF INSPECTOR GENERAL  
 AGREED-UPON PROCEDURES FOR  
 CORPORATION FOR NATIONAL AND COMMUNITY SERVICE  
 GRANTS AWARDED TO  
 COLORADO GOVERNOR’S COMMISSION ON COMMUNITY SERVICE**

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## EXECUTIVE SUMMARY

The Office of Inspector General (OIG), Corporation for National and Community Service (Corporation), contracted with Cotton & Company LLP to perform agreed-upon procedures (AUPs) to assist the OIG in grant cost and compliance testing of Corporation-funded Federal assistance provided to the Colorado Governor's Commission on Community Service (GCCS).

### SUMMARY OF RESULTS

As a result of applying our procedures, we questioned claimed Federal-share costs of \$260,021, education awards of \$73,660, accrued interest awards of \$1,694, and administrative fees of \$2,017. 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 AUP 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. Grantees receiving Education Award program grants are eligible to receive a fixed administrative fee for each eligible member enrolled. The fee is funded at the amount per-full time equivalent specified in the award. 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 used for the grantee's claimed costs, we determined the effect of our findings on education and accrued interest award eligibility and the fixed administrative fees.

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

1. GCCS and three subgrantees claimed unallowable and unsupported costs.
2. GCCS, subgrantee, and subgrantee service location financial management systems did not account for costs in accordance with Federal and state requirements.
3. GCCS and one subgrantee did not have controls to ensure that claimed Federal and match costs were adequately supported, compliant with applicable regulations, and properly calculated.
4. Two subgrantees did not comply with AmeriCorps requirements for criminal history checks and National Sex Offender Public Registry (NSOPR) searches.
5. One subgrantee did not demonstrate that it conducted a criminal history check on a member, and three subgrantees did not conduct criminal history and NSOPR searches in a timely manner.
6. One subgrantee did not have controls to ensure that members performed allowable service activities.
7. Three subgrantees did not accurately record all timesheet hours, did not have procedures to verify member activities and timesheet accuracy, and timesheets did not always support member eligibility for education awards.

8. One subgrantee did not comply with AmeriCorps citizenship eligibility requirements.
9. Three subgrantees did not demonstrate that some members received performance evaluations, and some end-of-term evaluations did not meet AmeriCorps requirements.
10. Three subgrantees did not complete all member enrollment and exit forms and enter them into the My AmeriCorps Portal (Portal) in accordance with AmeriCorps requirements.
11. GCCS and three subgrantees did not follow certain AmeriCorps requirements.
12. GCCS did not demonstrate that unemployment insurance and worker's compensation benefits provided to members were required by Colorado state law.
13. GCCS did not follow its procedures to obtain and review subgrantee Office of Management and Budget (OMB) Circular A-133 audit reports. It did not have procedures to reconcile expenditures in subgrantee OMB Circular A-133 audit reports, and it did not perform such reconciliations.

#### **AGREED-UPON PROCEDURES SCOPE**

We performed the AUPs detailed in the OIG's *Agreed-Upon Procedures for Corporation Awards to Grantees (including Subgrantees)* program, dated April 2010. Our procedures covered testing of the following AmeriCorps Competitive, Formula, Education Award, American Recovery and Reinvestment Act (ARRA), Administrative, Professional Development and Training (PDAT), and Disability grants:

<b>Grant Program</b>	<b>Award No.</b>	<b>Award Period</b>	<b>AUP Period</b>	<b>Award Totals</b>
<b>AmeriCorps Grants</b>				
Competitive	06ACHCO001	08/15/06-12/31/09	09/01/08-12/31/09	\$2,627,099
Formula	06AFHCO001	09/01/06-08/31/12	09/01/08-09/30/10	\$7,789,184
Education Award	06ESHCO001	08/15/06-12/31/09	09/01/08-12/31/09	\$118,100
Competitive	09ACHCO001	09/01/09-08/31/12	09/01/09-09/30/10	\$1,286,680
Education Award	09ESHCO001	09/01/09-08/31/12	09/01/09-09/30/10	\$92,358
ARRA-Competitive	09RCHCO002	06/01/09-12/31/10	06/01/09-09/30/10	\$832,831
ARRA-Formula	09RFHCO001	05/01/09-09/30/10	05/01/09-09/30/10	\$514,073
<b>GCCS Grants</b>				
Administrative	07CAHCO001	01/01/07-06/30/10	07/01/08-06/30/10	\$693,784
PDAT	08PTHCO001	01/01/08-12/31/10	07/01/08-06/30/10	\$412,165
Administrative	10CAHCO001	01/01/10-12/31/12	01/01/10-06/30/10	\$326,112
Disability	10CDHCO001	01/01/10-12/31/12	01/01/10-06/30/10	\$93,109

OIG's AUP program included:

- Obtaining an understanding of GCCS's operations, programs, and subgrantee monitoring process.
- Reconciling GCCS's claimed Federal grant costs to its accounting system.

- Testing subgrantee member files to verify that records support eligibility to serve, allowability of living allowances, and eligibility to receive education awards.
- Testing GCCS's compliance and a sample of subgrantees with selected AmeriCorps provisions and award terms and conditions.
- Testing GCCS's claimed Federal grant costs and a sample of subgrantees to ensure that:
  - AmeriCorps grants were properly recorded in GCCS's general ledger and subgrantee records.
  - Costs were allowable and properly documented in accordance with applicable OMB circulars, grant provisions, award terms, and conditions.

We performed testing from October 2010 through March 2011 at GCCS and its three subgrantees:

- Colorado Youth Corps Association (CYCA)
- Mile High Youth Corps (MHYC)
- Southern Ute Community Action Programs (SUCAP)

## **BACKGROUND**

### **The Corporation**

The Corporation supports national and community service programs that provide an opportunity for participants to engage in full- or part-time service. The Corporation funds service opportunities that foster civic responsibility and strengthen communities. It also provides educational opportunities for those who have made a 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 through grants to states and territories with Commissions, grants to states and territories without Commissions, and National Direct funding to organizations. Grantees recruit and select volunteers who must qualify to earn a living allowance and/or education awards.

### **Colorado Governor's Commission on Community Service**

GCCS was established by an Executive Order in December 1993, in response to the National and Community Service Trust Act of 1993, which mandated the establishment of a state commission for the purpose of selecting and supporting AmeriCorps programs within the state. GCCS is under the Colorado Office of Lieutenant Governor. It serves as the focal point for implementing AmeriCorps programs through subgrants, with funding from the Corporation.

GCCS receives multiple awards from the Corporation, including AmeriCorps Competitive, Formula, Education Award, ARRA, Administrative, PDAT, and Disability grants. AmeriCorps grants are annual awards passed through the GCCS to eligible subgrantees, including

CYCA, MHYC, and SUCAP. These subgrantees recruit and select members who then earn living allowances and education awards.

### **Colorado Youth Corps Association**

CYCA develops and maintains a statewide network of conservation programs for youth participants. Members are involved in service projects to maintain and enhance public lands. CYCA had eight service locations throughout Colorado during the AUP period:

1. Larimer County Youth Conservation Corps
2. Mile High Youth Corps-Denver
3. Mile High Youth Corps-Colorado Springs
4. Rocky Mountain Youth Corps
5. Southwest Conservation Corps-Four Corners
6. Southwest Conservation Corps-Los Valles
7. Weld County Youth Conservation Corps (WCYCC)
8. Western Colorado Conservation Corps

### **Mile High Youth Corps**

MHYC's goal is to improve communities and the lives of youth by putting young people to work in neighborhoods, public parks, and open spaces. Its' projects include environmental restoration, protection, and conservation; energy conservation; affordable housing; and community improvement projects. It assigned members to its Denver and Colorado Springs offices, as well as five other service locations during the AUP period:

1. Larimer County Youth Conservation Corps (LCYCC)
2. Rocky Mountain Youth Corps (RMYC)
3. Southwest Conservation Corps-Four Corners (SCCFC)
4. Southwest Conservation Corps-Los Valles (SCCLV)
5. Western Colorado Conservation Corps (WCCC)

### **Southern Ute Community Action Programs**

SUCAP is a federation of entities seeking to address a number of youth, family, and community development needs on the Southern Ute Indian Reservation region in southwestern Colorado. AmeriCorps members at SUCAP are involved in implementing an information survey, drug and alcohol prevention programs, engaging youth in civic activities, and implementing youth obesity programs.

### **EXIT CONFERENCE**

The contents of this report were discussed with GCCS and Corporation representatives on May 6, 2011. We summarized GCCS's comments in appropriate sections of the final report and have included their comments verbatim as Appendix A. The Corporation intends to respond to all findings and recommendations in its management decision at a later date (see Appendix B).



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September 7, 2011

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) program*, dated April 2010. 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 GCCS for the awards detailed below.

This AUP engagement was performed in accordance with attestation 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 awards:

<b>Grant Program</b>	<b>Award No.</b>	<b>Award Period</b>	<b>AUP Period</b>	<b>Award Totals</b>
<b>AmeriCorps Grants</b>				
Competitive	06ACHCO001	08/15/06-12/31/09	09/01/08-12/31/09	\$2,627,099
Formula	06AFHCO001	09/01/06-08/31/12	09/01/08-09/30/10	\$7,789,184
Education Award	06ESHCO001	08/15/06-12/31/09	09/01/08-12/31/09	\$118,100
Competitive	09ACHCO001	09/01/09-08/31/12	09/01/09-09/30/10	\$1,286,680
Education Award	09ESHCO001	09/01/09-08/31/12	09/01/09-09/30/10	\$92,358
ARRA-Competitive	09RCHCO002	06/01/09-12/31/10	06/01/09-09/30/10	\$832,831
ARRA-Formula	09RFHCO001	05/01/09-09/30/10	05/01/09-09/30/10	\$514,073
<b>GSSC Grants</b>				
Administrative	07CAHCO001	01/01/07-06/30/10	07/01/08-06/30/10	\$693,784
PDAT	08PTHCO001	01/01/08-12/31/10	07/01/08-06/30/10	\$412,165
Administrative	10CAHCO001	01/01/10-12/31/12	01/01/10-06/30/10	\$326,112
Disability	10CDHCO001	01/01/10-12/31/12	01/01/10-06/30/10	\$93,109

We performed testing of these AmeriCorps program awards at GCCS and three of its subgrantees. We selected samples of labor, benefits, and other direct costs at GCCS and the three subgrantees that were reported by GCCS on the following Federal Financial

Reports (FFR): September 30 and December 31, 2008; March 31, June 30, September 30, and December 31, 2009; and March 31, June 30, and September 30, 2010.

We also tested grant compliance requirements by sampling the 59 members from CYCA, MHYC, and SUCAP, as shown below. As requested by the OIG, we reviewed copies of the sampled CYCA and MHYC members at the CYCA and MHYC offices located in Denver. We performed all applicable testing procedures in the AUP program for each sampled member.

PY	CYCA		MHYC		SUCAP	
	Total Members	Sampled Members	Total Members	Sampled Members	Total Members	Sampled Members
2008-2009	180	7	101	7	0	0
2009-2010	129	9	77	7	9	9
ARRA	<u>193</u>	<u>9</u>	<u>235</u>	<u>11</u>	<u>0</u>	<u>0</u>
Total	<u>502</u>	<u>25</u>	<u>413</u>	<u>25</u>	<u>9</u>	<u>9</u>

#### RESULTS OF AGREED-UPON PROCEDURES

We questioned claimed Federal-share costs of \$260,021. 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.

We questioned education awards \$73,660, accrued interest awards of \$1,694, and administrative fees of \$2,017. Participants who successfully complete terms of service under AmeriCorps grants are eligible for education awards and repayment of student loan interest accrued during their service terms from the Corporation's National Service Trust. Grantees receiving Education Award program grants are eligible to receive a fixed administrative fee for each eligible member enrolled. The fees are funded at the amount per full-time equivalent member specified in the award. These 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 and the fixed administrative fees.

Detailed results of our AUPs 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, Corporation, GCCS, and 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 tail.

Michael W. Gillespie, CPA, CFE  
Operations Managing Partner

## EXHIBIT A

**COLORADO GOVERNOR'S COMMISSION ON COMMUNITY SERVICE  
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE AWARDS  
CONSOLIDATED SCHEDULE OF CLAIMED AND QUESTIONED COSTS**

Grant No.	Federal Costs			Questioned			Schedule
	Awarded	Claimed	Questioned	Education Awards	Admin Fees	Accrued Interest	
<b>06ACHCO001</b>							
MHYC	\$1,833,300	\$1,318,932	\$45,322	\$12,311	\$0	\$110	A
Others	<u>793,799</u>	<u>601,245</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total	<u>\$2,627,099</u>	<u>\$1,920,177</u>	<u>\$45,322</u>	<u>\$12,311</u>	<u>\$0</u>	<u>\$110</u>	
<b>06AFHCO001</b>							
MHYC	\$422,513	\$294,728	\$20,216	\$13,339	\$0	\$0	B
SUCAP	258,062	69,635	1,914	4,725	0	1,043	D
Others	<u>7,108,609</u>	<u>2,446,145</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total	<u>\$7,789,184</u>	<u>\$2,810,508</u>	<u>\$22,130</u>	<u>\$18,064</u>	<u>\$0</u>	<u>\$1,043</u>	
<b>06ESHCO001</b>							
CYCA	\$100,000	\$73,507	\$0	\$6,456	\$810	\$0	E
Others	<u>18,100</u>	<u>14,880</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total	<u>\$118,100</u>	<u>\$88,387<sup>1</sup></u>	<u>\$0</u>	<u>\$6,456</u>	<u>\$810</u>	<u>\$0</u>	
<b>09ACHCO001</b>	<u>\$1,286,680</u>	<u>\$185,224</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
<b>09ESHCO001</b>							
CYCA	\$86,370	\$11,036	\$0	\$9,500	\$1,207	\$0	F
Others	<u>5,988</u>	<u>1,872</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total	<u>\$92,358</u>	<u>\$12,908<sup>2</sup></u>	<u>\$0</u>	<u>\$9,500</u>	<u>\$1,207</u>	<u>\$0</u>	
<b>09RCHCO002</b>							
MHYC	<u>\$832,831</u>	<u>\$522,641</u>	<u>\$17,966</u>	<u>\$15,103</u>	<u>\$0</u>	<u>\$541</u>	C
<b>09RFHCO001</b>							
CYCA	\$91,392	\$68,746	\$68,746	\$12,226	\$0	\$0	G
Others	<u>422,681</u>	<u>373,490</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total	<u>\$514,073</u>	<u>\$442,236</u>	<u>\$68,746</u>	<u>\$12,226</u>	<u>\$0</u>	<u>\$0</u>	
<b>07CAHCO001</b>	<u>\$693,784</u>	<u>\$380,859</u>	<u>\$105,857</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	H
<b>08PTHCO001</b>	<u>\$412,165</u>	<u>\$265,628</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
<b>10CAHCO001</b>	<u>\$326,112</u>	<u>\$128,106</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
<b>10CDHCO001</b>	<u>\$93,109</u>	<u>\$14,212</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
Totals			<u>\$260,021</u>	<u>\$73,660</u>	<u>\$2,017</u>	<u>\$1,694</u>	

<sup>1</sup> This was the payment amount drawn down from the Department of Health and Human Services Payment Management System as of December 31, 2009. Subgrantees received a \$400 administrative fee in PY 2006-2007 and a \$600 administrative fee in PYs 2007-2008 and 2008-2009 for each eligible full-time member enrolled in the program and a prorated administrative fee for each eligible less than full-time member.

<sup>2</sup> This was the payment amount drawn down from the Department of Health and Human Services Payment Management System as of September 30, 2010. Subgrantees received a \$600 administrative fee in PY 2009-2010 for each eligible full-time member enrolled in the program and a prorated administrative fee for each eligible less than full-time member.

COLORADO GOVERNOR’S COMMISSION ON COMMUNITY SERVICE

SCHEDULE OF CLAIMED AND QUESTIONED COSTS  
MILE HIGH YOUTH CORPS  
AMERICORPS COMPETITIVE  
AWARD NO. 06ACHCO001

	Amount	Notes
Claimed Federal Costs Prior PYs	\$769,089	
Claimed Federal Costs PY 2008-2009	<u>549,843</u>	
Total Claimed Federal Costs	<u>\$1,318,932</u>	
Questioned PY 2008-2009 Federal Costs:		
National Service Criminal History Checks	\$28,482	1
Unallowable Labor Costs, Fundraising	7,582	2
Unallowable Member Unemployment Insurance	<u>7,895</u>	3
Subtotal	\$43,959	
Administrative Costs	<u>1,363</u>	4
Total Questioned Federal Costs	<u>\$45,322</u>	
Questioned Education Awards:		
National Service Criminal History Checks	<u>\$12,311</u>	1
Questioned Accrued Interest Awards	<u>\$110</u>	5

1. MHYC did not ensure that National Service Criminal History Checks conducted on members complied with AmeriCorps regulations. MHYC conducted checks on members assigned to its offices, but relied on its service locations to conduct checks for members assigned to those locations. MHYC and its service locations conducted these checks using third-party vendors, but did not ensure that these vendors checked the state criminal history databases recognized by the Corporation and the United States Department of Justice NSOPR.

If a vendor does not search the recognized state criminal databases and NSOPR, a grantee or subgrantee is required to obtain an alternative search protocol from the Corporation to use the third-party vendor. Southwest Conservation Corps (SCC), the headquarters for MHYC’s SCCFC and SCCLV service locations submitted a request for an alternative search protocol to the Corporation. The Corporation denied this request. SCC submitted a second request, but the Corporation has not provided a final ruling on that request. MHYC’s remaining service locations did not submit alternative search protocol requests to the Corporation.

Criteria

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 suitability to serve in a covered position?, states:

*Unless the Corporation approves an alternative screening protocol, in determining an individual's suitability to serve in a covered position, you are responsible for conducting and documenting a National Service Criminal History Check, which consists of the following two search components:*

*(a) State criminal registry search. A search (by name or fingerprint) of the State criminal registry for the State in which your program operates and the State in which the individual resides at the time of application; and*

*(b) National Sex Offender Public Registry. A name -based search of the Department of Justice (DOJ) National Sex Offender Public Registry (NSOPR).*

The Corporation's National Service Criminal History Check Resource Center website describes the requirements for conducting National Service Criminal History checks. Specifically, Frequently Asked Questions, National Service Criminal History Checks, Paragraph 11.1, I purchase criminal history checks from a vendor. Do I need to request an alternative search protocol (ASP)?, states:

*You need an ASP to use a vendor that is not checking the designated statewide criminal history registries recognized by the Corporation. It is your responsibility to fully understand what checks your vendor conducts and what sources it uses for criminal history information. If you are using a vendor to perform the sex offender NSOPR search, the vendor must use [www.nsopr.gov](http://www.nsopr.gov) as its source. Review the vendor's material in depth to identify which state registries the vendor uses and whether the vendor conducts statewide checks or something less than statewide (e.g. county-of-residence checks). If your vendor isn't using the Corporation recognized registry, you will have to request approval of an ASP and explain why the results you obtain from the vendor are substantially equivalent or better than searching the registry database(s) recognized by the Corporation.*

MHYC representatives stated that they believed they complied with Corporation regulations for National Service Criminal History Checks because they underwent annual site visits from GCCS which did not identify any instances of noncompliance. Additionally, MHYC noted that GCCS's report for its June 10, 2010 monitoring visit stated that it had conducted an evaluation of MHYC's program policies and procedures regarding criminal background checks and found that all of MHYC's member systems and regulations for criminal background checks complied with Corporation and Federal rules and regulations. MHYC representatives also stated that background check requirements were not specifically addressed during the OIG's ARRA financial management systems review and fraud prevention training session, and during Corporation-sponsored conferences. Finally, MHYC stated that, between September 2009 and July 2010, it had limited communications with GCCS regarding the Serve America Act regulations.

In our original sample of members for this award, we found that five of seven sampled PY 2008-2009 members had inadequate State Criminal History Checks and five of seven sampled PY 2008-2009 members had inadequate NSOPR searches. After the exit conference, MHYC provided copies of NSOPR searches it conducted in May 2011

on the five sampled PY 2008-2009 MHYC members whose original NSPOR searches were conducted using third-party vendors and did not comply with Corporation regulations. However, MHYC did not provide documentation demonstrating that the recognized state criminal registries were checked for these five members or that it had obtained approval from the Corporation to use the third-party vendors.

We questioned member living allowance and benefits (member costs) and education awards of the five members without documentation demonstrating that recognized state criminal registries were checked. As described in the table below, we questioned member costs and education awards for five sampled PY 2008-2009 MHYC members (Member Nos. 2, 3, 5, 6, and 7). See Compliance Finding 4 (Exhibit B).

PY	Inadequate State Criminal History Checks	Questioned Member Costs	Questioned Education Awards
2008-2009	5	\$28,482	\$12,311

**GCCS's Response:** It did not concur with the questioned member costs and supports MHYC's request for reconsideration of the questioned education awards. It stated that MHYC had demonstrated compliance and necessary corrective action.

**Accountants' Comments:** As discussed above, the National Service Criminal History Check is comprised of two components, a state criminal history search of the state criminal history databases recognized by the Corporation and NSOPR searches. After the exit conference, MHYC provided copies of NSOPR searches it conducted in May 2011 on five sampled PY 2008-2009 MHYC members whose original National Service Criminal History Checks were conducted using third-party vendors and did not comply with Corporation regulations. While MHYC subsequently provided NSOPR searches it had conducted on five sampled PY 2008-2009 members with inadequate NSOPR searches, it did not provide documentation demonstrating that it had conducted criminal history checks using the state criminal databases recognized by the Corporation for the five members with inadequate state criminal history checks. Additionally, MHYC did not provide documentation that it had obtained Corporation approval of an ASP request to use the third-party vendors who conducted the criminal history checks for these members. The Corporation should disallow and recover the questioned member costs and education awards.

2. MHYC claimed salary costs and Federal Insurance Contributions Act taxes (personnel costs) for the portion of time its Development Associate spent performing fundraising activities. The Development Associate stated that she spent about 15 to 20 percent of her time on fundraising, but believed the fundraising was allowable, because it was for MHYC's AmeriCorps program. MHYC representatives also stated that they believed these costs were allowable because the Development Associate position was an approved budget line item, and fundraising costs were not questioned during prior audits and GCCS monitoring visits. Staff funded with Corporation grants cannot fundraise even to support their AmeriCorps programs. We questioned \$7,582 (\$37,909 of claimed PY 2008-2009 personnel costs for the Development Associate x 20 percent). See Compliance Findings 1 and 3 (Exhibit B).

### Criteria

OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, Attachment B, *Selected Items of Cost*, Paragraph 17, *Fundraising and investment management costs*, states that costs of organized fundraising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions are unallowable.

State of Colorado Governor's Commission on Community Service Grant Agreement with Mile High Youth Corps (dated July 2008) paragraph XVI.s. Financial and Uniform Administrative Requirements states that contractors shall comply with Federal cost principles, statutory and administrative provisions, which may be found in the AmeriCorps provisions, and are provided to the contractor by the State.

**GCCS's Response:** It concurred that \$7,582 of questioned costs were unallowable.

**Accountants' Comments:** The Corporation should recover the \$7,582 of unallowable costs and related administrative costs. It should ensure that GCCS adjusts its FFR for these costs.

3. MHYC claimed \$7,895 of unemployment insurance for its members but GCCS was unable to demonstrate that member unemployment insurance costs were required by Colorado state law. MHYC representatives stated that they followed internal procedures which they believed to be in compliance with state law and that these costs were approved by the Commission in its budget. We questioned \$7,895 of Federal costs. See Compliance Findings 1 and 12 (Exhibit B).

### Criteria

AmeriCorps State and National Policy Frequently Asked Questions, Paragraph C.63, Is an AmeriCorps member eligible for state unemployment insurance if he or she is released from service?, states:

*An AmeriCorps member's eligibility for state unemployment insurance is a matter of state law that is determined on a state-by-state basis. AmeriCorps grantees should consult their own state unemployment agency to determine the eligibility of members in their state for unemployment insurance. Payment into unemployment systems is not an allowable cost unless required by state law.*

**GCCS's Response:** It did not concur with these questioned costs. As discussed in its response to Compliance Finding 12, it will provide the Corporation with several documents related to member eligibility for unemployment insurance, including a copy of a letter from the Colorado Department of Labor and Employment that declares Colorado AmeriCorps members are eligible for unemployment insurance.

**Accountants' Comments:** The grantee did not provide us with a copy of the ruling it received from the Colorado Department of Labor and Employment about member eligibility for unemployment insurance. The Corporation should verify receipt of this ruling.

4. MHYC claimed administrative costs of 3.1 percent in PY 2008-2009. Questioned costs in Notes 1 through 3 above resulted in \$1,363 ( $\$43,959 \times 3.1$  percent) of unallowable administrative costs in PY 2008-2009. See Compliance Finding 1 (Exhibit B).

**GCCS's Response:** It concurred that the \$1,363 of administrative costs were unallowable.

**Accountants' Comments:** GCCS's agreement that \$1,363 of administrative costs were unallowable is inconsistent with its response to Note 1. The \$1,363 of questioned administrative costs includes \$883 ( $\$28,482 \times 3.1$  percent) of administrative costs related to the questioned member costs in Note 1. The Corporation should calculate and seek to recover the appropriate amount of administrative costs related to disallowed costs. It should also ensure that GCCS adjusts its FFR for these costs.

5. The Corporation made accrued interest payments for student loans to one MHYC member whose education award was questioned in Note 1 above. We questioned accrued interest of \$110 for one PY 2008-2009 member (Member No. 6). See Compliance Finding 4 (Exhibit B).

#### Criteria

45 CFR § 2529.10. Under what circumstances will the Corporation pay interest that accrues on qualified student loans during an individual's term of service in an approved AmeriCorps position or approved Silver Scholar position?, (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.

**GCCS's Response:** GCCS did not directly respond to the questioned accrued interest awards. However, as discussed in its response to Note 1 and Compliance Finding 4, it did not concur with the questioned member costs and supports MHYC's request for reconsideration of the questioned education awards. It stated that MHYC had demonstrated compliance and necessary corrective action.

**Accountants' Comments:** As discussed in Note 1 and Compliance Finding 4, we do not agree with GCCS's statement that MHYC had demonstrated compliance and necessary corrective action. The Corporation should disallow and recover the \$110 of questioned accrued interest payments.

COLORADO GOVERNOR’S COMMISSION ON COMMUNITY SERVICE

SCHEDULE OF CLAIMED AND QUESTIONED COSTS  
MILE HIGH YOUTH CORPS  
AMERICORPS FORMULA  
AWARD NO. 06AFHCO001

	PY2009-2010	Notes
Claimed Federal Costs	<u>\$294,728</u>	
Questioned Federal Costs:		
National Service Criminal History Checks	\$17,355	1
Unallowable Labor Costs, Fundraising	<u>2,562</u>	2
Subtotal	\$19,917	
Administrative Costs	<u>299</u>	3
Total Questioned Federal Costs	<u>\$20,216</u>	
Questioned Education Awards:		
National Service Criminal History Checks	\$10,976	1
Timekeeping Discrepancies and Unsigned Timesheet	0	4
Unsigned Timesheets and Math Error	<u>\$2,363</u>	5
Total Questioned Education Awards	<u>\$13,339</u>	

1. MHYC did not ensure that National Service Criminal History Checks conducted on members complied with AmeriCorps regulations. MHYC conducted checks on members assigned to its offices, but relied on its service locations to conduct checks for members assigned to those locations. MHYC and its service locations conducted these checks using third-party vendors, but did not ensure that these vendors checked the state criminal history databases recognized by the Corporation and NSOPR.

If a vendor does not search the recognized state criminal databases and NSOPR, a grantee or subgrantee is required to obtain an alternative search protocol from the Corporation to use the third-party vendor. SCC, the headquarters for two of MYHC’s service locations, submitted an alternative search protocol to the Corporation. The Corporation denied SCC's first alternative request and has not provided a final ruling on its second request. MHYC’s remaining service locations did not submit alternative search protocol requests to the Corporation.

Criteria

45 CFR § 2540.202 What two search components of the National Service Criminal History Check must I satisfy to determine an individual’s suitability to serve in a covered position?, requires grantees to conduct state criminal history checks and NSOPR searches, unless the Corporation approves an alternative screening protocol. See Schedule A, Note 1 for the complete criteria.

MHYC representatives stated that they believed they complied with Corporation regulations for National Service Criminal History Checks because they received annual

site visits from GCCS, which did not identify any instances of noncompliance. MHYC representatives also stated that background check requirements were not specifically addressed during the OIG’s ARRA financial management systems review and fraud prevention training session, and during Corporation sponsored conferences. Finally, MHYC stated that between September 2009 and July 2010, it had limited communications with GCCS regarding the Serve America Act regulations.

In our original sample of members for this award, we found that seven of seven sampled PY 2009-2010 members had inadequate state criminal history checks and six of seven sampled PY 2009-2010 members had inadequate NSOPR searches. After the exit conference, MHYC provided copies of NSOPR searches it conducted in May 2011 on the six sampled PY 2009-2010 MHYC members (Member Nos. 16-19, 20, and 23) whose NSOPRs were conducted using third party vendors and did not comply with Corporation regulations. However, MHYC only provided copies of the NSOPRs and did not provide documentation demonstrating that the recognized state criminal registries were checked for the seven members with inadequate state criminal history checks or that it had obtained approval from the Corporation to use the third party vendors.

We questioned member costs and education awards of members without documentation demonstrating that recognized state criminal registries were checked. As described in the table below, we questioned member costs and education awards for 7 sampled PY 2009-2010 MHYC members (Member Nos. 16-20 and 22-23). See Compliance Finding 4 (Exhibit B).

PY	Inadequate State Criminal History Checks	Questioned Member Costs	Questioned Education Awards
2009-2010	7	\$17,355	\$10,976

**GCCS’s Response:** GCCS did not concur with the questioned member costs and supports MHYC request for reconsideration of the questioned education awards. It stated that MHYC had demonstrated compliance and necessary corrective action.

**Accountants’ Comments:** As discussed above, the National Service Criminal History Check is comprised of two components, a state criminal history search of the state criminal history databases recognized by the Corporation and NSOPR searches. While MHYC subsequently provided NSOPR searches it had conducted on six sampled PY 2009-2010 members with inadequate NSOPR searches, it did not provide documentation demonstrating that it had conducted criminal history checks using the state criminal databases recognized by the Corporation for the seven members with inadequate state criminal history checks. Additionally, MHYC did not provide documentation that it had obtained Corporation approval of an ASP request to use the third party vendors who conducted the criminal history checks for these members. The Corporation should disallow and recover the questioned member costs and education awards.

- MHYC claimed personnel costs for the portion of time the Development Associate spent performing fundraising activities. The Development Associate stated that she spent about 15 to 20 percent of her time on fundraising, but believed the fundraising was allowable, because it was for MHYC’s AmeriCorps program. MHYC representatives also stated that they believed these costs were allowable because the Development

Associate Position was an approved budget line item; fundraising costs were not questioned during prior audits and GCCS monitoring visits. Staff funded by Corporation grants cannot fundraise even to support their AmeriCorps programs. We questioned \$2,562 (\$12,810 of claimed PY 2009-2010 personnel costs for the Development Associate x 20 percent). See Compliance Findings 1 and 3 (Exhibit B).

### Criteria

OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, Attachment B, *Selected Items of Cost*, Paragraph 17. *Fundraising and investment management costs*, See Schedule A, Note 2, for the complete criteria.

State of Colorado Governor's Commission on Community Service Grant Agreements with Mile High Youth Corps (December 30, 2009) Paragraph 21. Colorado Special Provisions states grantees shall comply with all applicable Federal, State law, rules, and regulations in effect.

**GCCS's Response:** GCCS concurred that \$2,562 of questioned costs were unallowable.

**Accountants' Comments:** The Corporation should recover the \$2,562 of unallowable costs and related administrative costs. It should also ensure that GCCS adjusts its FFR for these costs.

3. MHYC claimed administrative costs of 1.5 percent in PY 2009-2010. Questioned costs Notes 1 through 2 resulted in \$299 (\$19,917 x 1.5 percent) of unallowable administrative costs in PY 2009-2010. See Compliance Finding 1 (Exhibit B).

**GCCS's Response:** It concurred that the \$299 of administrative costs were unallowable.

**Accountants' Comments:** GCCS's agreement that \$299 of administrative costs were unallowable is inconsistent with its response to Note 1. The \$299 of questioned administrative costs includes \$260 (\$17,355 x 1.5 percent) of administrative costs related to the questioned member costs in Note 1. The Corporation should calculate and seek to recover the appropriate amount of administrative costs related to disallowed costs.

4. Timesheet hours for one sampled PY 2009-2010 member who was exited in October 2010 did not agree with hours certified in the Portal and did not support the member's eligibility for an education award. Hours certified in the Portal were 937, but the member's timesheets supported 842 hours. Representatives from the member's service location, SCCFC, stated that this difference was due an error it discovered in January 2011, as it was preparing copies of the member's file for our review.

SCCFC attempted to qualify the member for an education award by adding 74 hours of previously unrecorded service for member travel to the member's June through October 2010 timesheets. The addition of these hours would have increased total timesheet hours to 916 hours and qualified the member for an education award. SCCFC considered these hours allowable, and stated that they were not originally recorded on the member's timesheets, because the member and the member's supervisor were unaware of all activities that could be counted as service. We did not include these

hours in our calculation of total service hours, because the member had not certified them. We also deducted 38 hours from the member's August 21-27, 2010, timesheet because the member did not sign the timesheet.

After excluding the 74 hours added to the member's timesheets and deducting the 38 hours from the unsigned timesheet, the remaining hours were insufficient to qualify the member for an education award. The education award for this member is already questioned in Note 1 above. See Compliance Finding 7 (Exhibit B).

PY	Member No.	Timesheet Hours			Hours Required	Questioned Education Awards
		Total	Unsigned	Adjusted		
2009-2010	22	842	38	804	900	Note 1

### Criteria

*2008 AmeriCorps Grant Provisions*, Section IV, AmeriCorps Special Provisions, Subsection C.4., *Timekeeping*, 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 an individual who supervises the member.

According to 45 CFR § 2522.220 (a) (2) *Part-time service*, for a part time member to be eligible for an education award they must complete a term of service of at least 900 hours.

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.

MHYC did not have procedures to verify the member activities or timesheet accuracy. 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. See Compliance Finding 7 (Exhibit B).

**GCCS's Response:** GCCS did not provide a specific response. As discussed in GCCS's response to Compliance Finding 7, it stated that MHYC had stated that two of the four members whose education awards were questioned in Schedule B, Notes 4 and 5, and Schedule C, Note 5, earned enough hours to be eligible for his or her education award. MHYC's service locations confirmed that the members completed the questioned hours. Supporting documentation will be sent to the Corporation for verification.

**Accountants' Comments:** GCCS did not identify which two members earned enough hours to be eligible for his or her education award and did not provide us with copies of the documentation that will be sent to the Corporation. The Corporation should verify the receipt of this information and should determine if it is sufficient to support the members' eligibility for the education awards. Additionally, the Corporation should disallow and, if already used, recover education awards made to the two members who did not earn enough hours to be eligible.

5. We reviewed three crew timesheets (showing time for all members assigned to a work crew) for one sampled PY 2009-2010 MHYC member, and none were signed by the member (Member No. 20). The member did not sign the August 22-28, August 28-September 4, and September 5-11, 2010, crew timesheets. While reviewing these timesheets, we noted that one non-sampled PY 2009-2010 member also did not sign these timesheets (Member No. 21). We deducted service hours reported on the timesheets for both the sampled and non-sampled PY 2009-2010 members whose timesheets were missing member signatures.

In addition, we noted a math error on the August 8-14, 2010, timesheet of the sampled PY 2009-2010 member (Member No. 20). The member's timesheet showed a weekly total of 51 hours, but the member only served 11 hours during the week. After deducting hours from unsigned timesheets and the math error, the remaining hours did not qualify the members for education awards.

MHYC did not have procedures to verify the member activities or timesheet accuracy. 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 the education award of \$2,363 for Member No. 21. The education award for Member No. 20 is already questioned in Note 1 above. See Compliance Finding 7 (Exhibit B).

PY	Member No.	Timesheet Hours			Hours Required	Questioned Education Awards
		Total	Unsigned/ Math Error	Adjusted		
2009-2010	20	907	186	721	900	Note 1
2009-2010	21	1,015	142	873	900	<u>\$2,363</u>
Total						<u>\$2,363</u>

### Criteria

*2008 AmeriCorps Grant Provisions*, Section IV, AmeriCorps Special Provisions, Subsection C.4., *Timekeeping*, 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 an individual who supervises the member.

According to 45 CFR § 2522.220 (a) (2), *Part-time service*, for a part time member to be eligible for an education award they must complete a term of service of at least 900 hours.

**GCCS's Response:** GCCS did not provide a specific response. As discussed in GCCS's response to Compliance Finding 7, it stated that MHYC had stated that two of the four members whose education awards were questioned in Schedule B Notes 4 and 5 and Schedule C Note 5 earned enough hours to be eligible for his or her education award. MHYC's service locations confirmed that the members completed the

questioned hours. Supporting documentation will be sent to the Corporation for verification.

**Accountants' Comments:** GCCS did not identify which two members earned enough hours to be eligible for his or her education award and did not provide copies of the documentation that will be sent to the Corporation. The Corporation should verify the receipt of this information and should determine if the documentation is sufficient to support the members' eligibility for the education awards. Additionally, the Corporation should disallow and, if already used, recover education awards made to the two members who did not earn enough hours to be eligible for education awards.

**COLORADO GOVERNOR’S COMMISSION ON COMMUNITY SERVICE**

**SCHEDULE OF CLAIMED AND QUESTIONED COSTS  
MILE HIGH YOUTH CORPS  
AMERICAN RECOVERY AND REINVESTMENT ACT  
COMPETITIVE  
AWARD No. 09RCHCO002**

	<b>ARRA</b>	<b>Notes</b>
Claimed Federal Costs	<u>\$522,641</u>	
Questioned Federal Costs:		
National Service Criminal History Searches	\$15,073	1
Unallowable Labor Costs, Fundraising	1,959	2
Over Claimed Living Allowance	<u>210</u>	3
Subtotal	\$17,242	
Administrative Costs	<u>724</u>	4
Total Questioned Federal Costs	<u>\$17,966</u>	
Questioned Education Awards:		
National Service Criminal History Checks	\$12,740	1
Unsigned Timesheets	<u>2,363</u>	5
Total Questioned Education Awards	<u>\$15,103</u>	
Questioned Accrued Interest Awards	<u>\$541</u>	6

1. MHYC did not ensure that National Service Criminal History Checks conducted on members complied with AmeriCorps regulations. MHYC conducted checks on members assigned to its offices, but relied on its service locations to conduct checks for the members assigned to those locations. MHYC and its service locations conducted these checks using third-party vendors, but did not ensure that these vendors checked the state criminal history databases recognized by the Corporation and NSOPR. MHYC and its service locations were unaware of the Corporation’s requirements for vendor criminal history checks.

If a vendor does not search the recognized state criminal databases and NSOPR, a grantee or subgrantee is required to obtain an alternative search protocol from the Corporation to use the third-party vendor. SCC, the headquarters for two of MHYC’s service locations, submitted an alternative search protocol to the Corporation. The Corporation denied SCC's first alternative request and has not provided a final ruling on its second request. MHYC’s remaining service locations did not submit alternative search protocol requests to the Corporation.

Criteria

45 CFR § 2540.202 What two search components of the National Service Criminal History Check must I satisfy to determine an individual’s suitability to serve in a covered position?, requires grantees to conduct state criminal history checks and NSOPR

searches, unless the Corporation approves an alternative screening protocol. See Schedule A, Note 1 for the complete criteria.

MHYC representatives stated that they believed they complied with Corporation regulations for National Service Criminal History Checks because it received annual site visits from GCCS and GCCS did not identify any instances of noncompliance. MHYC representatives also stated that background check requirements were not specifically addressed during the OIG’s ARRA financial management systems review and fraud prevention training session, and during Corporation sponsored conferences. Finally, MHYC stated that between September 2009 and July 2010, it had limited communications with GCCS regarding the Serve America Act regulations.

In our original sample of members for this award, we found that 10 of 11 sampled ARRA members had inadequate state criminal history checks and 8 of 11 sampled members had inadequate NSOPR searches. After the exit conference, MHYC provided copies of NSOPR searches it conducted in May 2011 on eight sampled ARRA MHYC members (Member Nos. 33-37, 43, and 54) whose original NSOPRs were conduct using third-party vendors and did not comply with Corporation regulations. However, MHYC only provided copies of the NSOPRs and did not provide documentation demonstrating that the recognized state criminal registries were checked for the ten members with inadequate state criminal history checks or that it had obtained approval from the Corporation to use the third party vendors.

We questioned member costs and education awards of members without documentation demonstrating that the recognized state criminal registries were checked. As described in the table below, we questioned the member costs and education awards for 10 sampled ARRA MHYC members (Member Nos. 33-38, 40, 42-43, and 54). See Compliance Finding 4 (Exhibit B).

<b>Program</b>	<b>Inadequate State Criminal History Checks</b>	<b>Questioned Member Costs</b>	<b>Questioned Education Awards</b>
ARRA	10	\$15,073	\$12,740

**GCCS’s Response:** GCCS did not concur with the questioned member costs and supports MHYC request for reconsideration of the questioned education awards. It stated that MHYC had demonstrated compliance and necessary corrective action.

**Accountants’ Comments:** As discussed above, the National Service Criminal History Check is comprised of two components, a state criminal history search of the state criminal history databases recognized by the Corporation and NSOPR searches. While MHYC subsequently provided NSOPR searches it had conducted on the eight sample members with inadequate NSOPR searches, it did not provide documentation demonstrating that it had conducted criminal history checks using the state criminal databases recognized by the Corporation for the 10 members with inadequate state criminal history checks. Additionally, MHYC did not provide documentation that it had obtained Corporation approval of an ASP request to use the third-party vendors who conducted the criminal history checks for these members.

2. MHYC claimed personnel costs for the portion of time the Development Associate spent performing fundraising activities. The Development Associate stated that she spent

about 15 to 20 percent of her time on fundraising, but believed the fundraising was allowable, because it was for MHYC's AmeriCorps program. MHYC representatives also stated that they believed these costs were allowable because the Development Associate Position was an approved budget line item; fundraising costs were not questioned during prior audits and GCCS monitoring visits. Staff employees funded by Corporation grants cannot fundraise even for their AmeriCorps programs. We questioned \$1,959 of salary and benefits (\$9,796 of claimed ARRA personnel costs for the Development Associate x 20 percent). See Compliance Findings 1 and 3 (Exhibit B).

#### Criteria

OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, Attachment B, *Selected Items of Cost*, Paragraph 17, *Fundraising and Investment Management Costs*, See Schedule A, Note 2, for the complete criteria.

State of Colorado Governor's Commission on Community Service Grant Agreements with Mile High Youth Corps (dated May 29, 2009) Paragraph 21. Colorado Special Provisions states grantees shall comply with all applicable Federal, State law, rules, and regulations in effect.

**GCCS's Response:** GCCS concurred that \$1,959 of questioned costs were unallowable.

**Accountants' Comments:** The Corporation should recover the \$1,959 of unallowable costs and related administrative costs. It should also ensure that GCCS adjusts its FFR for these costs.

3. MHYC claimed Federal living allowance costs of \$1,824 (\$2,280 x 80 percent Federal share) for one MHYC ARRA member. The member actually received \$1,629 (\$2,036 x 80 percent Federal share). MHYC claimed the budgeted amount of \$2,280, but the member was only paid \$2,036. We questioned \$210 of member costs (\$195 living allowance and \$15 benefits). See Compliance Finding 11 (Exhibit B).

#### Criteria

OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, Attachment A *General Principles*, Paragraph 2.1.g., *Factors affecting allowability of costs*, states that costs must be adequately documented.

*2008 AmeriCorps Grant Provisions*, Section IV, AmeriCorps Special Provisions, Subsection F.1, *Living Allowance Distribution*, states that a program must not pay a living allowance on an hourly basis.

**GCCS's Response:** GCCS concurred that \$210 of questioned costs were unallowable. As discussed in Compliance Finding 11, it has taken steps to ensure its programs are in full compliance with AmeriCorps provisions for living allowance and it will send verification of its corrective actions to the Corporation.

**Accountants' Comments:** The Corporation should recover the \$210 of unallowable costs and related administrative costs. It should also ensure that GCCS adjusts its FFR for these costs.

- MHYC claimed administrative costs of 4.2 percent. Questioned costs in Notes 1 through 3 above resulted in \$724 (\$17,242 x 4.2 percent) of unallowable administrative costs. See Compliance Finding 1 (Exhibit B).

**GCCS's Response:** It concurred that the \$724 of administrative costs were unallowable.

**Accountants' Comments:** GCCS's agreement that \$724 of administrative costs were unallowable is inconsistent with its response to Note 1. The \$724 of questioned administrative costs includes \$633 (\$15,073 x 4.2 percent) of administrative costs related to the questioned member costs in Note 1. The Corporation should calculate and seek to recover the appropriate amount of administrative costs related to disallowed costs.

- We reviewed three crew timesheets (showing time for all members assigned to a work crew) for one sampled PY 2009-2010 MHYC member (Schedule B, Note 5) for August 22-28, August 28-September 4, and September 5-11, 2010. While reviewing these timesheets, we noted that one non-sampled member (Member No. 41) assigned to Award No. 09RCHCO002 also did not sign these timesheets. We deducted service hours reported on the timesheets for a non-sampled PY 2009-2010 member whose timesheets were missing member signatures. After deducting hours from unsigned timesheets, the remaining hours did not qualify the member for education awards.

MHYC did not have procedures to verify the member activities or timesheet accuracy. 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 the education award of \$2,363 for Member No. 41. See Compliance Finding 7 (Exhibit B).

Program	Member No.	Timesheet Hours			Hours Required	Questioned Education Award
		Total	Unsigned	Adjusted		
ARRA	41	906	146	760	900	\$2,363

Criteria

*2008 AmeriCorps Grant Provisions*, Section IV, AmeriCorps Special Provisions, Subsection C.4., *Timekeeping*, 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 an individual who supervises the member.

According to 45 CFR § 2522.220 (a) (2), *Part-time service*, for a part time member to be eligible for an education award they must complete a term of service of at least 900 hours.

**GCCS’s Response:** GCCS did not provide a specific response. As discussed in GCCS’s response to Compliance Finding 7, it stated that MHYC had stated that two of the four members whose education awards were questioned in Schedule B, Notes 4 and 5, and Schedule C, Note 5, earned enough hours to be eligible for his or her education award. MHYC’s service locations confirmed that the members completed the questioned hours. Supporting documentation will be sent to the Corporation for verification.

**Accountants’ Comments:** GCCS did not identify which two members earned enough hours to be eligible for his or her education award and did not provide copies of the documentation that will be sent to the Corporation. The Corporation should verify the receipt of this information and should determine if the documentation is sufficient to support the members’ eligibility for the education awards. Additionally, the Corporation should disallow and, if already used, recover education awards made to the two members who did not earn enough hours to be eligible for education awards.

6. The Corporation made accrued interest payments for student loans to two MHYC members whose education awards were questioned in Note 1 above. As described in the table below, we questioned accrued interest for two members. See Compliance Finding 4 (Exhibit B).

<b>Program</b>	<b>Member No.</b>	<b>Accrued Interest Questioned</b>	<b>Reason for Questioned Payments</b>
ARRA	33	\$180	Note 1
ARRA	40	361	Note 1

Criteria

45 CFR § 2529.10 *Under what circumstances will the Corporation pay interest that accrues on qualified student loans during an individual’s term of service in an approved AmeriCorps position or approved Silver Scholar position?*, (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.

**GCCS’s Response:** GCCS did not directly respond to the questioned accrued interest awards. However, as discussed in its response to Note 1 and Compliance Finding 4, it did not concur with the questioned member support costs and supports MHYC request for reconsideration of the questioned education awards. It stated that MHYC had demonstrated compliance and necessary corrective action.

**Accountants’ Comments:** As discussed in Note 1 and Compliance Finding 4, we do not agree with GCCS’s statement that MHYC had demonstrated compliance and necessary corrective action. The Corporation should disallow and recover the questioned accrued interest payments.

COLORADO GOVERNOR'S COMMISSION ON COMMUNITY SERVICE

SCHEDULE OF CLAIMED AND QUESTIONED COSTS  
SOUTHERN UTE COMMUNITY ACTION PROGRAMS  
AMERICORPS FORMULA  
AWARD NO. 06AFHCO001

	PY 2009-2010	Notes
Claimed Federal Costs	<u>\$69,635</u>	
Questioned Federal Costs:		
Unsupported Costs	\$1,406	1
Improper Living Allowance Payments	<u>417</u>	2
Subtotal	\$1,823	
Administrative Costs	<u>91</u>	3
Total Questioned Federal Costs	<u>\$1,914</u>	
Questioned Education Awards:		
Member Activities	<u>\$4,725</u>	4
Questioned Accrued Interest Awards	<u>\$1,043</u>	5

1. SUCAP claimed \$1,406 of Federal costs not supported by its general ledger. SUCAP claimed total Federal costs of \$69,635 on its August 2010 reimbursement request, but its' accounting system supported \$68,229 of Federal costs. In January 2011, as SUCAP was preparing for our site visit, it identified errors with these reimbursement requests and resubmitted them to GCCS. After these revisions, SUCAP's accounting system supported Federal costs claimed.

Description	Original	Revised
Federal cost reimbursement requests	\$69,635	\$68,222
Federal cost accounting system	<u>68,229</u>	<u>68,229</u>
Difference	<u>\$1,406</u>	<u>\$(7)</u>

On January 28, 2011, after this issue was initially discussed with SUCAP and GCCS representatives, SUCAP remitted a check to GCCS for the \$1,406 of unsupported costs. We questioned the \$1,406 of unsupported costs because SUCAP's revisions were made after the AUP review period for costs and because GCCS did not demonstrate that it had adjusted its FFR for the unallowable costs. See Compliance Finding 2 (Exhibit B).

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.

**GCCS's Response:** GCCS did not concur with this issue and questioned costs.

**Accountants' Comments:** The \$1,406 of unsupported costs was questioned because GCCS did not demonstrate that it had adjusted its FFR for the unallowable costs. The claimed cost of \$69,635 on Exhibit A is overstated by \$1,406. The Corporation should verify that GCCS has made the necessary corrections. Further, this issue remains a compliance finding because these corrections were not made because of a new SUCAP procedure; the corrections were only identified during a review conducted to prepare for our visit.

2. SUCAP provided catch-up living allowance payments totaling \$417 to (Member No. 55). This member received a biweekly living allowance of \$342 paid over 18 pay periods; however the other half time member at SUCAP received a biweekly living allowance of \$283 paid over 22 pay periods. SUCAP stated that living allowance amounts were determined by dividing the gross living allowance by the estimated periods it would take members to complete the program. In addition, SUCAP was aware that living allowance could not be paid on an hourly basis but were not aware that the incremental living allowance could not be increased. We questioned \$417. See Compliance Findings 1 and 11 (Exhibit B).

#### Criteria

*2009 AmeriCorps Grant Provisions, Section IV, AmeriCorps Special Provisions, Subsection F.1, Living Allowance Distribution., states:*

*Grantees must not pay a living allowance on an hourly basis. Grantees should pay the living allowance in regular increments, such as weekly or bi-weekly, paying an increased increment only on the basis of increased living expenses such as food, housing, or transportation. Payments should not fluctuate based on the number of hours served in a particular time period...if a member is selected after the program's start date, the grantee must provide regular living allowance payments from the member's start date and may not increase the member's living allowance incremental payment or provide a lump sum to make up any missed payments.*

**GCCS's Response:** It concurred that the \$417 of living allowance costs were unallowable. As discussed in Compliance Finding 11, it has taken steps to ensure its programs are in full compliance with AmeriCorps provisions for living allowance and it will send verification of its corrective actions to the Corporation.

**Accountants' Comments:** The Corporation should recover the \$417 of unallowable costs. It should also ensure that GCCS adjusts its FFR for these costs.

3. SUCAP claimed administrative costs of 5 percent in PY 2009-2010. Questioned costs in Notes 1 and 2 resulted in \$91(\$1,823 x 5 percent) of unallowable administrative costs in PY 2009-2010. See Compliance Finding 1 (Exhibit B).

**GCCS's Response:** It concurred that the \$91 of administrative costs were unallowable.

**Accountants' Comments:** The Corporation should recover the \$91 of unallowable costs. It should also ensure that GCCS adjusts its FFR for these costs.

4. One PY 2009-2010 member recorded service hours for activities unrelated to the member position. In September 2010, SUCAP and GCCS approved this member's request to telecommute from her home in Wisconsin to complete her remaining service hours. According to an e-mail provided by SUCAP summarizing a conversation between the member and a GCCS staff member, the member was unable to complete her service assignment in Ignacio, Colorado, because her living allowance ended in mid-November, but she was not expected complete her service hours until December 31.

The gap between the end of the member's living allowance and completion of hours occurred because the member had several illnesses throughout the year and had fallen behind on her hours. GCCS stated in an e-mail to SUCAP that one complication of the telecommuting arrangement would be no onsite supervision. Therefore, GCCS recommended that the member keep detailed activity logs with her timesheets.

We reviewed the member's November and December 2010 timesheets and activity logs. The member recorded service hours for activities unrelated to her AmeriCorps position. According to SUCAP's program application narrative, the member's position was to develop a capital campaign to build a new Head Start facility. SUCAP stated in its application that this position was not a fundraising position, but one that set the groundwork for a capital campaign.

According to the member's timesheets and activity logs, she spent the majority of her time searching and applying for jobs, attending job interviews, reading books on job interviews and time management, and other activities unrelated to her position description. Despite these facts, her service site supervisor and the AmeriCorps program coordinator approved the member's timesheets.

At least 173 timesheet hours were unrelated to the member's position. Of these, 149 were related to job searches and submitting job applications. The remaining 24 hours were for researching zoos and preparing for job interviews at zoos. Because the member listed multiple activities on some days, we were unable to calculate an exact number of unrelated hours. We deducted these hours from total hours certified in the Portal for this member. After deducting these hours, the remaining hours did not qualify the member for an education award. We questioned the member's education award of \$4,725. See Compliance Finding 6 (Exhibit B).

PY	Member No.	Timesheet Hours			Hours Required	Questioned Education Award
		Total	Deducted	Adjusted		
2009-2010	15	1,700	173	1,527	1,700	\$4,725

Criteria

45 CFR § 2520.25, What direct service activities may AmeriCorps members perform?, states:

*(a) The AmeriCorps members you support under your grant may perform direct service activities that will advance the goals of your program, that will result in a specific identifiable service or improvement that otherwise would not be provided, and that are included in, or consistent with, your Corporation-approved grant application.*

*(b) Your members' direct service activities must address local environmental, educational, public safety (including disaster preparedness and response), or other human needs.*

*(c) Direct service activities generally refer to activities that provide a direct, measurable benefit to an individual, a group, or a community.*

**GCCS's Response:** As discussed in its response to Compliance Finding 6, GCCS concurred with this finding but did not comment on the recommendations regarding the member's education award.

**Accountants' Comments:** The Corporation should disallow and if already used, recover the education award made to this member.

5. The Corporation made accrued interest payments for student loans to the one SUCAP member whose education award was questioned in Note 4 above.

Criteria

45 CFR § 2529.10 *Under what circumstances will the Corporation pay interest that accrues on qualified student loans during an individual's term of service in an approved AmeriCorps position or approved Silver Scholar position?*, (a), 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.

As described in the table below, we questioned accrued interest for one member. See Compliance Finding 6 (Exhibit B).

<b>PY</b>	<b>Member No.</b>	<b>Accrued Interest Questioned</b>	<b>Reason for Questioned Payments</b>
2009-2010	15	\$1,043	Non service hours

**GCCS's Response:** As discussed in its response to Compliance Finding 6, GCCS concurred with this finding but did not comment on the recommendations regarding the member's accrued interest award.

**Accountants' Comments:** The Corporation should disallow and recover the \$1,043 of questioned accrued interest payments.

COLORADO GOVERNOR'S COMMISSION ON COMMUNITY SERVICE

SCHEDULE OF QUESTIONED COSTS  
 COLORADO YOUTH CORPS ASSOCIATION  
 AMERICORPS EDUCATION AWARD PROGRAM  
 AWARD NO. 06ESHCO001

	PY 2008-2009	Notes
Claimed Administrative Fees	<u>\$73,507</u>	
Questioned Administrative Fees	<u>\$810</u>	1
Questioned Education Awards:		
National Service Criminal History Checks	\$6,456	1
Unsigned timesheets	<u>0</u>	2
Total Questioned Education Awards	<u>\$6,456</u>	

1. CYCA did not ensure that National Service Criminal History Checks conducted on members complied with AmeriCorps regulations. CYCA relied on its service locations to conduct checks for the CYCA members assigned to those service locations. Its service locations conducted these checks using third-party vendors, but did not ensure that these vendors checked the state criminal history databases recognized by the Corporation and NSOPR.

If a vendor does not search the recognized state criminal databases and NSOPR, a grantee or subgrantee is required to obtain an alternative search protocol from the Corporation to use the third-party vendor. SCC, the headquarters for two of CYCA's service locations, submitted an alternative search protocol to the Corporation. The Corporation denied SCC's first alternative request and has not provided a final ruling on its second alternative request. CYCA's remaining service locations did not submit alternative search protocol requests to the Corporation.

Criteria

45 CFR § 2540.202 What two search components of the National Service Criminal History Check must I satisfy to determine an individual's suitability to serve in a covered position?, requires grantees to conduct state criminal history checks and NSOPR searches, unless the Corporation approves an alternative screening protocol. See Schedule A, Note 1 for the complete criteria.

We questioned education awards and administrative fees for six sampled PY 2008-2009 members (Member Nos. 8-13) without documentation demonstrating that the recognized state criminal and NSOPR registries were checked.

PY	Inadequate Criminal History Checks	Inadequate NSOPR Searches	Questioned Education Awards	Questioned Administrative Fees
2008-2009	6	5	\$6,456	\$810 <sup>3</sup>

CYCA representatives stated that these members were not required to have National Service Criminal History checks because they did not have recurring access to vulnerable populations. However, we continue to question the members' education awards and related administrative fees because the members' service locations had vulnerable populations and CYCA did not provide documentation to demonstrate that the members did not have recurring access to these vulnerable populations. See Compliance Finding 4 (Exhibit B).

**GCCS's Response:** GCCS supports CYCA's request for reconsideration of the questioned education awards and administrative fees. It stated that CYCA had demonstrated compliance and necessary corrective action.

**Accountants' Comments:** As discussed above, the members' education awards and related administrative fees were questioned because the members' service locations had vulnerable populations and CYCA did not provide documentation to demonstrate that the members did not have recurring access to these vulnerable populations. The Corporation should disallow and recover the questioned member education awards and related administrative fees.

- Some timesheets for two sampled PY 2008-2009 members were unsigned. CYCA and its service locations had inadequate procedures to ensure that members signed all timesheets. We deducted service hours from the timesheets that were missing member signatures. After deducting these hours, the remaining hours did not support minimum hours required for education award eligibility. We questioned education awards of \$2,250 for these two members in Note 1 above. See Compliance Finding 7 (Exhibit B).

PY	Member No.	Timesheet Hours			Hours Required For Award	Questioned Education Award
		Total	Deducted	Adjusted		
2008-2009	11	320	40	280	300	Note 1
2008-2009	13	497	59	438	450	Note 1

### Criteria

*2008 AmeriCorps Grant Provisions, Section IV, AmeriCorps Special Provisions, Subsection C.4. Timekeeping*, 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 an individual who supervises the member.

<sup>3</sup> CYCA received a \$600 fixed administrative fee for each eligible full-time member enrolled in its program. Questioned administrative fees of \$360 for the three minimum time members were calculated by multiplying \$600 by a full time equivalent of 0.2 specified in the application instructions (3 x \$600 x 0.2=\$360). Questioned administrative fees of \$450 for three quarter time members were calculated by multiplying \$600 by a full time equivalent of 0.25 specified in the application instructions (3 x \$600 x 0.25=\$450).

**GCCS's Response:** As discussed in Compliance Finding 7, GCCS concurred there were weaknesses in how timesheets were prepared and submitted. It did not comment on the questioned education awards for these two members.

**Accountants' Comments:** The Corporation should disallow, and if already used, recover the education awards for these members.

**COLORADO GOVERNOR’S COMMISSION ON COMMUNITY SERVICE**

**SCHEDULE OF QUESTIONED COSTS  
 COLORADO YOUTH CORPS ASSOCIATION  
 AMERICORPS EDUCATION AWARD PROGRAM  
 AWARD NO. 09ESHCO001**

	<b>PY 2009-2010</b>	<b>Notes</b>
Claimed Administrative Fees	<u>\$73,507</u>	
Questioned Administrative Fees	<u>\$1,207</u>	1
Questioned Education Awards:		
National Service Criminal History Checks	\$9,500	1
Unsigned Timesheets	<u>0</u>	2
Total Questioned Education Awards	<u>\$9,500</u>	

1. CYCA did not ensure that National Service Criminal History Checks conducted on members complied with AmeriCorps regulations. CYCA relied on its service locations to conduct checks for the CYCA members assigned to those service locations. Its service locations conducted these checks using third-party vendors, but did not ensure that these vendors checked the state criminal history databases recognized by the Corporation and NSOPR.

If a vendor does not search the recognized state criminal databases and NSOPR, a grantee or subgrantee is required to obtain an alternative search protocol from the Corporation to use the third-party vendor. SCC, the headquarters for two of CYCA’s service locations, submitted an alternative search protocol to the Corporation. The Corporation denied SCC’s first alternative request and has not provided a final ruling on its second alternative request. CYCA’s remaining service locations did not submit alternative search protocol requests to the Corporation.

Criteria

45 CFR § 2540.202 What two search components of the National Service Criminal History Check must I satisfy to determine an individual’s suitability to serve in a covered position?, requires grantees to conduct state criminal history checks and NSOPR searches, unless the Corporation approves an alternative screening protocol. See Schedule A, Note 1 for the complete criteria.

We questioned education awards and administrative fees for the members without documentation demonstrating that the recognized state criminal and NSOPR registries were checked. As described in the table below, we questioned the education awards and administrative fees for nine sampled PY 2009-2010 CYCA members (Member Nos. 24-32). See Compliance Finding 4 (Exhibit B).

PY	Inadequate Criminal History Checks	Inadequate NSOPR Searches	Questioned Education Awards	Questioned Administrative Fees
2009-2010	9	7	\$9,500	\$1,207 <sup>4</sup>

**GCCS's Response:** GCCS supports CYCA's request for reconsideration of the questioned education awards and administrative fees. It stated that CYCA had demonstrated compliance and necessary corrective action.

**Accountants' Comments:** As discussed above, the members' education awards and related administrative fees were questioned because the members' service locations had vulnerable populations and CYCA did not provide documentation to demonstrate that the members did not have recurring access to these vulnerable populations. The Corporation should disallow and recover the questioned member education awards and related administrative fees.

- Some timesheets for one sampled PY 2009-2010 member were unsigned. CYCA and its service locations had inadequate procedures to ensure that members signed all timesheets. We deducted service hours from the timesheets that were missing member signatures. After deducting these hours, the remaining hours did not support minimum hours required for education award eligibility. The education award for this member is already questioned in Note 1 above. See Compliance Finding 7 (Exhibit B).

PY	Member No.	Timesheet Hours			Hours Required For Award	Questioned Education Award
		Total	Deducted	Adjusted		
2009-2010	32	352	145	207	300	Note 1

### Criteria

*2008 AmeriCorps Grant Provisions*, Section IV, AmeriCorps Special Provisions, Subsection C.4., *Timekeeping*, 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 an individual who supervises the member.

**GCCS's Response:** As discussed in Compliance Finding 7, GCCS concurred there were weaknesses in how timesheets were prepared and submitted. It did not comment on the questioned education awards for these two members.

**Accountants' Comments:** The Corporation should disallow, and if already used, recover the education awards for these members.

<sup>4</sup> CYCA received a \$600 fixed administrative fee for each eligible full-time member enrolled in its program. Questioned administrative fees of \$889 for the seven minimum time members were calculated by multiplying \$600 by the minimum time member weighted average specified in the application instructions (7 x \$600 x 0.2117=\$889). Questioned administrative fees of \$318 for two quarter time members were calculated by multiplying \$600 by the quarter time weighted average specified in the application instructions (2 x \$600 x 0.2646=\$318)..

**COLORADO GOVERNOR’S COMMISSION ON COMMUNITY SERVICE**

**SCHEDULE OF CLAIMED AND QUESTIONED COSTS  
 COLORADO YOUTH CORPS ASSOCIATION  
 AMERICAN RECOVERY AND REINVESTMENT ACT  
 FORMULA  
 AWARD NO. 09RFHCO001**

	<b>ARRA</b>	<b>Notes</b>
Claimed Federal Costs	<u>\$68,746</u>	
Questioned Federal Costs:		
Financial Management System	<u>\$68,746</u>	1
Questioned Education Awards:		
National Service Criminal History Checks	\$11,226	2
Missing Criminal History Check	1,000	3
Unsigned Member Timesheet	<u>0</u>	4
Total Questioned Education Awards	<u>\$12,226</u>	

1. CYCA did not account for costs claimed under this award in accordance with AmeriCorps regulations and State of Colorado requirements. When requested to provide an accounting report supporting expenses claimed under this award, CYCA provided a report from its automated accounting system. This report showed expenses as administrative, fundraising, and program, but it did not distinguish between expenses attributable and not attributable to this grant, including the other four Federal awards shown on its 2009 Single Audit report. CYCA’s Executive Director stated that a unique account code was not established for this award in CYCA’s accounting system, because CYCA normally received fixed-amount awards, and the ARRA award was a one-time award.

To support costs claimed under this award, CYCA also provided copies of spreadsheets that summarized costs reported on CYCA’s reimbursement requests submitted to GCCS. We could not, however, reconcile these spreadsheets back to the accounting reports provided. Because CYCA’s accounting system did not support claimed costs, we questioned all \$68,746 of Federal costs claimed for this award. See Compliance Finding 1 and 2 (Exhibit B).

Criteria

State of Colorado Governor’s Commission on Community Service Grant Agreement with Colorado Youth Corps Association, Paragraph 21, Section G, Segregation of Costs, states:

*Contractor shall segregate obligations and expenditures of ARRA funds from other funding. No part of funds made available under the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5, may be comingled with any*

*other funds or used for a purpose other than that of making payments for costs allowable under the ARRA.*

*2009 AmeriCorps Grant Provisions, Section V, General Provisions, Subsection B., Financial Management Standards, further states:*

*The grantee must maintain financial management systems that include standard accounting practices, sufficient internal controls, a clear audit trail, and written cost allocation procedures, as necessary. Financial management systems must be capable of distinguishing expenditures attributable to this grant from expenditures not attributable to this grant. The systems must be able to identify costs by programmatic year and by budget category and to differentiate between direct and indirect costs or administrative costs.*

**GCCS's Response:** As discussed in its response to Compliance Finding 2, GCCS concurred that CYCA did not adequately account for its costs under this award but did not concur with the questioned costs. CYCA provided GCCS with alternative supporting documentation for the claimed costs. The supporting documentation for these costs included timesheets, spreadsheets, receipts, and other supporting documentation. It will send this documentation for verification.

**Accountants' Comments:** The Corporation should ensure that the documentation provided to support CYCA's claimed costs under this award is allowable, adequately documented, and allocable.

2. CYCA did not ensure that National Service Criminal History Checks conducted on members complied with AmeriCorps regulations. CYCA relied on its service locations to conduct checks for the CYCA members assigned to those service locations. Its service locations conducted these checks using third-party vendors, but did not ensure that these vendors checked the state criminal history databases recognized by the Corporation and NSOPR.

If a vendor does not search the recognized state criminal databases and NSOPR, a grantee or subgrantee is required to obtain an alternative search protocol from the Corporation to use the third-party vendor. SCC, the headquarters for two of CYCA's service locations, submitted an alternative search protocol to the Corporation. The Corporation denied SCC's first alternative request and has not provided a final ruling on its second alternative request. CYCA's remaining service locations did not submit alternative search protocol requests to the Corporation.

#### Criteria

45 CFR § 2540.202 What two search components of the National Service Criminal History Check must I satisfy to determine an individual's suitability to serve in a covered position?, requires grantees to conduct state criminal history checks and NSOPR searches, unless the Corporation approves an alternative screening protocol. See Schedule A, Note 1 for the complete criteria.

We questioned education awards for the members without documentation demonstrating that the recognized state criminal and NSOPR registries were checked. As described in

the table below, we questioned the education awards for eight sampled PY 2009-2010 CYCA members (Member Nos. 44-47 and 49-52).

<b>Program</b>	<b>Inadequate Criminal History Checks</b>	<b>Inadequate NSOPR Searches</b>	<b>Questioned Education Awards</b>
ARRA	8	6	\$11,226

CYCA representatives stated that one ARRA member was not required to have National Service Criminal History checks because the member did not have recurring access to vulnerable populations. However, we continue to question the members' education awards and related administrative fees because the member's service locations had vulnerable populations and CYCA did not provide documentation to demonstrate that the member did not have recurring access to these vulnerable populations. See Compliance Finding 4 (Exhibit B).

**GCCS's Response:** GCCS supports CYCA's request for reconsideration of the questioned education awards and administrative fees. It stated that CYCA had demonstrated compliance and necessary corrective action.

**Accountants' Comments:** As discussed above, the members' education awards and related administrative fees were questioned because the members' service locations had vulnerable populations and CYCA did not provide documentation to demonstrate that the members did not have recurring access to these vulnerable populations. The Corporation should disallow and recover the questioned member education awards and related administrative fees.

3. CYCA did not demonstrate that a criminal history check was conducted for one sampled ARRA member. The member signed an authorization form allowing the service location to conduct the check, but the member's file did not contain documentation to demonstrate that a check was conducted. CYCA stated that this member's service location required the member to undergo criminal history and national sex offender searches, but this member was not subject to Corporation requirements because the member did not have recurring access to vulnerable populations and was enrolled prior to the October 1, 2009, effective date requiring National Service Criminal History checks for all members. We questioned the education award of \$1,000 for the member (Member No. 48) because the member's service location had vulnerable populations and CYCA did not provide documentation to demonstrate that the member did not have recurring access to these vulnerable populations. See Compliance Finding 5 (Exhibit B).

Criteria

45 CFR § 2540.200, To whom must I apply suitability criteria relating to criminal history?, Requires suitability criteria to be applied to individuals applying for or serving in a covered position (member or grant-funded employee) and involving access to vulnerable populations (children, persons age 60 and older, or individuals with disabilities) on or after November 23, 2007.

45 CFR § 2540.203, When must I conduct a State criminal registry check and a NSOPR check on an individual in a covered position?, states that criminal registry checks are to

be conducted on individuals who enrolled or were hired by the program after November 23, 2007.

45 CFR § 2540.205, What documentation must I maintain regarding a National Service Criminal History Check for a covered position?, requires grantees to maintain results of checks unless prohibited by state law and to document in writing that results were considered when selecting members for the program.

**GCCS’s Response:** As discussed in Compliance Finding 5, GCCS concurred with this finding but did not comment on the questioned education award for this member.

**Accountants’ Comments:** The Corporation should disallow, and if already used, recover the education awards for this member.

4. Some timesheets for two sampled ARRA members were unsigned. CYCA and its service locations had inadequate procedures to ensure that members signed all timesheets. We deducted service hours from the timesheets that were missing member signatures. After deducting these hours, the remaining hours did not support minimum hours required for education award eligibility. The education awards for these two members are included in questioned education awards in Note 2 above. See Compliance Finding 7 (Exhibit B).

Program	Member No.	Timesheet Hours			Hours Required For Award	Questioned Education Award
		Total	Deducted	Adjusted		
ARRA	49	350	120	230	300	Note 2
ARRA	50	307	119	188	300	Note 2

Criteria

*2008 AmeriCorps Grant Provisions, Section IV, AmeriCorps Special Provisions, Subsection C.4, Timekeeping.* 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 an individual who supervises the member.

**GCCS’s Response:** As discussed in Compliance Finding 7, GCCS concurred there were weaknesses in how timesheets were prepared and submitted. It did not comment on the questioned education awards for these two members.

**Accountants’ Comments:** The Corporation should disallow, and if already used, recover the education awards for these members.

**COLORADO GOVERNOR'S COMMISSION ON COMMUNITY SERVICE**

**SCHEDULE OF CLAIMED AND QUESTIONED COSTS  
STATE ADMINISTRATIVE AWARD  
AWARD NO. 07CAHCO001**

	<b>Amount</b>	<b>Notes</b>
Claimed Federal Costs Prior Years	\$288,866	
Claimed Federal Costs in AUP Period	<u>380,859</u>	
Claimed Federal Costs for Award	<u>\$669,725</u>	
Claimed Match Costs for Award	<u>\$897,810</u>	
Total Claimed Project Cost (Federal and Match)	<u>\$1,567,535</u>	
Less Questioned Match Costs:		
Unallowable match Public Service Announcements	\$326,020	1
Unsupported consultant services	500	2
Unsupported labor and supplies, VISTA sites	59,213	3
Unsupported labor costs, legal and accounting services	33,000	4
Unsupported labor costs and accounting services	5,330	5
Unsupported labor costs, Lt. Governor (CYs 2007-2008)	9,828	6
Unsupported labor costs, Lt. Governor (CY 2009)	<u>5,909</u>	7
Subtotal	<u>\$439,800</u>	
Net Allowable Total Costs	\$1,127,735	
Eligible Federal Costs (\$1,127,735 x 50%)	563,868	
Claimed Federal Costs	<u>669,725</u>	
Questioned Federal Costs	<u>\$105,857</u>	8

1. GCCS claimed amounts as match for in-kind radio Public Service Announcements (PSAs) created, paid for, and delivered to radio and television stations by the Corporation, as follows:
  - \$184,716 for PSAs played on radio stations in Colorado from January through December 2009 for a Martin Luther King Day service event.
  - \$141,304 for PSAs played on television stations throughout Colorado and for the Heros campaign.

GCCS did not include PSA costs in its approved grant budget and did not obtain a budget change or match waiver from its Corporation Grants Officer to claim these costs. Further, documentation provided by GCCS indicated the PSAs were produced and delivered directly to the radio and television stations by the Corporation. GCCS did not provide any documentation to show that it contacted the radio and televisions stations and requested that they air the PSAs.

## Criteria

*2009 Provisions for State Administrative, Program Development and Training, and Disability Placement Grants, Section D.5.c, Approvals of Programmatic and Budget Changes*, states that the Corporation's Grants Officers are the only officials who have authority to change grant requirements. Grants Officers execute written amendments or changes to the grant, and grantees should not assume approvals unless documentation from the Corporation's Grants Office has been received.

Corporation's *Frequently Asked Questions Using Public Service Announcements as Match*, Question 5. Sometimes the Corporation produces and distributes PSAs and they are placed on stations in my area. Can I include the value of the airtime for those PSAs on my grant?, states grantees can generally not claim the value of airtime as match if the PSA were aired at the Corporation's request. However, if the grantees have contacted the local stations requesting that they play the PSAs, the grantee may count the value of airtime as match.

According to GCCS representatives, they claimed these costs when GCCS had difficulty raising matching funds as the result of economic downturn and because it does not receive State of Colorado funds. GCCS relies almost exclusively on in-kind support to achieve the required match. In March 2010, it submitted a match waiver request to the Corporation for its 2010 administrative grant, requesting Corporation approval to claim PSAs as match on its 2010 award. The Corporation approved GCCS's request. This approval did not, however, cover its prior state administrative award. We questioned \$326,020 of unallowable match costs. GCCS representatives also stated that they had contacted the radio and television stations requesting that they play the PSAs, but that they were still looking for the documentation. See Compliance Finding 3 (Exhibit B).

2. GCCS claimed \$500 of consulting services for an individual who assisted in a Community Needs Assessment on June 13, 2008. This expense was supported on GCCS's Receipt Voucher for In-Kind Contributions form. This form was signed by the contributor who provided the consulting services, but was not dated and showed an estimated \$500 in-kind contribution value. The form indicated that this contribution was for travel and consultation services, but no documentation was provided to show how the \$500 was derived or how much of the contribution was for consulting services or travel costs. We questioned \$500 of unsupported costs. See Compliance Finding 3 (Exhibit B).

## Criteria

45 CFR § 2541.240 (a)(7)(C)(1), *Volunteer services*, states that unpaid services provided to a grantee by individuals will be valued at rates consistent with those ordinarily paid for similar work in the grantee's organization. If the grantee does not have employees performing similar work, the rates are to be consistent with those ordinarily paid by other employers for similar work in the same labor market.

Further, 45 CFR § 2541.240 (a)(7)(C)(2), *Employees of other organizations*, states that when an employer other than the grantee or cost-type contractor furnishes free

services for an employee in the employee's normal line of work, the services will be valued at the employee's regular rate of pay exclusive of the employee's fringe benefits and overhead costs. If the services are in different line of work, they are to be valued in accordance with the above paragraph.

3. GCCS claimed \$59,213 of match labor and operating costs (rent, computer, copy machine, fax machine, telephone, printer, office supplies, and travel) from its VISTA sites. The labor costs were for supervising AmeriCorps VISTA members, and the operating costs were to maintain Colorado VISTA programs for Calendar Year 2009. These costs were included in GCCS's approved budget and were supported by GCCS's Receipt Voucher for In-Kind Contributions forms. The forms were signed, but not dated, by VISTA site supervisors.

Spreadsheets summarizing amounts claimed accompanied these forms. GCCS did not, however, obtain supervisor timesheets, documentation supporting the value of supervisor labor costs, and invoices for operating costs, because it was unaware that it needed to obtain this documentation.

#### Criteria

45 CFR § 2541.240, (b)(6), *Records*, states that costs and third-party in-kind contributions used to meet a cost-sharing or matching requirements must be verifiable from grantee records. These records must show how the value placed on third-party in-kind contributions was derived. Further, to the extent feasible, volunteer services must be supported by the same methods that the organization uses to support the allocability of regular personnel costs.

We questioned \$59,213 of unsupported costs. See Compliance Finding 3 (Exhibit B).

4. GCCS claimed \$33,000 of match labor from the State of Colorado Department of Personnel and Administration for Calendar Year 2008. These costs were supported by GCCS's Receipt Voucher for In-Kind Contributions form, which was signed, but not dated, by the Controller of the Colorado Department of Administration. A spreadsheet dated January 18, 2011, which summarized the amount of labor costs by division, accompanied the form. It showed labor costs of \$1,838 for legal services to review contracts and legal information and labor costs of \$31,162 for accounting services provided to GCCS. The spreadsheet also identified the names of employees whose labor costs were claimed, estimates of hours and percentage worked by each employee, as well as their annual and hourly salaries. Timesheets to support these costs were not provided. GCCS stated that it had only recently become aware of the requirement to keep timesheets.

#### Criteria

45 CFR § 2541.240 (b)(6), *Records*. states that costs and third-party in-kind contributions used to meet a cost-sharing or matching requirement must be verifiable from the grantee records.

45 CFR § 2541.200 (b)(6) *Source documentation*, states that accounting records must be supported by source documentation, such as payrolls and time-and-attendance records.

OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, Attachment B, *Selected items of Cost*, paragraph, 8.h., *Support of salaries and wages*, requires salary distributions based on personnel activity reports for employees working on multiple activities. These must be signed by each employee and account for all time worked.

We questioned \$33,000 of unsupported costs. See Compliance Finding 3 (Exhibit B).

5. GCCS claimed \$5,330 of match labor costs provided from the State of Colorado Governor's Office in Calendar Year 2007. These costs were supported by GCCS's Receipt Voucher for In-Kind Contributions form. A spreadsheet summarized the amount of labor costs accompanied the form and showed the following:
  - \$2,000 for processing payment vouchers and grant maintenance,
  - \$1,650 for processing payroll, benefits support, and leave tracking,
  - \$1,680 for grant review, grant processing, spending authority maintenance, and voucher approval.

The spreadsheet also identified the names of the employees whose labor costs were claimed, estimated percentage, and annual salaries. Timesheets for these employees were not provided.

#### Criteria

The criteria in Note 4 above apply:

- 45 CFR § 2541.240 (b)(6) *Records*.
- 45 CFR § 2541.200 (b)(6) *Source Documentation*.
- OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, Attachment B, *Selected Items of Cost*, paragraph, 8.h. *support of salaries and wages*.

We questioned \$5,330 of unsupported costs. See Compliance Finding 3 (Exhibit B).

6. GCCS claimed \$9,828 of match labor costs for the Lt. Governor's participation at events in Calendar Years 2007 and 2008. These costs were supported by GCCS's Receipt Voucher for In-Kind Contributions form signed and dated by the Lt. Governor. A spreadsheet summarizing the amount of labor costs and an hourly rate also accompanied the form. The spreadsheet showed the following:
  - 20 hours for Colorado Cares Day participation and oversight,
  - 39 hours for direct GCCS participation and activities, including the October, Service Conference, AmeriCorps launch, certificates, letters, and acknowledgements,
  - 40 hours for meetings with the chief of staff regarding GCCS's budget, oversight, and planning.

Timesheets to support these hours were not provided.

Criteria

The criteria in Note 4 above apply:

- 45 CFR § 2541.240 (b)(6) ) *Records*,
- 45 CFR § 2541.200 (b)(6) *Source Documentation*,
- OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, Attachment B, paragraph, 8.h. *Support of salaries and wages*.

We questioned \$9,828 of unsupported costs. See Compliance Finding 3 (Exhibit B).

7. GCCS claimed \$5,909 of match labor costs for the Lt. Governor's participation at events in Calendar Year 2009. These costs were supported by GCCS's Receipt Voucher for In-Kind Contributions form signed but not dated by the Lt. Governor. A note on the form described the activities performed, number of hours, and an hourly rate, as follows:

- 18 hours for Colorado Cares Day participation and oversight,
- 41 hours for direct GCCS participation and activities,
- 40 hours for meetings with the chief of staff regarding GCCS budget, oversight, and planning.

Timesheets to support these hours were not provided.

Criteria

The criteria in Note 4 above apply:

- 45 CFR § 2541.240 (b)(6) *Records*,
- 45 CFR § 2541.200 (b)(6) *Source Documentation*,
- OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, Attachment B, paragraph, 8.h. *Support of salaries and wages*

We questioned \$5,909 of unsupported costs. See Compliance Finding 3 (Exhibit B).

8. We deducted questioned match costs from total project costs to arrive at net allowable costs. We then calculated eligible Federal costs by multiplying net allowable costs by the 50-percent Federal share for state administrative awards. Finally, we deducted eligible Federal costs from claimed Federal costs. We questioned \$105,857 of unallowable Federal costs.

Criteria

*2009 Provisions for State Administrative, Program Development, and Training, and Disability Placement Grants*, Section D, Subsection 8, *Match Requirements for State Administrative Grants* states the Federal share will not exceed 50 percent of such costs in the fifth year or any subsequent year of operation of the Commission.

**GCCS's Response to Notes 1 through 8:** GCCS did not concur with this finding. As discussed in its response to compliance Finding 3, it believes it has adequate alternative match documentation to support the questioned Federal and match costs and to demonstrate compliance.

**Accountants' Comments on Notes 1 through 8:** The Corporation should ensure that the documentation provided to support GCCS's claimed Federal and match costs under this award is allowable, adequately documented, and allocable.

**COLORADO GOVERNOR'S COMMISSION ON COMMUNITY SERVICE  
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE AWARDS  
COMPLIANCE RESULTS**

Our AUPs identified the compliance findings described below.

**Finding 1. GCCS and three subgrantees claimed unallowable and unsupported costs.**

Notes to Schedules A-H describe questioned costs of \$260,021, 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.

**Recommendations:** We recommend that the Corporation:

- 1a. Calculate and seek to recover the appropriate amount of disallowed costs based on our questioned Federal costs;
- 1b. Calculate and seek to recover administrative costs related to the disallowed costs; and
- 1c. Require GCCS to adjust its FFRs for the disallowed costs.

**GCCS's Response:** In many cases, GCCS concurs with the findings, and in several instances, it believes that that adequate documentation exists to support the questioned costs and to demonstrate compliance. Its' detailed comments and corrective action steps are summarized in the notes to Schedules A-H and summarized in the related findings.

**Accountants' Comments:** We continue to make the recommendations stated above. Our comments are summarized in the notes to Schedules A-H and summarized in the related findings.

**Finding 2. GCCS, subgrantee, and subgrantee service location financial management systems did not account for costs in accordance with Federal and state requirements.**

As described below, GCCS, CYCA, MHYC, and SUCAP did not adequately account for and report Federal and match costs.

**CYCA and SUCAP Federal Costs**

**CYCA**

As discussed in Schedule G, CYCA did not account for costs claimed under Award No. 09RFHCO001 in accordance with AmeriCorps regulations and State of Colorado requirements. To support costs claimed under this award, CYCA provided accounting reports and spreadsheets that summarized costs reported on the CYCA's reimbursement

requests submitted to GCCS. We could not, however, reconcile the spreadsheets back to the accounting reports provided.

When requested to provide an accounting report supporting expenses claimed under this award, CYCA provided a report from its automated accounting system. The report showed expenses as administrative, fundraising, and program, but it did not distinguish between expenses attributable to this grant and those not attributable, including four other Federal awards that were identified in its 2009 Single Audit report. CYCA's Executive Director stated that a unique account code was not established in its automated accounting system for Award No. 09RFHCO001, because it normally received fixed-amount awards and the ARRA award was a one-time award.

Using the spreadsheets subsequently provided by CYCA, we sampled personnel costs claimed by CYCA on its October 2009 reimbursement request. CYCA over-claimed personnel costs for its Executive Director for the October 1-15, 2009 pay period. It claimed 80 percent of the Executive Director's personnel costs, but the director's timesheet supported a 49 percent share. CYCA's Executive Director stated that this difference was due to an error.

As discussed in Schedule G, because CYCA's accounting system did support claimed costs, we questioned all \$68,746 of Federal costs claimed for this award.

#### Criteria

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

*2009 AmeriCorps Grant Provisions*, Section V, General Provisions, Subsection B. *Financial Management Standards* further states that grantees must maintain financial management systems that include standard accounting practices, sufficient internal controls, a clear audit trail, and written cost allocation procedures, as necessary. Financial management systems must be capable of distinguishing expenditures attributable to and not attributable to a grant.

State of Colorado Governor's Commission on Community Service Grant Agreement with Colorado Youth Corps Association, Paragraph 21.G., *Segregation of Costs*, states:

*Contractor shall segregate obligations and expenditures of ARRA funds from other funding. No part of funds made available under the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5, may be comingled with any other funds or used for a purpose other than that of making payments for costs allowable under the ARRA.*

#### SUCAP

SUCAP's November 2009 through August 2010 reimbursements were included in the AUP review period. During this period, SUCAP claimed \$1,406 of Federal costs that were not supported by its general ledger. SUCAP claimed total Federal costs of \$69,635 on its August 2010 reimbursement request but its accounting system supported \$68,229 of Federal costs. In January 2011, as SUCAP was preparing for our site visit, it identified errors with these reimbursement requests and resubmitted them to GCCS. As described in

the following table, after these revisions, SUCAP's accounting system supported Federal costs claimed on the reimbursement requests.

<b>Description</b>	<b>Original</b>	<b>Revised</b>
Federal costs reimbursement requests	\$69,635	\$68,222
Federal costs accounting system	<u>68,229</u>	<u>\$68,229</u>
Difference	<u>\$1,406</u>	<u>\$(7)</u>

As discussed in Schedule D, on January 28, 2011, SUCAP remitted a check to GCCS for the \$1,406 of unsupported costs. We questioned the \$1,406 of unsupported costs because SUCAP's revisions were made after the AUP review period for costs and because these costs are included in the \$69,635 of claimed costs on Exhibit A. In addition, GCCS did not demonstrate that it had adjusted its FFR for the unallowable costs.

#### Criteria

45 CFR § 2543.21, *Standards for financial management systems*, subsection (b), *Recipient financial management systems*, states that grantees must provide accurate, current, and complete disclosure of financial results of each Federally-sponsored program.

#### **MHYC Federal and Match Costs**

##### **MHYC**

MHYC used a spreadsheet to account for its Federal and match costs as well as those of its service locations. It reported costs on separate spreadsheet tabs for each service site, and all spreadsheets were consolidated into one spreadsheet. MHYC referred to this spreadsheet as its consolidated billings spreadsheet, and it was the basis for reimbursement requests submitted to the GCCS.

We reconciled Federal and match costs shown on the billing spreadsheet to reimbursement requests submitted to GCCS. We identified some variances in Federal staff travel, member travel, staff training, and member training categories on the ARRA award (Award No. 09RCHCO002), but these differences netted out to zero. We identified a \$12,698 difference in match costs shown on the billing spreadsheet and the June 2010 reimbursement request submitted to GCCS. The billings spreadsheet supported match costs of \$1,013,614, but MHYC reported match costs of \$1,026,312 to GCCS. MHYC attributed this difference to estimates. We did not identify any differences in Federal and match costs for the other two awards.

We reconciled Federal costs from the billing spreadsheet to MHYC's automated accounting system. For the ARRA award, MHYC's June 2010 reimbursement was the last reimbursement request in the AUP review period. As shown in the table below, we calculated a \$16,287 variance between MHYC automated accounting system and the billing spreadsheet:

<b>Description</b>	<b>Billing Spreadsheet</b>	<b>Automated Accounting System</b>	<b>Variances</b>
Personnel Fringe Benefits	\$8,293	\$7,724	\$569
Living Allowance	131,404	121,904	9,500
Member Benefits	<u>18,523</u>	<u>12,305</u>	<u>6,218</u>
Total	<u>\$158,220</u>	<u>\$141,933</u>	<u>\$16,287</u>

MHYC stated that variances were caused by estimates, and that the numbers would reconcile at the end of its calendar year when all quarterly and final adjustments had been made. We reviewed its year-end numbers and verified that these differences had been resolved.

We then attempted to reconcile Federal member costs reported on the billing spreadsheet for MHYC's service locations to supporting accounting records. MHYC claimed \$852,231 of Federal and match member costs on its three awards during the AUP period, as shown below:

<b>Award No.</b>	<b>Federal and Match Costs</b>
06ACHCO001	\$335,144
09RCHCO002	316,481
06AFHCO001	<u>200,606</u>
Total	<u>\$852,231</u>

MHYC's supporting documentation for these costs was a spreadsheet that showed members start dates, end dates, and budgeted living allowance amount and the Federal percentage used to calculate Federal cost. Match costs were determined by multiplying total member costs by the match percentage. Because MHYC's billings were based on a budget estimate, we requested that MHYC request its service locations to provide reports from their accounting systems that show actual living allowance and member benefit costs. MHYC stated that it could not provide this documentation, because service location accounting systems were not set up to accommodate this. However, we noted while reviewing documentation supporting MHYC's June 2009 reimbursement request that it had obtained a payroll report from SCC showing actual amounts paid to members in June 2009.

As an alternative procedure, we reviewed W-2 forms for the sampled members to determine if claimed living allowance costs were reasonable. Most of the members received a living allowance in excess of the amounts claimed by MHYC. Therefore, it appeared that the living allowance costs claimed by MHYC were not overstated.

We also noted that some Federal costs claimed in June 2010 were coded to other MHYC programs and were not identified as expenses for the AmeriCorps program. MHYC representatives stated that its personnel were often not aware of the funding source of the projects to which they were assigned, and that its finance office determines the final allocation of costs.

We attempted to reconcile match costs to MHYC's accounting system. MHYC identifies some expenditures as AmeriCorps match costs but does not have an account for AmeriCorps match costs in its accounting system. In addition, we identified weakness in how MHYC accounted for match costs, as described below:

- MHYC accumulates personnel match costs for over 20 employees using spreadsheets. During the AUP period, it claimed \$949,322 of personnel match costs. It calculated salary costs by multiplying the bi-weekly salary amount by an effort percentage. Before Calendar Year 2010, effort percentages used to calculate \$731,065 of personnel match costs were based on budgeted percentages, even though MHYC's contract with GCCS required it to maintain timesheets. MHYC began using timesheets in Calendar Year 2010, after it was informed by the OIG during its ARRA audit and in an OIG report dated June 30, 2010, that timesheets were required to support match salaries.

We identified one instance, however, in which MHYC billed more personnel costs than were supported by an employee's timesheet. In June 2010, MHYC claimed 60 percent of an employee's salary on the ARRA award, but the employee's timesheet supported 58 percent. MHYC based the 60-percent figure used to allocate the employee's salary on a percentage of AmeriCorps members supervised. MHYC did not consider this difference material.

- MHYC calculated its program operating match costs by first printing monthly profit-and-loss statements from its automated accounting system for its energy and land conservation programs. Next, it summed expenses from certain cost categories to arrive at a total amount of supplies, training, travel, and other program operating costs. Finally, it calculated the AmeriCorps portion of the expenses by multiplying these by the percentage of AmeriCorps members (AmeriCorps members/total members) who were assigned to the projects. We identified one instance in which MHYC claimed an expense as a Federal expense and included it in the calculation of match costs. MHYC stated that this was an error.

### Criteria

*2009 AmeriCorps Grant Provisions, Section V, General Provisions, Subsection B. Financial Management Standards* states that grantees must maintain financial management systems that include standard accounting practices, sufficient internal controls, a clear audit trail, and written cost allocation procedures, as necessary. Financial management systems must be capable of distinguishing expenditures attributable to and not attributable to a grant.

State of Colorado Governor's Commission on Community Service Grant Agreement with Mile High Youth Corps (dated July 2008) paragraph XVI.v., Required Financial Documentation, states:

*All costs charged to the contract must be documented. For example, the Contractor must maintain signed time and attendance records for each and every individual employee and payroll documents approved by the Contractor's Program Manager or other Contractor designated official, as approved by the State. Individual time distribution records shall be maintained for allocating an employee's salary between this contract and other funding sources.*

State of Colorado Governor's Commission on Community Service Grant Agreement with Mile High Youth Corps (dated December 30, 2009), Exhibit A, Statement of Work, Paragraph E., Administrative Requirements, states that grantees must maintain properly segregated books of state grant funds, matching funds, and other funds associated with the work. They also must prepare detailed documents showing all receipts and expenditures.

### **MHYC Service Locations**

MHYC did not ensure that the financial management systems of its service locations (LCYCC, RMYC, SCCFC, SCCLV, and WCCC) complied with Federal and state requirements. MHYC's Finance Director stated that its service locations did not have separate account codes in their accounting systems for Federal AmeriCorps expenses, match AmeriCorps expenses, and the ARRA award.

MHYC did not think it was in a position to tell the service locations how to account for their costs because the service locations were separate nonprofit and government organizations. Instead, it required each service location to sign service-site agreements outlining the responsibilities of MHYC and the service locations. One of the responsibilities of the service locations was to ensure that they complied with all rules and regulations.

### **Criteria**

*2009 AmeriCorps Grant Provisions*, Section V, General Provisions, Subsection B. Financial Management Standards., states that grantees must maintain financial management systems that include standard accounting practices, sufficient internal controls, a clear audit trail, and written cost allocation procedures, as necessary. Financial management systems must be capable of distinguishing expenditures attributable to and not attributable to a grant.

### **Reporting of GCCS and Subgrantee Match Costs**

GCCS did not have adequate procedures to accurately account for and report match costs. It used spreadsheets to accumulate match costs reported by subgrantees and match of its state administrative awards. We identified the following:

- GCCS did not retain spreadsheets used to calculate match costs claimed on FFRs. As a result, it could not identify specific transactions that comprised the \$615,720 of match costs it reported for State Administrative Award No. 07CAHCO001 during the AUP period and had to recreate the spreadsheets for AmeriCorps Award Nos. 06AFHCO001 and 06ACHCO001.
- We identified a \$200,496 variance between GCCS's spreadsheet and match costs reported on the FFR for Award No. 06AFHC001 during the AUP period. Its spreadsheet supported expenditures of \$2,173,454, but it claimed \$2,373,950 on the FFR. This difference was found in the September 30, 2009, and March 31, 2010 periods. For the period ending September 30, 2009, the GCCS spreadsheet showed total recipient share of \$545,772, but actual expenditures for the period totaled \$345,772. In addition, the March 31, 2010, reconciliation spreadsheet showed total recipient share of \$91,423, but actual expenditures for the period totaled \$90,927.
- The reconciliation prepared for Award No. 06ACHCO001 match costs did not reconcile to match costs claimed on the GCCS's FFRs. During the AUP period, it claimed \$1,869,476 of match expenditures, but its reconciliation spreadsheet only showed \$1,242,726. The reconciliation prepared by GCCS for Award No. 06ACHCO001 was prepared through September 30, 2009, but GCCS claimed match costs through December 31, 2009.

## Criteria

45 CFR § 2541.240 (b)(6) *Records*, states that costs and third-party in-kind contributions used to meet a cost-sharing or matching requirement must be verifiable from grantee records.

45 CFR § 2541.200 (b)(6) *Source Documentation*, states that accounting records must be supported by source documentation, such as payroll and time-and-attendance records.

**Recommendations:** We recommend that the Corporation:

- 2a. Ensure that GCCS develops reconciliation controls to accurately account for and report match costs on its FFR and retains documentation of match costs claimed on each FFR submitted to the Corporation;
- 2b. Verify that GCCS implements reconciliation controls to accurately account for and report match costs and retains documentation to support match costs claimed on FFRs submitted to the Corporation;
- 2c. Ensure that GCCS requires all of its subgrantees and subgrantee service locations to review applicable regulations and develop controls to ensure that their financial management systems for accounting and reporting Federal and match costs are timely, accurate and complete.
- 2d. Verify that financial management systems implemented by GCCS's subgrantees, and subgrantee service locations include standard accounting practices, sufficient internal controls, a clear audit trail, and follow a written cost allocation procedures;
- 2e. Verify that financial management systems implemented by GCCS, subgrantees, and subgrantee service locations are capable of distinguishing Federal and match expenditures attributable to these grants from expenditures not attributable to these grants, identifying costs by program year and budget category, and differentiating between direct and indirect costs or administrative costs; and
- 2f. Verify living allowance costs claimed are based on amounts MHYC paid to members and not based on budgeted living allowance amounts.

**GCCS's Response:** Its responses follow:

### **CYCA Federal Costs**

GCCS concurred that CYCA did not adequately account for its costs under this award but did not concur with the questioned costs. CYCA provided GCCS with alternative supporting documentation for the claimed costs. The supporting documentation included timesheets, spreadsheets, receipts, and other supporting documentation. It will send this documentation to the Corporation for verification. In addition, CYCA has changed its accounting system for the tracking of income and expenses. It now requires more detail and uses classifications for specific fund sources. It also has worked with its independent auditor, Board of

Directors, and bookkeeper to implement these changes to train staff. In the future, GCCS will confirm that separate accounting systems are in place for any grants that may require a separate system.

### **SUCAP Federal Costs**

GCCS did not concur with this issue and the questioned costs.

### **MHYC Costs and Service Locations**

On August 1, 2011, GOCS implemented OnCorps reports, a web-based software program, which will serve as a tool for program reporting and GCCS monitoring. It will use this program to increase reporting accuracy and its ability to assess program information. GCCS stated that this system would provide its programs with a system that ensures compliance with federal regulations.

### **Reporting of GCCS and Subgrantee Match Costs**

GCCS worked with its fiscal staff to establish reconciliation controls to verify and report match costs and retain uniform documentation. In addition, it implemented a new match tracking system, with new policies, procedures and internal controls.

### **Accountants' Comments:**

### **CYCA Federal Costs**

The Corporation should ensure that the documentation provided to support CYCA's claimed costs under this award is allowable, adequately documented, and allocable.

### **SUCAP Federal Costs**

The \$1,406 of unsupported costs were questioned because GCCS did not demonstrate that it had adjusted its FFR for the unallowable costs. The Corporation should verify that GCCS has made the necessary corrections. Further, this issue remains a compliance finding because these corrections were not made because of a new SUCAP procedure; the corrections were only identified during a review conducted to prepare for our visit.

### **MHYC Costs and Service Locations**

We continue to make the recommendations stated above. GCCS did not explain how OnCorps reports would be used to ensure that the financial management systems of MHYC and its service locations comply with Federal and state requirements. The Corporation should ensure that the recommendations have been implemented.

### **Reporting of GCCS and Subgrantee Match Costs**

GCCS did not provide documentation or explain how its new match tracking system would be used to accurately account for and report match costs. The Corporation should verify that the new match tracking system has been implemented by GCCS and is working as intended.

**Finding 3. GCCS and one subgrantee did not have controls to ensure that claimed Federal and match costs were adequately supported, compliant with applicable regulations, and properly calculated.**

**GCCS**

GCCS did not have controls to ensure that claimed match costs were adequately supported and compliant with applicable regulations. GCCS claimed unallowable and unsupported match costs on its State Administrative awards. Several of the unallowable and unsupported transactions were identified in a previous OIG report on awards to GCCS (OIG Report No. 05-04).

**Award No. 07CAHCO001**

- As discussed in Schedule H, we questioned \$326,020 of radio and television PSA costs claimed by GCCS as match. These PSAs were created, paid for, and delivered to media stations by the Corporation. GCCS did not include PSA costs as match in its approved grant budget, and did not obtain a budget change or match waiver from its Corporation Grants Officer to claim these costs. Further, documentation provided by GCCS indicated the PSAs were produced and delivered directly to the radio and television stations by the Corporation. However, GCCS did not provide any documentation to show that it had contacted the radio and television stations and requested that they play the PSAs.

GCCS claimed these costs when economic conditions created difficulties in raising matching funds and because it does not receive State of Colorado funds. GCCS relies almost exclusively on in-kind support to achieve the required match. In March 2010, it submitted a match waiver request to the Corporation for its 2010 administrative grant. In that request, GCCS requested Corporation approval to claim PSAs as match on its 2010 award. The Corporation approved GCCS's request, but, the waiver request did not cover its prior state administrative award. GCCS representatives also stated that they contacted the radio and television stations requesting that they play the PSAs but they were still looking for the documentation.

**Criteria**

*2009 Provisions for State Administrative, Program Development, and Training, and Disability Placement Grants*, Section D.5.c., Approvals of Programmatic and Budget Changes, states that the Corporation's Grants Officers are the only officials who have authority to change grant requirements. Grants Officers will execute written amendments or changes to a grant, and grantees should not assume approvals have been granted unless they receive documentation from the Corporation's Grants Office.

Corporation's *Frequently Asked Questions Using Public Service Announcements as Match*, Question 5. Sometimes the Corporation produces and distributes PSAs and they are placed on stations in my area. Can I include the value of the airtime for those PSAs on my grant? states grantees can generally not claim the value of air time as match if the PSA were aired at the Corporation's request. However, if the grantees have contacted the local stations requesting that they play the PSAs, the grantee may count the value of airtime as match.

- As discussed in Schedule H, we questioned \$500 of consulting services for an individual who assisted in a Community Needs Assessment on June 13, 2008. This expense was supported by GCCS's Receipt Voucher for In-Kind Contributions form. This form was signed by the contributor who provided the consulting services, but was not dated and showed an estimated \$500 value of the in-kind contribution. According to the form, this contribution was for travel and consultation services. No documentation was provided to show how the \$500 was derived or amount of travel costs. A similar condition was found in OIG Report No. 05-04.

### Criteria

45 CFR § 2541.240 (a)(7)(C)(1), Volunteer services, states that unpaid services provided to a grantee by individuals will be valued at rates consistent with those ordinarily paid for similar work in the grantee's organization. If the grantee does not have employees performing similar work, the rates will be consistent with those ordinarily paid by other employers for similar work in the same labor market.

Further, 45 CFR § 2541.240 (a)(7)(C)(2), Employees of other organizations, states that when an employer other than the grantee or cost-type contractor furnishes free services, the services will be valued at the employee's regular rate of pay, exclusive of fringe benefits and overhead costs. If the services are in different line of work, the services will be valued in accordance with the above paragraph.

- As discussed in Schedule H, we questioned \$59,213 of unsupported match labor and operating costs (rent, computer, copy machine, fax machine, telephone, printer, office supplies, and travel) from GCCS's VISTA sites. The labor costs were for supervision of AmeriCorps VISTA members, and the operating costs were to maintain Colorado VISTA programs for Calendar Year 2009. These costs were included in GCCS's approved budget and were supported by GCCS's Receipt Voucher for In-Kind Contributions forms, which were signed, but not dated by supervisors at the VISTA sites. Spreadsheets summarizing costs claimed also accompanied these forms.

GCCS did not provide supervisor timesheets, documentation supporting the value of supervisor labor costs, and invoices for operating costs, because GCCS was unaware that it needed to obtain this documentation. A similar condition was found in OIG Report No. 05-04.

### Criteria

45 CFR § 2541.240 (b)(6) Records, states that costs and third-party in-kind contributions used to meet a cost-sharing or matching requirement must be verifiable from grantee records.

- As discussed in Schedule H, we questioned \$38,330 (\$33,000+\$5,330) of unsupported match labor from the State of Colorado Department of Personnel and Administration for Calendar Years 2007 and 2008, as discussed below. A similar condition was identified in OIG Report No. 05-04. These costs were supported by GCCS's Receipt Voucher for In-Kind Contributions form.

- **Calendar Year 2007.** A spreadsheet summarizing the amount of labor costs accompanied the form. It showed the following:
  - \$2,000 for processing payment vouchers and grant maintenance,
  - \$1,650 for processing payroll, benefits support, and leave tracking,
  - \$1,680 for grant review, grant processing, spending authority maintenance, and voucher approval.

The spreadsheet also identified the names of the employees whose labor costs were claimed, estimated percentage of effort, and annual salaries. But no timesheets were provided to support these costs.

- **Calendar Year 2008.** The form was signed but not dated by Controller of the Colorado Department of Administration. A spreadsheet dated January 18, 2011, which summarized the amount of labor costs by division, accompanied the form. It showed that \$1,838 of labor costs was for legal services to review contracts and legal information, and \$31,162 of labor costs was for accounting services provided to GCCS.

The spreadsheet also identified the names of the employees whose labor costs were claimed, estimates of hours and percentage worked by each employee, as well as their annual and hourly salaries. No timesheets were provided to support these costs. GCCS stated that had recently become aware of the requirement to keep timesheets.

- As discussed in Schedule H, we questioned \$15,737 (\$9,828+\$5,909) of match labor costs for the Lt. Governor’s participation at events in Calendar Years 2007, 2008, and 2009. A similar condition was found in OIG Report No. 05-04.
  - **Calendar Years 2007 and 2008.** Costs of \$9,828 were supported by GCCS’s Receipt Voucher for In-Kind Contributions form signed and dated by the Lt. Governor. A spreadsheet summarizing the amount of labor costs and an hourly rate accompanied the form. Hours were identified as follows:
    - 20 hours for Colorado Cares Day participation and oversight;
    - 39 hours for direct GCCS participation and activities, including the October Service Conference, AmeriCorps launch, certificates, letters, and acknowledgements; and
    - 40 hours for meetings with the chief of staff regarding GCCS budget, oversight, and planning.

Timesheets were not provided to support these hours.

- **Calendar Year 2009.** GCCS claimed \$5,909 of match labor costs for the Lt. Governor’s participation at events. These costs were supported by GCCS’s Receipt Voucher for In-Kind Contributions form signed, but not dated, by the Lt. Governor. A note on the form described activities performed, number of hours, and an hourly rate. Hours were identified as follows:
  - 18 hours for Colorado Cares Day participation and oversight;

- 41 hours for direct GCCS participation and activities; and
- 40 hours for meetings with the chief of staff regarding GCCS budget, oversight, and planning.

Timesheets were not provided to support these hours.

### Criteria

45 CFR § 2541.240 (b)(6) Records, states that costs and third-party in-kind contributions used to meet a cost-sharing or matching requirement must be verifiable from grantee records.

45 CFR § 2541.200 (b)(6) *Source Documentation*, states that accounting records must be supported by source documentation, such as payroll and time-and-attendance records.

OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, Attachment B, *Selected Items of Cost*, Paragraph, 8.h., *Support of salaries and wages*, requires salary distributions based on personnel activity reports for employees working on multiple activities. These must be signed by each employee and account for all time worked.

### Award No. 10CAHCO001

GCCS claimed \$45,766 of match costs on its June 30, 2010, FFR. We requested that GCCS provide supporting documentation for all of these expenses. GCCS originally provided a spreadsheet summarizing match costs claimed by category. The spreadsheet total equaled the amount claimed on the June 30, 2010, FFR. We requested that GCCS provide a detailed listing of transactions for the \$45,766 claimed. This second spreadsheet showed total match expenditures of \$47,500 through October 2010, but total match expenditures through June 30, 2010, were \$44,209, or \$1,557 less than reported on the June 30, 2010 FFR. GCCS explained that, while it was preparing the detail listing of transactions, it identified some transactions that were not adequately supported and replaced them with new transactions.

We reviewed replacement transactions and identified two transactions that were not adequately supported.

- GCCS claimed a \$275 registration fee for its attendance at the Fall 2010 Internship and Job Fair held at the University of Colorado Denver Career Center on October 13, 2010. GCCS provided an e-mail showing the registration amount and an e-mail expressing its desire to attend the event. It did not, however, provide any documentation to show that it actually registered and attended the event.
- GCCS claimed \$1,161 of labor costs for an Office of the Lt. Governor intern who worked on the state service conference and Colorado Cares Day. GCCS provided copies of the intern's July and August 2010 timesheets, which supported 29 hours, and a copy of the in-kind contributions form that showed a \$20.85 hourly rate. GCCS did not provide any other documentation to show how this rate was derived. GCCS was unable to locate the intern's September timesheet and could not support the remaining \$556 [\$1,161-605 (29 hours x \$20.85)].

## Criteria

45 CFR § 2541.240 (b)(6) *Records*, states that costs and third-party in-kind contributions used to meet a cost-sharing or matching requirement must be verifiable from grantee records.

45 CFR § 2541.200 (b)(6) *Source Documentation*, states that accounting records must be supported by source documentation, such as payroll and time-and-attendance records.

## **MHYC**

MHYC did not have controls to ensure that claimed Federal and match costs were adequately supported and compliant with applicable regulations, as described below:

- As discussed in Schedules A through C, we questioned \$12,103 of Federal personnel costs for the portion of time the Development Associate spent performing fundraising activities. This individual stated that she spent about 15 to 20 percent of her time on fundraising, but believed the fundraising was allowable, because it was for MHYC's AmeriCorps program. MHYC representatives also stated that they believed these costs were allowable because the Development Associate Position was an approved budget line item; fundraising costs were not questioned during prior audits and GCCS monitoring visits.
- As discussed in Finding 2, MHYC claimed costs in Calendar Year 2009 for its personnel and those of its service locations that were not supported by timesheets. MHYC began using timesheets in Calendar Year 2010, after it was informed by the OIG during its ARRA audit and in a report dated June 30, 2010, that timesheets were required to support match salaries.
- As discussed in Finding 2, MHYC did not obtain actual documentation to support Federal and match member costs for its service locations. Instead, it claimed budgeted amounts of member costs.
- MHYC claimed as match other program operating costs provided by its service locations. Some of the costs allocation methodologies provided by the service locations indicated that costs claimed were estimates and not allocations of actual costs.

## Criteria

OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, Attachment B, *Selected Items of Cost*, Paragraph 17, *Fundraising and investment management costs*, states that costs of organized fundraising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions are unallowable.

45 CFR § 2543.23 *Cost Sharing or matching*, subsection (a) states that costs and third-party in-kind contributions used to meet a cost sharing or matching requirement for nonprofit organizations must be verifiable from the records of grantees.

45 CFR § 2541.240 (b)(6) *Records*, states that costs and third-party in-kind contributions used to meet a cost-sharing or matching requirement for state and local governments must be verifiable from grantee records.

State of Colorado Governor's Commission on Community Service Grant Agreement with Mile High Youth Corps (dated July 2008) paragraph XVI.s. Financial and Uniform Administrative Requirements states that contractors shall comply with Federal cost principles, statutory and administrative provisions, which may be found in the AmeriCorps provisions, and are provided to the contractor by the State.

State of Colorado Governor's Commission on Community Service Grant Agreements with Mile High Youth Corps (dated May 29, 2009 and December 30, 2009) Paragraph 21. Colorado Special Provisions states grantees shall comply with all applicable Federal, State law, rules, and regulations in effect.

**Recommendations:** We recommend that the Corporation:

- 3a. Ensure that GCCS reviews applicable regulations and develops controls to ensure that claimed Federal and match costs are allowable, adequately documented, and allocable in accordance with applicable costs principles and regulations;
- 3b. Verify implementation of GCCS's controls for Federal and match costs;
- 3c. Ensure that GCCS trains all of its subgrantees and service locations on applicable OMB cost circulars and applicable financial management regulations;
- 3d. Verify that GCCS has provided training on applicable OMB cost circulars and applicable financial management regulations to all of its subgrantees and subgrantee service locations;
- 3e. Ensure that GCCS requires all of its subgrantees and subgrantee service locations to develop controls to ensure that claimed Federal and match costs are allowable, adequately documented, and allocable in accordance with applicable costs principles and regulations; and
- 3f. Verify implementation of controls for Federal and match costs at all of GCCS's subgrantees and service locations.

**GCCS's Response:** Its responses follow:

### **GCCS Administrative Match Costs**

It stated that while its systems, policies, and controls have improved significantly over the past several years, continued improvements and corrective action implementation steps are needed to ensure that all claimed state administration match to federal grants comply with required regulations and OMB cost principles. In addition, it made significant progress and continues make significant progress to ensure that in-kind support is budgeted, captured, documented, recorded, and verified.

## **MHYC Federal and Match Costs**

GCCS's corrective actions include the following:

- Continuous communication with its programs regarding rules and regulations; regarding match and acceptable documentation;
- Improved technical assistance and support, with updated policies and procedures;
- Improved desk and on-site compliance monitoring; and
- Implementation of the OnCorps system.

GCCS discussed rules and regulations related to this finding at its program managers training held in August 2011.

**Accountants' Comments:** We do not agree with GCCS's statement that its systems, policies, and controls had improved significantly over the past several years. As discussed in Schedule H, GCCS claimed \$439,800 of unallowable match costs on its state administrative award. In addition, several of the unallowable and unsupported transactions were identified in a previous OIG report on awards to GCCS (OIG Report No. 05-04), issued in January 2005.

GCCS did not explain how it would ensure that it, its subgrantees, and service locations would develop controls to ensure that claimed Federal and match costs are allowable, adequately documented, and allocable in accordance with applicable cost principles and regulations. The Corporation should ensure that GCCS has implemented the recommendations.

### **Finding 4. Two subgrantees did not comply with AmeriCorps requirements for criminal history checks and NSOPR searches.**

CYCA and MHYC did not ensure that National Service Criminal History Searches conducted on members complied with AmeriCorps regulations. Both organizations were aware that criminal history checks and NSOPR searches were required, but neither was aware of the Corporation's requirements for vendor-conducted checks and searches.

During the AUP period, CYCA's members served at eight service locations; one of these was MHYC; MHYC's members served at MHYC and five other service locations (LCYCC, RMYC, SCCFC, SCCLV, and WCYCC). In addition, CYCA and MHYC had five common service locations.

CYCA relied on its service locations to conduct searches on members assigned to each service location. MHYC conducted searches on members assigned to its offices, but relied on its service locations to conduct searches on members assigned to each service location. MHYC and the service locations conducted these searches using third-party vendors, but they did not ensure that these vendors checked the recognized state criminal history database and NSOPR. In addition, MHYC and CYCA did not obtain the required alternative search protocol from the Corporation to use the third-party vendors.

As a result, CYCA and MHYC could not demonstrate that certain sampled members received national service criminal history searches that complied with Corporation requirements.

## Criteria

45 CFR § 2540.202 *What two search components of the National Service Criminal History Check must I satisfy to determine an individual's suitability to serve in a covered position?* requires grantees to conduct state criminal history checks and NSOPR searches, unless the Corporation approves an alternative screening protocol.

Frequently Asked Questions, National Service Criminal History Checks, states that grantees are required to fully understand the checks its vendor conducts and sources it uses for criminal history information and review the vendor's materials to verify compliance. If third-party vendors do not conduct searches through Corporation-recognized sources and NSOPR, they must obtain approved search protocol from the Corporation.

We discussed this issue with MHYC and CYCA. MHYC representatives stated that they believed they complied with Corporation regulations for National Service Criminal History Checks because it received annual site visits from GCCS and GCCS did not identify any instances of noncompliance. Additionally, MHYC noted that GCCS's report for its June 10, 2010 monitoring visit stated that it had conducted an evaluation of MHYC's program policies and procedures regarding criminal background checks and found that all of MHYC's member systems and regulations for criminal background checks complied with Corporation and Federal rules and regulations. MHYC representatives also stated that background check requirements were not specifically addressed during the OIG's ARRA financial management systems review and fraud prevention training session, and during Corporation sponsored conferences. Finally, MHYC stated that between September 2009 and July 2010, it had limited communications with GCCS regarding the Serve America Act regulations.

MHYC stated that it changed its procedures for conducting national service criminal history searches on members serving at its offices and implemented revised procedures in September or October 2010. It now conducts national service criminal history searches in-house instead of relying on a third-party vendor. Conducting the searches in-house eliminates the need to verify that the vendors are checking correct databases.

After discussing this issue with CYCA, it provided the following:

- Copy of an e-mail that WYCC service locations received from its criminal history search vendor, Intermountain Backgrounds Inc., on January 26, 2011. Intermountain's representative stated that all of its in-state and out-of-state searches include NSOPR. Intermountain's representative also stated that it obtains local sex-offender lists, because the Colorado Bureau of Investigation (CBI) database recognized by the Corporation for state criminal history checks does not include juveniles on its site.
- Copies of e-mails its SCC service locations submitted to the Corporation concerning use of its third-party criminal-history-check vendor, IntelliCorp. SCC is also a service location of MHYC and a subgrantee of another Corporation grantee, The Corps Network. On March 3, 2010, SCC submitted an ASP request to the Corporation, requesting approval to use IntelliCorp as its criminal history check provider. This request was denied by the Corporation, and SCC submitted a new ASP to the Corporation on January 6, 2011. It requested that the Corporation approve the use of its current background check vendor, HR Plus,

for states where checking the central depository was not feasible for SCC. As of February 1, 2011, the Corporation had received SCC's ASP request, but had not made a final decision on it.

- Copy of an undated letter from LCYCC's third-party vendor, Tandem Select (formerly Premier Employment Screening Services). This vendor stated the following:
  - It uses the Colorado Statewide repository, which houses criminal records from every county in Colorado except Denver County. It searches Denver County's records through Denver County Clerk of Courts office.
  - Its' Sex Offender and National Scan product uses a database that houses records from thousands of public information resources nationwide, including sex offender registry information directly from individual public registry websites of each state.
  - Its' criminal records come from a variety of sources such as courts, corrections departments, and public safety departments, but the exact resources searched vary by state.

We considered this letter to be inadequate documentation, because the vendor did not state that it checked the criminal history databases recognized by the Corporation or NSOPR.

As described below, we questioned member costs and education awards of members without documentation demonstrating that the recognized state criminal and NSOPR registries were checked. Because CYCA's PY 2008-2009 and 2009-2010 members were in CYCA's Education Award Program, we also questioned the associated fixed administrative fee that CYCA received for each eligible member. We questioned \$2,017.

We did not question the education award for the one sampled WYCC member because the e-mail from the vendor indicated that the required databases were searched. We also did not question education awards and member costs for three MHYC members (two PY 2008-2009 members and one ARRA member) because the members did not have recurring access to vulnerable populations and because the members enrolled prior to the October 1, 2009, effective date requiring National Service Criminal History checks for all members.

CYCA representatives stated that seven sampled members (six PY 2008-2009 members and one ARRA member) were not required to have National Service Criminal History checks because the members did not have recurring access to vulnerable populations. However, we questioned the members' education awards because the members' service location had vulnerable populations and CYCA did not provide documentation to demonstrate that the members did not have recurring access to the vulnerable populations.

We originally found that 19 sampled MHYC members had inadequate NSOPR checks. However, after the exit conference, MHYC provided copies of NSOPR searches it conducted in May 2011 on the 19 sampled PY 2008-2009, PY 2009-2010, and ARRA members whose original National Service Criminal History Checks were conducted using third party vendors and whose NSOPRs did not comply with Corporation regulations. However, because MHYC only provided copies of the NSOPRs and did not provide documentation demonstrating that the recognized state criminal registries were checked or

that it had obtained approval from the Corporation to use the third-party vendors. The amount of questioned member costs and education awards did not change.

Details of instances, questioned member costs, questioned education awards, and questioned administrative fees follow:

Site	Inadequate State Criminal History Checks	Inadequate NSOPR Searches	Questioned Member Costs	Questioned Education Awards	Questioned Admin Fees
MHYC	22	0	\$60,910	\$36,027	\$0
CYCA	23	18	\$0	\$27,182	\$2,017

**Recommendations:** We recommend that the Corporation:

- 4a. Disallow and, if already used, recover education awards made to members with questioned education awards;
- 4b. Disallow and recover the appropriate amount of fixed fees provided for members with questioned education awards;
- 4c. Disallow and recover, the appropriate amount of accrued interest awards made to members with questioned education awards;
- 4d. Provide guidance to GCCS to ensure that all of its subgrantees and subgrantee service location conduct member criminal history and NSOPR checks using databases recognized by the Corporation or alternative screening protocol requests are submitted to the Corporation as required; and
- 4e. Verify that GCCS has implemented effective criminal history check procedures at all of its subgrantees and subgrantee service locations.

**GCCS's Response:** It did not concur with this finding or with the \$60,910 of questioned member costs, the \$63,209 (\$36,027+ \$27,182) of questioned member education awards, and \$2,017 of questioned administrative fees. It supports the requests of MHYC and CYCA for reconsideration of the questioned education awards. In addition, it stated that MHYC had demonstrated compliance and necessary corrective action.

GCCS stated that it would perform the following corrective actions:

- Continuous communication with its programs regarding rules and regulations as they evolve;
- Monthly training and technical assistance conference calls with program managers;
- Improved technical assistance and support, with updated policies and procedures;
- Improved desk and on-site compliance monitoring; and

GCCS stated that it would also discuss rules and regulations related to this finding at its program managers training held in August 2011 and would continue to work with the Corporation and subgrantees to ensure policies and procedures are in place.

**Accountants' Comments:** We do not agree with GCCS's statement that MHYC and CYCA had demonstrated compliance and necessary corrective action and continue to make the

recommendations stated above. The Corporation should verify implementation of the corrective actions and ensure that they are working as intended.

**Finding 5. One subgrantee did not demonstrate that it conducted a criminal history check on a member, and three subgrantees did not conduct criminal history and NSOPR searches in a timely manner.**

CYCA did not demonstrate that a criminal history check was conducted for one sampled ARRA member. The member signed an authorization form allowing the service location to conduct the criminal history check, but the member’s file did not contain any documentation to demonstrate that a check was conducted. CYCA stated that this member’s service location required the member to undergo criminal history and national sex offender searches but this member was not subject to Corporation requirements because the member did not have recurring access to vulnerable populations and was enrolled prior to the October 1, 2009, effective date requiring National Service Criminal History checks for all members. As discussed in Schedule G, we questioned the education award of \$1,000 for the member because the member’s service location had vulnerable populations and CYCA did not provide documentation to demonstrate that the member did not have recurring access to the vulnerable populations.

Criteria

45 CFR § 2540.205, What documentation must I maintain regarding a National Service Criminal History Check for a covered position? requires grantees to maintain results of checks unless prohibited by state law and to document in writing that results were considered when selecting members for the program.

All three subgrantees did not conduct criminal history checks and NSOPR searches until after the members started service. Details follow:

<b>Description</b>	<b>SUCAP</b>	<b>MHYC</b>	<b>CYCA</b>	<b>Days to Perform</b>
<b>PY 2008-2009</b>				
Vendor Criminal History and Sex Offender Checks	0	3	4	2-31
NSOPR	0	0	1	3
<b>PY 2009-2010</b>				
Vendor Criminal History and Sex Offender Checks	0	5	7	1-219
Criminal History Checks	9	0	0	4-113
NSOPR	9	1	1	2-388
<b>ARRA</b>				
Vendor Criminal History and Sex Offender Searches	0	4	3	2-63

CYCA stated that the four PY 2008-2009 members’ service locations required the members to undergo criminal history and national sex offender searches but these members were not subject to Corporation requirements because they did not have recurring access to vulnerable populations and were enrolled prior to the October 1, 2009, effective date requiring National Service Criminal History checks for all members. However, we continue

to note these late instances because the members' service locations had vulnerable populations and CYCA did not provide documentation to demonstrate that the member did not have recurring access to the vulnerable populations.

In addition, SUCAP did not conduct the NSOPR search for one grant-funded staff employee in a timely manner. It performed the NSOPR search for this employee 32 days after the expense was recorded in its general ledger. The expense was recorded in the general ledger on March 5, 2010, but the NSOPR search was not conducted until April 6, 2010.

### Criteria

45 CFR § 2540.202 *What two search components of the National Service Criminal History Check must I satisfy to determine an individual's suitability to serve in a covered position?* requires grantees to conduct state criminal history checks and NSOPR searches, unless the Corporation approves an alternative screening protocol.

45 CFR § 2540.200 *What suitability criteria must I apply to a covered position?* requires suitability criteria to be applied to individuals applying for or serving in a covered position (member or grant-funded employee) and involves recurring access to vulnerable populations (children, persons age 60 and older, or individuals with disabilities).

45 CFR § 2540.203, *When must I conduct a State criminal registry check and a NSOPR check on an individual in a covered position?*, states that criminal registry checks are to be conducted on individuals who enrolled or were hired by the program after November 23, 2007. For all other covered individuals, the checks must be conducted on an individual who enrolls in or is hired by a program on or after October 1, 2009.

*2008 AmeriCorps Grant Provisions*, Section IV, AmeriCorps Special Provisions, Subsection G.1., Recordkeeping, states that grantees must maintain records sufficient enough to establish that each member was eligible to participate, and that the member successfully completed all requirements.

The failure to obtain criminal history checks for members with substantial recurring contact with children and vulnerable populations before a member's start date could present a danger to the individuals being served by the members.

**Recommendations:** We recommend that the Corporation:

- 5a. Disallow and, if already used, recover education award made to member with a questioned education award;
- 5b. Provide guidance to GCCS to ensure that all of its subgrantees and subgrantee service locations conduct, and maintain documentation to support that criminal history and NSOPR searches were conducted on individuals in covered positions, databases recognized by Corporation were checked, and alternative screening protocol requests are submitted to the Corporation as required by AmeriCorps provisions; and
- 5c. Verify that GCCS has implemented effective criminal history and NSOPR search procedures at all of its subgrantees and service locations.

**GCCS's Response:** GCCS concurred with this finding but did not comment on the recommendation to disallow and, if already used, recover the education award made to the one member. Its corrective actions include the following:

- Continuous communication with its programs regarding rules and regulations as they evolve;
- Monthly training and technical assistance conference calls with program managers;
- Improved technical assistance and support, with updated policies and procedures;
- Improved desk and on-site compliance monitoring; and
- GCCS will discuss rules and regulations related to this finding at its program managers training held in August 2011.

**Accountants' Comments:** The Corporation should disallow, and if already used, recover the education award made to the one CYCA member whose education award was questioned. The Corporation should verify implementation of the corrective actions and ensure that they are working as intended.

**Finding 6. One subgrantee did not have controls to ensure that members performed allowable service activities.**

One PY 2009-2010 member recorded service hours for activities unrelated to the member position. In September 2010, SUCAP and GCCS approved this member's request to telecommute from her home in Wisconsin to complete her remaining service hours. According to an email provided by SUCAP summarizing a conversation between the member and a GCCS staff member, the member was unable to complete her service assignment in Ignacio, CO, because her living allowance ended in mid-November, but she was not expected to complete her service hours until December 31, 2010.

The gap between the end of the member's living allowance and completion of hours occurred because the member had several illnesses throughout the year and had fallen behind on her hours. GCCS stated in an email to SUCAP that one complication of the telecommuting arrangement would be no onsite supervision. Therefore, GCCS recommended that the member keep detailed activity logs with her timesheets.

We reviewed the member's November and December 2010 timesheets and activity logs. The member recorded service hours for activities unrelated to her AmeriCorps position. According to SUCAP's program application narrative, the member's position was to develop a capital campaign to build a new Head Start facility. SUCAP stated in its application that this position was not a fundraising position, but a position that set the groundwork for a capital campaign.

We reviewed the member's timesheets and activity logs. She spent the majority of her time searching and applying for jobs, attending job interviews, reading books on job interviews and time management, and other activities unrelated to her position description. Even though these activities were unrelated to the member's position, her service site supervisor and the AmeriCorps program coordinator approved the member's timesheets.

At least 173 timesheet hours were unrelated to the member's position. Of these, 149 were related to job searches and submitting job applications. The remaining 24 hours were for researching zoos and preparing for job interviews at zoos. Because the member listed multiple activities on some days, we were unable to calculate an exact number of unrelated

hours. We deducted these hours from total hours certified in the Portal for this member. After deducting these hours, the remaining hours did not qualify the member for an education award. As discussed in Schedule D, we questioned the member's (Member No. 15) education award of \$4,725.

PY	Member No.	Timesheet Hours			Hours Required	Questioned Education Award
		Total	Deducted	Adjusted		
2009-2010	15	1,700	173	1,527	1,700	\$4,725

Criteria

45 CFR § 2520.25 *What direct service activities may AmeriCorps members perform?* identifies allowable service activities, which include activities that advance program goals, provide a specific identifiable, measurable service or improvement that otherwise would not be provided, and that are included in or consistent with the Corporation-approved grant application.

**Recommendations:** We recommend that the Corporation:

- 6a. Disallow and, if already used, recover the education award made to the member who did not perform allowable service activities;
- 6b. Disallow and recover the appropriate amount of accrued interest awards made to members with questioned education awards;
- 6c. Require GCCS to strengthen its monitoring procedures to ensure that all of its subgrantees and subgrantee service locations implement procedures to ensure that members perform only allowable service activities; and
- 6d. Verify GCCS's implementation of policies and procedures.

**GCCS's Response:** GCCS concurred with this finding but did not comment on the recommendation to disallow and, if already used, recover the education award and accrued interest awards made to the member. It has strengthened its compliance and monitoring procedures to ensure compliance with all applicable rules and regulations regarding acceptable activities. Beginning August 15, 2011, its programs will be requested list all prohibited activities in the member contract. GCCS will discuss the rules and regulations related to this finding, including the requirements of 45CFR § 2520.25 *What direct service activities may AmeriCorps members perform?* at its August 2011, program managers training.

**Accountants' Comments:** The Corporation should disallow and, if already used, recover the education award and accrued interest awards made to the member. While it is important to ensure that members are aware of AmeriCorps prohibited activities, including all prohibited activities in the member contract, this would not have prevented the condition described above from occurring because the activities performed by the member did not meet the definitions of prohibited activities described in 45CFR § 2520.65 *What activities are prohibited in AmeriCorps subtitle C programs?* GCCS stated that it would discuss the rules and regulations related to this finding, including the requirements of 45CFR § 2520.25 at its

August 2011, program managers training. GCCS should also discuss these requirements with members at pre-service orientation.

The Corporation should verify that this issue was discussed at the August 2011 program managers training. In addition, it should verify the implementation of GCCS's strengthened compliance and monitoring procedures and verify that they are working as intended.

**Finding 7. Three subgrantees did not accurately record all timesheet hours, did not have procedures to verify member activities and timesheet accuracy, and timesheets did not always support member eligibility for education awards.**

We tested timesheets for 59 members. As described below, timesheet hours were not always accurately recorded in the Portal and we identified weaknesses in how timesheets were prepared.

### **Accuracy of Timesheet Hours**

- Timesheet hours did not agree with hours certified in Portal for two sampled PY 2009-2010 SUCAP members.
- Timesheet hours did not agree with hours certified in Portal for 14 sampled MHYC members (6 PY 2008-2009 members, 2 PY 2009-2010 members, and 6 ARRA members).
- Timesheet hours did not agree with hours reported in Portal for 7 sampled CYCA members (3 PY 2008-2009 members, 2 PY 2009-2010 members, and 2 ARRA members).

SUCAP, MHYC, and CYCA did not have procedures to verify timesheet accuracy. Without procedures to verify timesheet accuracy, the potential exists for members to earn service hours for activities that are prohibited or not related to the program. As a result, members could receive education awards to which they are not entitled.

### Criteria

*2008 AmeriCorps Grant Provisions*, Section IV, AmeriCorps Special Provisions, Subsection C.4., Timekeeping, 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 an individual who supervises the member.

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.

### **Unsigned Timesheets and Math Errors**

- Timesheet hours for one sampled PY 2009-2010 MHYC member who was exited in October 2010 did not agree with hours certified in the Portal and did not support the member's eligibility for an education award. Hours certified in the Portal for this

member were 937, but the member's timesheets supported 842 hours. Representatives from the member's service location, SCCFC, stated that this difference was due to an error it discovered in January 2011 as it was preparing copies of the member's file for our review.

SCCFC attempted to qualify the member for an education award by adding 74 hours of previously unrecorded service for member travel to the member's June through October 2010 timesheets. The addition of these hours would have increased total timesheet hours to 916 hours and qualified the member for an education award. SCCFC believed these hours were allowable, and stated that they were not originally recorded on the member's timesheets, because neither the member nor the member's supervisor were aware of all activities that could be counted as service. We did not include these hours in our calculation of total service hours, because the member did not certify these hours. We also deducted 38 hours from the member's August 21-27, 2010, timesheet because the member did not sign the timesheet.

After excluding the 74 hours added to the member's timesheets and deducting the 38 hours from the unsigned timesheet, the remaining hours were insufficient to qualify the member for an education award, as follows:

PY	Member No.	Timesheet Hours			Hours Required
		Total	Unsigned	Adjusted	
2009-2010	22	842	38	804	900

We discussed in Schedule B, Note 4, and questioned in Note 1 the member's \$2,363 education award.

- Three timesheets for one sampled PY 2009-2010 MHYC member were missing the member's signatures. The member did not sign the August 22-28, August 28-September 4, and September 5-11, 2010, crew timesheets. The member's service location had one timesheet that was completed by all members assigned to a work crew. In addition, this member had a math error on his August 8-14, 2010, timesheet. The member's timesheet showed a weekly total of 51 hours, but the member only served 11 hours during the week.

While reviewing the August 22-28, August 28-September 4, and September 5-11, 2010, crew timesheets, we noted that three non-sampled members (two PY 2009-2010 members and one ARRA member) also did not sign these timesheets. We deducted service hours for timesheets that were missing member signatures and contained a math error. After deducting these hours, the remaining hours did not qualify the one sampled PY 2009-2010 member and two non-sampled members (1 from PY 2009-2010 and 1 ARRA member) for education awards.

PY	Member No.	Timesheet Hours			Hours Required
		Total	Deducted	Adjusted	
2009-2010	20	907	186	721	900
2009-2010	21	1,015	142	873	900
ARRA	41	906	146	760	900

Education award of \$2,363 for Member No. 20 are questioned in Schedule B, Note 1, and education awards of \$4,726 for Member Nos. 21 and 41 are questioned in Schedule B, Note 5, and Schedule C, Note 5.

- Timesheets for five sampled CYCA members (two PY 2008-2009 members, one PY 2009-2010 member, and two ARRA members) were not signed. CYCA and its service locations did not have adequate procedures to ensure that members signed all timesheets. We deducted service hours from unsigned timesheets. After deducting these hours, remaining hours did not support minimum hours required for education award eligibility. We questioned education awards for two PY 2008-2009 members (Member Nos. 11 and 13) in Schedule E, one PY 2009-2010 member (Member No. 32) in Schedule F, and two PY 2009-2010 members (Member Nos. 49 and 50) in Schedule G.

Criteria

*2008 AmeriCorps Grant Provisions*, Section IV, AmeriCorps Special Provisions, Subsection C.4., *Timekeeping*, 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 an individual who supervises the member.

According to 45 CFR § 2522.220 (a) (2), *What are the required terms of service for AmeriCorps participants?* states to be eligible for an education award:

- Part time members must complete a term of service of at least 900 hours;
- Quarter time members must complete a term of service of at least 450 hours; and
- Minimum time members must complete a term of service of at least 300 hours.

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

	SUCAP	MHYC	CYCA
Member and supervisor signature not dated	9	8	9
Member signature not dated	0	0	1
12 to 24 hours in a day	3	0	0
Pencil Used	2	0	0
White-out used to make corrections	1	0	0
Corrections not initialed	4	12	5

Criteria

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. As a result, accountability is maintained, and timesheets are consistent with member and management intentions.

**Recommendations:** We recommend that the Corporation:

- 7a. Disallow and, if already used, recover education awards made to members who did not serve the minimum required service hours;

- 7b. Require GCCS to strengthen its monitoring procedures to ensure that hours certified in the Portal for members at all of its subgrantees and service locations are supported by timesheets;
- 7c. Require GCCS to strengthen its monitoring procedures to ensure that member timesheets at all of its subgrantees and service locations are signed by members and supervisors;
- 7d. Require GCCS to strengthen its monitoring procedures to ensure all of its subgrantees and subgrantee service locations maintain accurate timesheets and timesheets consistent with member and management intentions;
- 7e. Verify implementation of GCCS's strengthened monitoring procedures for member timesheets.

**GCCS's Response:** GCCS concurred with the finding of weaknesses in how timesheets were prepared and submitted but, as described below, it did not comment on the recommendation to disallow, and if already used, recover education awards made to the members who did not service the minimum required service hours.

- GCCS commented on the education awards of the four MHYC members whose education awards were questioned in Schedule B Notes 4 and 5 and Schedule C Note 5. It stated that MHYC had stated that two of the four members whose education awards were questioned in these notes had earned enough hours to be eligible for his or her education award. MHYC's service locations confirmed that the members completed the questioned hours. Supporting documentation will be sent to the Corporation for verification; and
- GCCS did not comment on the education awards of the five CYCA members whose education awards were questioned in Schedule E Note 2, Schedule F, Note 2, and Schedule G Note 4.

As a corrective action, GCCS adopted a statewide, uniform system to ensure compliance with all timekeeping requirements across all programs and their service locations. Beginning August 1, 2011, OnCorps will become the official timekeeping system of record for the Colorado AmeriCorps\* State program. It would encourage AmeriCorps State programs to use OnCorps for member timesheets. It will require programs that are unable to use OnCorps effectively due to logistics to obtain approval for alternative timekeeping methods. It will discourage its programs from using other supplemental timekeeping methods such as time clocks or additional site based timesheets in addition to OnCorps because of the potential of contradictory or incomplete information.

**Accountants' Comments:** GCCS did not identify which two MHYC members earned enough hours to be eligible for his or her education award and did not provide copies of the documentation that will be sent to the Corporation. The Corporation should verify the receipt of this information and should determine if the documentation is sufficient to support the members' eligibility for the education awards. Additionally, the Corporation should disallow and, if already used, recover education awards made to the two members who did not earn enough hours to be eligible for education awards.

GCCS did not explain how the OnCorps system would be used to ensure that member hours would be accurately recorded in the Portal. Additionally, GCCS did not explain how it would ensure that member hours from programs that do not use OnCorps would be accurately recorded in the Portal. GCCS stated that it would discourage its programs using supplemental timekeeping methods in addition to OnCorps because of potential of contradictory or incomplete information. However, because many of GCCS's programs require members to camp at remote locations for several days or weeks, these members would need to maintain supplemental timekeeping information to account for their hours.

The Corporation should verify implementation of the OnCorps system and ensure it is working as intended.

**Finding 8. One subgrantee did not comply with AmeriCorps citizenship eligibility requirements.**

Two PY 2009-2010 SUCAP members did not have proper citizenship documentation. Files for the two members had only copies of driver's licenses and Social Security cards. SUCAP stated that it was unaware that documentation requirements on the I-9 form did not satisfy the citizenship documentation requirement listed in the CFR.

Criteria

45 CFR § 2522.200, *What are the eligibility requirements for an AmeriCorps participant?* states that every AmeriCorps participant is required to be a citizen, national, or lawful permanent resident alien of the United States.

*2009 AmeriCorps Grant Provisions*, Section IV, AmeriCorps Special Provisions, Subsection G.1., *Recordkeeping*, states that grantees must maintain records sufficient enough to establish that each member was eligible to participate are maintained.

Driver's licenses and Social Security cards do not establish citizenship. The failure to verify citizenship before a member's start date could result in enrolling ineligible members who are not citizens, nationals, or lawful permanent residents. After we discussed this issue with SUCAP and GCCS representatives, SUCAP provided copies of citizenship documentation for these members. Therefore, we did not question education awards and member costs.

**Recommendations:** We recommend that the Corporation:

- 8a. Require GCCS to strengthen its procedures to ensure that all of its subgrantees comply with AmeriCorps requirements for citizenship verification; and
- 8b. Verify that GCCS implements procedures to ensure that citizenship verification documentation is retained in the member files at all of its subgrantees.

**GCCS's Response:** GCCS concurred with this finding and took corrective actions. Its corrective actions include improved verification procedures during monitoring visits, as well as training, and technical assistance. It discussed this issue at its August 2011 program managers training.

**Accountants' Comments:** The Corporation should verify the implementation of GCCS's corrective actions and verify that this issue was discussed at its August 2011 program

managers training. In addition, the Corporation should ensure that GCCS's corrective actions are working as intended.

**Finding 9. Three subgrantees did not demonstrate that some members received performance evaluations, and some end-of-term evaluations did not meet AmeriCorps requirements.**

SUCAP, MHYC, and CYCA could not demonstrate that some sampled members received mid-term and end-of-term performance evaluations. In addition, the end-of-term evaluations for some members at all three subgrantees did not indicate if the members had completed the required number of service hours for education award eligibility. The numbers of instances for each situation are shown below:

Description	SUCAP	MHYC	CYCA
<b>PY 2008-2009</b>			
End-of-term evaluation missing	0	2	3
Mid-term evaluation missing	0	0	0
End-of-term missing required hours	0	5	4
<b>PY 2009-2010</b>			
End-of-term evaluation missing	3	2	2
Mid-term evaluation missing	4	0	0
End-of-term missing required hours	7	4	6
<b>ARRA</b>			
End-of-term evaluation missing	0	0	3
Mid-term evaluation missing	0	0	0
End-of-term missing required hours	<u>0</u>	<u>7</u>	<u>5</u>
<b>Total</b>			
End-of-term evaluation missing	3	4	8
Mid-term evaluation missing	4	0	0
End-of-term missing required hours	7	16	15

SUCAP, MHYC, and CYCA were unaware of the requirement that end-of-term evaluations are required to include the final number of hours completed by members. MHYC stated that it became aware of the requirement after the start of our agreed-upon procedures review and it would begin modifying its final evaluations to comply with AmeriCorps provisions. CYCA representatives stated that certifications of total hours are also captured on the AmeriCorps exit paperwork, which is signed, by both the member and supervisor.

SUCAP stated that it had difficulties obtaining end-of-term evaluations from its service location supervisors and members, and MHYC stated that one member did not have an end-of-term evaluation, because she left the program early. CYCA representatives did not believe the end-of-term evaluations were late and stated that 45 CFR § 2522.220(d), does not stipulate when the end-of-term evaluation must be conducted. CYCA representatives also stated that an end-of-term evaluation was conducted for one PY 2009-2010; however, the member and supervisor did not sign the evaluation. CYCA representatives also stated that one PY 2008-2009 member did not have an end-of-term evaluation because the member left for compelling personal circumstances and 45 CFR § 2522.230 does not state an end-of-term evaluation is required for members who are released for compelling personal

circumstances. CYCA representatives also stated that after leaving the program the member was not available to return to the service location to complete a final performance evaluation.

End-of-term evaluations are required for all members including members released for compelling personal circumstances. Mid-term and end-of-term evaluations are necessary to ensure that members are eligible for additional service terms and education awards, and that grant objectives have been met.

Criteria

45 CFR § 2522.220(d), *Participant performance review*, states that a participant is not eligible for a second or additional term of service and/or for an AmeriCorps education award without mid-term and end-of-term evaluations. An end-of-term performance evaluation must assess if the participant:

- Completed the required number of hours to be eligible for the education award;
- Satisfactorily completed assignments, tasks, or projects; and
- Met any other performance criteria that had been clearly communicated both orally and in writing at the beginning of the term of service.

*2008 AmeriCorps Grant Provisions, Section IV, AmeriCorps Special Provisions, Subsection G.1., Recordkeeping*, states that grantees must maintain records sufficient enough to establish that each member was eligible to participate.

We identified other issues with mid- and end-of-term evaluations. The number of instances for each situation is shown in the table below.

	SUCAP	MHYC	CYCA
<b>Mid-Term Evaluation</b>			
Supervisor signature missing	0	1	0
Member and Supervisor signature missing	2	1	1
<b>End-of-Term Evaluations</b>			
Member and supervisor signature missing	0	2	0
Member signature missing	0	7	2
Supervisor signature missing	0	0	2
Signed prior to completing service	2	0	7

It is good business practice to ensure that members and supervisors sign mid and end-of-term evaluations. As a result, accountability is maintained, and evaluations are consistent with member and management intentions.

**Recommendations:** We recommend that the Corporation:

- 9a. Require GCCS to strengthen its monitoring procedures to ensure that mid-term and end-of-term evaluations are received by members at all of its subgrantees and subgrantee service locations;

- 9b. Require GCCS to strengthen its monitoring procedures to ensure that the mid-term and end-of-term evaluations are signed by members and supervisors at all of its subgrantees and subgrantee service locations;
- 9c. Require GCCS to strengthen its monitoring procedures to ensure that end-of-term evaluations are signed by members and supervisors, at all of its subgrantees and subgrantee service locations, after the members have completed service;
- 9d. Require GCCS to strengthen its monitoring procedures to ensure that end-of-term evaluations used by all of its subgrantees and subgrantee service locations include the requirement to assess whether the member has completed the required number of hours to be eligible for the education award; and
- 9e. Verify implementation of GCCS's procedures for member evaluations.

**GCCS's Response:** GCCS and its subgrantees took corrective actions to ensure that programs comply with the AmeriCorps regulations and provisions for performance evaluations. GCCS strengthened its desk and site based monitoring procedures to ensure compliance. It will continue to share best practices with programs and will conduct training on performance evaluation requirements at its August 2011 program managers training. Its subgrantees have begun working with their service locations to modify final evaluations to comply with AmeriCorps regulations and provisions.

**Accountants' Comments:** The Corporation should verify the implementation of GCCS's corrective actions and strengthened procedures for member evaluations. In addition, the Corporation should ensure that they are working as intended.

**Finding 10. Three subgrantees did not complete all member enrollment and exit forms and enter them into the Portal in accordance with AmeriCorps requirements.**

Three subgrantees did not enter some member enrollment and exit forms into Portal within 30 days after members started or ended their service terms. The numbers of late instances for each situation are shown below:

Description	SUCAP	MHYC	CYCA	Days to Approve
<b>Enrollment Forms</b>				
PY 2008-2009	0	6	3	31-99
PY 2009-2010	4	0	1	32-120
ARRA	<u>0</u>	<u>1</u>	<u>0</u>	32
Total	<u>4</u>	<u>7</u>	<u>4</u>	
<b>Exit Forms</b>				
PY 2008-2009	0	2	3	33-137
PY 2009-2010	1	0	0	35
ARRA	<u>0</u>	<u>3</u>	<u>1</u>	32-56
Total	<u>1</u>	<u>5</u>	<u>4</u>	

## Criteria

*2008 AmeriCorps Grant Provisions*, Section IV, AmeriCorps Special Provisions, Subsection C.1., Notice to the Corporation's National Service Trust, states that grantees must notify the Corporation's National Service Trust within 30 days of a member's selection for, completion of, suspension from, or release from a term of service.

Without timely completion and submission of enrollment and exit forms, the Corporation cannot maintain accurate member records. Failure to report such changes within 30 days may result in sanctions to the grantee. This may also affect the member's eligibility to receive an education award.

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

The files for all nine PY 2009-2010 SUCAP members did not have hard copies of enrollment forms and the files for all seven PY 2009-2010 SUCAP members who had exited the program did not have hard copies of exit forms. GCCS representatives stated that guidance issued by the Corporation stated that programs were no longer required to retain hard copies of member enrollment and exit forms.

*MyAmeriCorps Frequently Asked Questions* (dated October 2, 2009), Miscellaneous, Are we still required to retain paper copies of the enrollment and exit form?, states

*If both the member and the program certify an enrollment or exit form in the portal, you are not required to retain paper copies of the enrollment and exit form. The My AmeriCorps portal serves as the system of record for enrollment and exit forms certified by member and program. If the program certifies on behalf of the member, you should retain a paper copy of the paper form signed by the member.*

However, without the exit form we were unable to verify that the education award eligibility certification, which is an element of the exit form, was complete for the seven PY 2009-2010 SUCAP members who had exited the program. The Corporation's program officer for Colorado stated that the Corporation's Office of Information Technology has assured the Corporation that it can retrieve member certifications but the process is currently burdensome and a change request has been submitted to produce a user-friendly report that tracks members' certifications.

Two CYCA members (one PY 2008-2009 member and one PY 2009-2010 member) recorded service hours on their timesheets before their enrollment start dates in Portal. A note placed in the file for PY 2008-2009 member stated that the member's enrollment date was an error. We calculated hours served before enrollment and deducted those hours from hours certified in Portal. After deducting those hours, the remaining hours still qualified the members for education awards.

## Criteria

*2008 AmeriCorps Grant Provisions*, Section IV, AmeriCorps Special Provisions, Subsection G.1. *Recordkeeping*, states that grantees must maintain records sufficient enough to establish that each member was eligible to participate.

45 CFR § 2543.53, (b), Financial records, states that supporting documents, statistical records, and all other records pertinent to an award must be retained for a period of 3 years from the date of submission of the final expenditure report (now known as the Federal Financial Report [FFR]).

*2008 AmeriCorps Grant Provisions*, Section IV, AmeriCorps Special Provisions, Subsection C.6., Member Exit, states that for a member to receive a post-service education award from the National Service Trust, the grantee must certify to the National Service Trust that the member is eligible to receive the education benefit.

**Recommendations:** We recommend that the Corporation:

- 10a. Revise its Frequently Asked Questions document to ensure that all grantees and subgrantees retain hard copies of member enrollment and exit forms until the date submitted is shown in the portal.
- 10b. Require GCCS to strengthen its monitoring procedures to ensure that member enrollment and exit forms at of its subgrantees and subgrantee service locations are submitted with 30 days of the start and within 30 days of the completion of each member's service; and
- 10c. Verify the implementation of GCCS's monitoring procedures for ensuring that all of its subgrantees and subgrantee service locations complete member forms and member forms are submitted within 30 days of the start or completion of service.

**GCCS's Response:** GCCS concurred with this finding and took corrective actions to ensure subgrantee compliance with Corporation requirements for the submission of member enrollment and exit forms. On August 1, 2011, it implemented the use of the OnCorps reports system, which includes a member management checklist.

**Accountants' Comments:** GCCS did not explain how the OnCorps reports system would be used to comply with Corporation requirements for the submission of member enrollment and exit forms. The Corporation should verify the implementation of this system, ensure that it is working as intended and revise its Frequently Asked Questions.

**Finding 11. GCCS and three subgrantees did not follow certain AmeriCorps requirements.**

GCCS and three subgrantees did not comply with AmeriCorps requirements relating to pre-service orientation training, training and fundraising, member contracts, living allowances, and reporting.

**Pre-Service Orientation Training**

SUCAP did not provide documentation to demonstrate all PY 2009-2010 members received orientation covering AmeriCorps requirements. Each SUCAP member receives an orientation session at the service location, but SUCAP does not conduct an AmeriCorps orientation for all members. Member supervisors documented the orientation sessions using the New Employee Orientation Supervisor Checklist. We reviewed the checklists. It was used for all new employee orientations, but none of the topics mentioned the AmeriCorps program. A similar issue was

also identified by GCCS during its May 2010 monitoring visit. GCCS stated that SUCAP did not have a sign-in sheet for the dates, times, and locations of training.

We interviewed six members at SUCAP and asked them if they attended orientation training. Two of the members stated that they attended orientation training after starting service; three stated that they did not attend orientation training, and one member could not recall receiving an orientation.

Both MHYC and CYCA provided agendas for pre-service orientation trainings held, but could not provide sign-in sheets to support that sampled members attended pre-service orientation training. As an alternative procedure, we examined the timesheets of sampled members to determine if the members recorded their attendance at pre-service orientation training on the timesheets. We were unable to verify that 21 sampled MHYC members and 23 sampled CYCA members attended pre-service orientation, because the members did not record their attendance at orientation on their timesheets.

### Criteria

*2008 AmeriCorps Grant Provisions*, Section IV, AmeriCorps Special Provisions, Subsection D.3., *Supervision*, states that the grantee must conduct an orientation for members and comply with any pre-service orientation or training required by the Corporation.

Without proper orientation, members may not be knowledgeable to properly fulfill program requirements, know their member rights and responsibilities, prohibited activities, Drug-Free Workplace Act requirements, suspension and termination from service, grievance procedures, sexual harassment, and other non-discrimination issues. In addition, members may not be capable of performing tasks required in their assigned project positions, including specific training in a particular field and background information on the community served.

### **Training and Fundraising**

All three subgrantees did not have procedures to ensure that no more than 20 percent of the aggregate of all AmeriCorps member service hours was spent on training activities. In addition, all three subgrantees did not have procedures to ensure that no more than 10 percent of the aggregate of all AmeriCorps member service hours was spent on fundraising activities.

During GCCS's May 2010 monitoring visit, it noted that SUCAP did not have a written policy for ensuring compliance with the 20-percent limitation and could not provide training documentation. SUCAP stated that its members were asked to document training and fundraising hours in the activity description box on timesheets, but often failed to do so.

MHYC did not believe it needed a procedure to track these hours because, it could determine that each member was under the limits by looking at timesheets. MHYC stated that it recently implemented a new requirement that requires each service location to submit member training hours to the program quarterly. CYCA also did not track the number of service hours that all of its members spent participating in training activities, and stated that its members should not be participating in fundraising activities.

Without tracking training and fundraising hours, members may exceed the maximum limitations specified by AmeriCorps regulations.

## Criteria

45 CFR § 2520.50, How much time may AmeriCorps members in my program spend in education and training activities?, states that no more than 20 percent of the aggregate of all AmeriCorps member service hours in a program year, as reflected in the member enrollment in the National Service Trust, may be spent in education and training activities.

45 CFR § 2520.45, How much time may an AmeriCorps member spend fundraising? states that 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 Contracts**

As discussed below, CYCA did not have monitoring procedures to ensure member contracts included all required stipulations, member contracts were retained, members signed contracts, and members signed contracts before starting service.

- The contract for one PY 2008-2009 member who served at the SCCLV service location did not include minimum eligibility requirements or acceptable member conduct.
- The contract for one ARRA member who served at the SCCLV service location did not include minimum eligibility requirements or a position description.

CYCA did not have a standard member contract for its members. Instead, it relied on its service locations to use their own member contracts and ensure that all member contracts contained all required stipulations. CYCA representatives stated that the AmeriCorps provisions do not list minimum eligibility requirements as required contract stipulations. However, minimum eligibility requirements are requirements developed by the grantee or subgrantee. These requirements are listed stipulations in the AmeriCorps provisions.

The contract for one PY 2009-2010 member who served at the SCCFC service location did not include a code of conduct, prohibited activities, Drug Free Workplace Act requirements, suspension and termination rules, circumstances to be released for cause, and grievance procedures. CYCA representatives stated that the copy of the file provided for our review was missing pages and they provided a copy of the full member contract.

All three subgrantees did not have procedures to ensure that members signed member contracts before starting service. One PY 2008-2009 CYCA member who served at WCYCC did not have a signed member contract. In addition, all PY 2009-2010 SUCAP members, three sampled MHYC members, and one sampled CYCA member started service before signing the member contracts, as shown below:

<b>Program</b>	<b>SUCAP</b>	<b>MHYC</b>	<b>CYCA</b>	<b>Number of Days</b>
PY 2008-2009	0	1	0	17
PY 2009-2010	9	0	0	1-300
ARRA	0	2	0	5-17

Failure to have members sign member agreements with all required elements before serving could result in members being unaware of their duties, rights, and responsibilities.

### Criteria

2008 AmeriCorps Grant Provisions, Section IV, AmeriCorps Special Provisions, Subsection D.2, Member Contracts, states that grantees must require each member to sign a contract that includes at a minimum:

- Member position description;
- Requirements developed by the grantee or subgrantee, including requirements to complete a term of service, requirements to be eligible for an education award, and standards of conduct;
- Prohibited activities;
- Requirements under the Drug-Free Workplace Act ;
- Suspension and termination rules;
- Circumstances under which a member may be released for cause and grievance procedures; and
- Other requirements as established by the grantee.

Further, grantees should ensure that member contracts are signed before members start service so that members are fully aware of their rights and responsibilities.

2008 AmeriCorps Grant Provisions, Section IV, AmeriCorps Special Provisions, Subsection G.1. *Recordkeeping*, states that grantees must maintain records sufficient enough to establish that each member was eligible to participate.

### **Living Allowances**

SUCAP and MHYC did not comply with AmeriCorps provisions regarding payment of member living allowances.

- SUCAP pro-rated the first stipend payment to four PY 2009-2010 members and increased the incremental amount of living allowance paid to one PY 2009-2010 member who started service late. One PY 2009-2010 member received a \$417 increase. SUCAP stated that living allowance amounts were determined by dividing the gross living allowance by the estimated periods it would take members to complete the program. In addition, SUCAP was aware that living allowance could not be paid on an hourly basis, but were unaware that incremental living allowances

could not be increased. As discussed in Schedule D, we questioned \$417 of increased living allowance payments to this member.

- One PY 2008-2009 MHYC member, one PY 2009-2010 MHYC member serving at MHYC's CYCC service location, and two ARRA members serving at MHYC were paid on an hourly basis. MHYC was unaware of this, because it billed the budgeted living allowance for each member. As discussed in Schedule C, we questioned \$210 of living allowance and benefits for one of the ARRA members because the actual living allowance paid to the member was less than the budget amount claimed by MHYC.
- Three MHYC members (one PY 2009-2010 member and two ARRA members) received reduced stipends while they participated in training. According to the member position descriptions, they received a living allowance of \$310 per week for regular service and \$192 for the week they participated in training.
- MHYC pro-rated the last living allowance payment to one sampled PY 2008-2009 member. The member received two full living allowance payments of \$481 and a pro-rated living allowance payment of \$385.

Criteria

2008 AmeriCorps Grant Provisions, Section IV, AmeriCorps Special Provisions, Subsection F.1., *Living Allowance Distribution*, states:

*Grantees must not pay a living allowance on an hourly basis. Grantees should pay the living allowance in regular increments, such as weekly or bi-weekly, paying an increased increment only on the basis of increased living expenses such as food, housing, or transportation. Payments should not fluctuate based on the number of hours served in a particular time period...if a member is selected after the program's start date, the grantee must provide regular living allowance payments from the member's start date and may not increase the member's living allowance incremental payment or provide a lump sum to make up any missed payments.*

**Reporting**

GCCS did not submit FFRs in accordance with applicable regulations. As shown in the table below, GCCS submitted five reports late.

<b>Award No.</b>	<b>FFR Due Date</b>	<b>FFR Submission Date</b>	<b>Days Late</b>
06ACHCO001	03/31/10	07/07/10	98
09RCHCO002	01/10/10	01/12/10	2
09RCHCO002	07/10/09	08/06/09	27
09RFHCO001	01/10/10	01/12/10	2
09RFHCO001	10/10/10	10/28/10	18

GCCS acknowledged that one FFR for Grant No. 09RCHCO002 and two FFRs for Grant No. 09RFHCO001 were submitted late. GCCS representatives stated that it believed the

reason the FFR for Award No. 06ACHCO001 was late because its FFR was in close out status. It made no comments regarding the other late FFR submissions.

### Criteria

*2008 AmeriCorps Grant Provisions, Section IV, AmeriCorps Special Provisions, Subsection I.5, Final Financial Reports*, requires grantees completing the final year of a grant to submit a final financial report within 90 days after the end of a grant in lieu of the last semi-annual financial report.

*American Recovery and Reinvestment Act, AmeriCorps Grant Provisions, Section III., Subsection A.2., Financial Reports*, requires grantees to submit financial reports to the Corporation through the appropriate electronic system no later than 10 days after the end of each calendar quarter.

**Recommendations:** We recommend that the Corporation:

- 11a. Require GCCS to strengthen its policies and procedures to ensure that all of its subgrantees and subgrantee service locations use sign-in sheets to document compliance with AmeriCorps requirements for conducting pre-service orientation training;
- 11b. Require GCCS to strengthen its policies and procedures to ensure that all of its subgrantees and subgrantee service locations use activity based time sheets and develop procedures to demonstrate that no more than 20 percent of the aggregate of all AmeriCorps member service hours at each of its subgrantees are spent in training and education activities;
- 11c. Require GCCS to strengthen its policies and procedures to ensure that all of its subgrantees and subgrantee service locations use activity based time sheets and develop procedures to demonstrate that no more than no more than 10 percent of the aggregate of all AmeriCorps member service hours at each of its subgrantees are spent in fundraising activities;
- 11d. Require GCCS to strengthen its policies and procedures to ensure that all of its subgrantees and subgrantee service locations retain all member contracts, use member contracts that include all required stipulations, member contracts are signed by members and supervisors, and member contract are signed by members before starting service;
- 11e. Require GCCS to strengthen its policies and procedures to ensure that all of its subgrantees and subgrantee service locations comply with AmeriCorps requirements for living allowances and do not pro-rate member living allowance, pay members on an hourly basis, and do not increase the incremental living allowance payments of members who start service late;
- 11f. Require GCCS to strengthen its policies and procedures to ensure that it submits FFRs in accordance with applicable regulation, documents its reasons for late submissions; and

- 11g. Verify the implementation of GCCS's strengthened policies and procedures for documenting compliance with pre-service orientation requirements, member training limitations, member fundraising limitations, member contracts, member living allowance requirements, and reporting.

**GCCS's Response:**

**Pre-Service Orientation Training**

GCCS performs yearly monitoring site visits where it verifies the tracking of member education and training hours. It has ensured that programs had systems to track training hours in the aggregate but did not require sign-in sheets if individual timesheets recorded training hours. It addressed this issue at its August 2011 program managers training and it will require all programs to have a procedure for pre-service orientation and will require sign-in sheets to be used as a best practice by all programs. It will verify the implementation of this procedure through continuous program monitoring.

**Training and Fundraising**

GCCS performs yearly monitoring site visits where it verifies the tracking of member education and training hours. It has ensured that programs had systems to track training hours in the aggregate but did not require sign-in sheets if individual timesheets recorded training hours.

GCS stated that although CYCA did not have a specific tracking mechanism, it complied with Corporation training limits because each member tracks training hours separate from service hours on their timesheets. CYCA further monitors compliance with this requirement by conducting member file reviews at their service locations. In addition, it stated that due to the nature of youth corps service, members do not participate in any fundraising activities.

As a corrective action, GCCS has adopted a statewide, uniform system to ensure compliance with all timekeeping requirements across all programs and their service locations. Beginning August 1, 2011, OnCorps became the official timekeeping system of record for the Colorado AmeriCorps\* State program. It would encourage AmeriCorps State programs to use OnCorps for member timesheets. It will require programs that are unable to use OnCorps effectively due to logistics to obtain approval for alternative timekeeping methods.

**Member Contracts**

GCCS did not concur with this finding. Upon review, it determined that the questioned standard member contracts include all required stipulations. It stated that it appeared that when its service locations copied the member files, the pages containing the omitted stipulations were accidentally omitted from the member contract placed in the member file provided for review. It will send copies of original member contracts with all required stipulations to the Corporation for verification. It is also collecting member contract samples from all programs and is ensuring that all contracts contain all required stipulations.

**Living Allowance**

As discussed in Schedule C Note 3 and Schedule D Note 2, GCCS concurred with this finding. It has taken steps to ensure its programs are in full compliance with AmeriCorps

provisions for living allowance and it will send verification of its corrective actions to the Corporation.

## **Reporting**

GCCS concurred that four FFRs were submitted late but did not concur that the FFR for Award No 06ACHCO001 was submitted late. It strengthened its internal systems, policies, procedures, and controls to ensure compliance with all FFR reporting deadlines.

GCCS stated that the final FFR for Award No. 06ACHCO001 was submitted to the Corporation on October 29, 2009. Additionally, it stated that the Corporation grants officer started the closeout process in January 2010 and its program officer certified the grant was ready for closeout in February 2010. Finally, it stated that in July 2010, the FFR was reopened, after the grants officer noted that the FFR was incorrect and a correction was needed.

## **Accountants' Comments:**

### **Pre-Service Orientation Training**

We do not agree with GCCS's statement that it had ensured, during yearly monitoring visits, that programs had systems to track training hours in the aggregate. As discussed below, all three subgrantees visited did not have systems to track training hours in the aggregate. Additionally, GCCS stated that it did not require sign-in sheets if individual timesheets record training hours. However, as discussed above, we examined sampled member timesheets to determine if the members recorded their attendance at pre-service orientation training. We were unable to verify that 21 sampled MHYC members and 23 sampled CYCA members attended pre-service orientation because the members did not record their attendance at orientation on their timesheets.

The Corporation should ensure that this issue was properly addressed at its August 2011 program managers training. It should verify the implementation of its pre-service orientation procedure and ensure it is working as intended.

### **Training and Fundraising**

We do not agree with GCCS's statement that it had ensured, during yearly monitoring visits, that programs had systems to track training hours in the aggregate. All three subgrantees visited did not have systems to track training hours in the aggregate. In addition, we contend that adding a procedure to document member fundraising hours and track compliance with Corporation fundraising limits is more reliable evidence of compliance than a statement that members do not perform fundraising activities.

GCCS did not explain how the OnCorps timekeeping system would be used to track member training and fundraising hours or to ensure compliance with Corporation member training and fundraising limits. The Corporation should verify implementation of this system and it is working as intended.

## **Member Contracts**

The Corporation should ensure that the copies of the original member contracts contain all required stipulations. Additionally, it should verify GCCS's monitoring of member contracts.

## **Living Allowance**

GCCS did not explain or provide documentation of the steps it has taken to ensure its programs comply with AmeriCorps provisions for living allowance. The Corporation should verify its corrective actions and ensure they are working as intended.

## **Reporting**

GCCS stated that it strengthened its internal systems, policies, procedures, and controls for FFR reporting. However, GCCS did not explain or provide documentation demonstrating how these systems, policies, procedures, and controls were strengthened. The Corporation should verify that GCCS's systems, policies, procedures, and controls have been strengthened, implemented, and are working as intended.

We do not agree with the GCCS response that the FFR for Award No. 06ACHCO001, submitted to the Corporation on October 29, 2009, was the final FFR for the following reasons.

- The October 29, 2009 FFR submitted by GCCS Program officer was identified as a semi-annual FFR;
- MHYC's PY 2008-2009 subgrant did not end until December 31, 2009; and
- The October 29, 2009 FFR was for activity through September 30, 2009. However, in December 2009 and January 2010 GCCS's accounting records show that it processed three payments to MHYC and three payments to a subgrantee that was not selected for a site visit. Additionally, MHYC's reimbursement request for December 2009 was not processed by GCCS until March 2, 2010.

During fieldwork, we requested that GCCS provide documentation to support that this FFR was submitted on time. However, GCCS did not provide any documentation.

**Finding 12. GCCS did not demonstrate that unemployment insurance and worker's compensation benefits provided to members were required by Colorado state law.**

## **Unemployment Insurance**

GCCS provided a copy of an internal document titled AmeriCorps Tips: Unemployment Insurance that discussed member unemployment insurance. This document stated that AmeriCorps members are eligible for unemployment insurance, and they should pay unemployment insurance tax. Further, the Colorado Department of Labor and Employment, Office of Unemployment Insurance, had ruled that AmeriCorps members are allowed to apply for unemployment insurance in the State of Colorado, because the Colorado Employment Security Act, Title 8, Articles 70 to 82, did not have any provisions that specifically exclude AmeriCorps members from unemployment insurance. We reviewed the

applicable articles of the Act. While the Act did not specifically exclude AmeriCorps members, it did not specifically include AmeriCorps members.

GCCS obtained an opinion on this issue from a Deputy Counsel within the Office of Governor. The Deputy Counsel cited several sections from the Act, and concluded that AmeriCorps members met the definition of an employee under the Act, because AmeriCorps members performed services in the employment of a nonprofit organization. We consider AmeriCorps members to be volunteers and not employees of the nonprofit organizations.

Because GCCS did not provide documentation of the Colorado Department of Labor Employment, Office of Unemployment Insurance, decision cited above and only provided opinions about whether AmeriCorps members were considered employees by the Colorado Employment Security Act and eligible for unemployment insurance, we concluded that no state law required unemployment insurance for AmeriCorps members. As discussed in Schedule A, we questioned the \$7,895 of Federal member unemployment insurance costs claimed by MHYC on Award No. 06ACHCO001.

### Criteria

AmeriCorps State and National Policy Frequently Asked Questions C.63, Is an AmeriCorps member eligible for state unemployment insurance if he or she is released from service?, states:

*An AmeriCorps member's eligibility for state unemployment insurance is a matter of state law that is determined on a state-by-state basis. AmeriCorps grantees should consult their own state unemployment agency to determine the eligibility of members in their state for unemployment insurance. Payment into unemployment systems is not an allowable cost unless required by state law.*

### **Worker's Compensation Insurance**

GCCS stated that Colorado state law required worker's compensation taxes for members but did not have documentation to demonstrate this. To support its statement that Colorado law required worker's compensation taxes for member, GCCS emailed the Colorado Division of Worker's Compensation for guidance. Division of Worker's Compensation representatives did not provide a formal ruling but stated it sounded like AmeriCorps members fit the broad definition of what constitutes an employee under the worker's compensation act and that worker's compensation insurance would be needed for the AmeriCorps members. However, the Division of Worker's Compensation representatives also stated that such coverage requirements could be fulfilled by procuring coverage from a private commercial carrier. We interpreted this statement to mean that subgrantees could purchase Occupational, Accidental, and Death and Dismemberment coverage instead of worker's compensation.

GCCS also obtained an opinion on this issue from a Deputy Counsel within the Office of Governor. The Deputy Counsel stated that the Colorado Worker's Compensation Act has specific tests for determining whether an individual is an employee and stated that the Act defines an employee as an individual performing service for pay. He concluded that AmeriCorps members met the definition of employees under the Act; in addition, he concluded that grantees and subgrantees would also be required to participate in the state

worker's compensation program because its AmeriCorps members were determined to be employees under the Act.

We contend that the AmeriCorps members do not meet the definition of an employee under the Act because AmeriCorps members do not receive a wage or perform services for pay. Instead, AmeriCorps members receive a living allowance while participating in the program. The living allowance is not a wage and is not based on the number of hours served by the member.

We concluded that there was not a Colorado state law requiring worker's compensation for AmeriCorps members because GCCS only offered opinions about whether AmeriCorps members were considered employees under the Colorado Worker's Compensation Act and because Division of Worker's Compensation representatives stated that coverage requirements could be fulfilled by procuring coverage from a private commercial carrier.

Coverage for in-service injury would have to be obtained in place of the worker's compensation coverage. We did not question the cost of Worker's compensation.

#### Criteria

*2008 AmeriCorps Grant Provisions, Section IV, AmeriCorps Special Provisions, Subsection F.3.d., Worker's Compensation, states:*

*Some states require worker's compensation for AmeriCorps members. Grantees must check with State Departments of Labor or state commissions to determine worker's compensation requirements. If worker's compensation is not required, grantees must obtain Occupational, Accidental, and Death and Dismemberment coverage for members to cover in-service injury or incidents*

**Recommendations:** We recommend that the Corporation:

- 12a. Require GCCS to obtain a formal ruling from the Colorado Department of Labor and Employment, Office of Unemployment Insurance about whether AmeriCorps members meet the definition of an employee under the Colorado Employment Security Act and are eligible for unemployment insurance;
- 12b. Require GCCS to obtain a formal ruling from the Colorado Division of Worker's Compensation about whether AmeriCorps members meet the definition of an employee under the Colorado Worker's Compensation Act and are eligible for worker's compensation taxes;
- 12c. Verify GCCS's receipt of these rulings;
- 12d. If determined that unemployment insurance is not required by state law for members, require GCCS to develop procedures to ensure that its subgrantees do not claim unallowable unemployment insurance costs;
- 12e. If determined that unemployment insurance is not required by state law for members, calculate and seek to recover all unallowable unemployment insurance costs claimed by its subgrantees; and

- 12f. If determined that worker's compensation insurance is not required by members, require GCCS to instruct its subgrantees to develop procedures for procuring Occupational, Accidental, and Death and Dismemberment coverage from vendors and selecting the best choice.

**GCCS's Response:** GCCS did not concur with the finding. It will provide the Corporation with several documents related to member eligibility for unemployment insurance, including a copy of a letter from the Colorado Department of Labor and Employment that declares Colorado AmeriCorps members are eligible for unemployment insurance. GCCS is working with the Colorado Department of Labor and Employment to clarify the requirements for worker's compensation.

**Accountants' Comments:** GCCS did not provide us with a copy of the ruling it received from the Colorado Department of Labor and Employment about member eligibility for unemployment insurance. The Corporation should verify receipt of this ruling. The Corporation should also verify the receipt of the Colorado Department of Labor and Employment's decision about worker's compensation and ensure that the appropriate recommendations have been implemented.

**Finding 13. GCCS did not follow its procedures to obtain and review subgrantee OMB Circular A-133 audit reports. It did not have procedures to reconcile expenditures in subgrantee OMB Circular A-133 audit reports, and it did not perform such reconciliations.**

GCCS's policy was to review subgrantee OMB Circular A-133 (Single Audit) reports during the pre-award review annually, regardless of scheduled site visits, during site visits, and during the GCCS's annual risk assessment. In addition, when it received an audit report, its program officer was required to date stamp the audit report cover and document review results on its audit report review form.

GCCS did not follow its procedures to obtain and review all Single Audit reports, and it did not perform reconciliations of subgrantee payments

### **Obtaining and Reviewing Subgrantee Audit Reports**

GCCS did not have procedures to ensure that it received all Single Audit reports from its subgrantees. It did not ensure that all subgrantees had Single Audits and that it had received all subgrantee Single Audit reports until November 2010, after the start of the agreed-upon procedures review. On October 12, 2010, we requested that GCCS provide copies of subgrantee Single Audit reports for the three most recent fiscal years and documentation of its reviews. We requested that GCCS provide these items to us by November 10, 2010. On November 1, 2010, GCCS emailed its subgrantees and asked them to confirm if their expenditures had exceeded the \$500,000 threshold required to receive a Single Audit and to provide a copy of their most recent audit and management letters.

On November 10, 2010, GCCS provided copies of the subgrantee audit reports and its audit report review form. We noted that the GCCS did not provide all of the audit reports for all of the subgrantees. In addition, many of the audit report reviews were conducted by GCCS in November 2010. Specifically:

- MHYC received Single Audits for the fiscal years ending December 31, 2007, and December 31, 2009. GCCS provided a copy of the Fiscal Year 2009 report, but did not provide a copy of the 2007 report. Although the Fiscal Year 2009 report was dated June 15, 2010, it did not request the report from MHYC until November 1, 2010 and did not review the report until November 5, 2010.
- SUCAP received Single Audits for the fiscal years ending December 31, 2007, 2008, and 2009. During its May 2010 site visit to SUCAP, GCCS reviewed the audit report for fiscal year ending December 31, 2007 and it requested a copy of SUCAP's most recent audit. At the time of the visit, SUCAP's most recent Single Audit report was for Fiscal Year ending December 31, 2008. However, it did not obtain a copy of this report. GCCS received the Fiscal Year 2009 Single Audit report dated September 27, 2010 on October 19, 2010, and reviewed it on October 20, 2010.
- Mesa State College received a Single Audit for the fiscal year ending June 30, 2009. Although the Fiscal Year 2009 report was dated December 9, 2009, GCCS did not receive this report until November 1, 2010, and reviewed it on November 5, 2010.
- The City and County of Denver, Denver Public Schools, and Weld County Board of Commissioners subgrantees received annual Single Audits in Fiscal Years 2007, 2008, and 2009. GCCS, however, only provided copies of the reports for Fiscal Year 2009. Although these reports were dated May 27, 2010, June 15, 2010, and June 14, 2010, it requested these reports from the subgrantees on November 1, 2010, and reviewed them on November 3, 2010.
- The Adams County School District 14 subgrantee received Single Audits in Fiscal Years 2008 and 2009. GCCS did not, however, provide copies of these reports or documentation supporting its review.
- Catholic Charities of the Archdiocese of Denver was a subgrantee in PY 2007-2008 and received a Single Audit for the fiscal year ending June 30, 2009. While the organization's subgrantee relationship with GCCS ended in Calendar Year 2008, \$22,589 of its PY 2007-2008 expenditures were included in its June 30, 2009, OMB Circular A-133 audit. GCCS did not obtain a copy of this report.

GCCS' representative stated that during planning for the agreed-upon procedures review it came to its attention that GCCS had an incomplete process for reviewing subgrantee Single Audits and completing its review forms. Therefore, it implemented revised procedures in November 2010. As a result, many of the review forms were completed in November 2010. GCCS' representatives also stated that the Adams County School District 14 audits were received after November 10, 2010, but it inadvertently did not provide the reports to us. In addition, GCCS requested copies of the missing audit reports from MHYC, SUCAP, City and County of Denver, Denver Public Schools, Weld County Board of Commissioners, and Catholic Charities of the Archdiocese of Denver.

## Reconciliations of Subgrantee Payments

GCCS did not have procedures to perform reconciliations of its payments to subgrantees to expenditures reported by the subgrantees on the Schedule of Expenditures of Federal Awards (SEFA) included in the subgrantee Single Audit reports. These reconciliations are necessary to ensure that subgrantees records are complete and accurate and to determine if GCCS's records require adjustments.

We noted one instance in which SEFA expenditures were incorrectly reported. In 2009, CYCA had a Single Audit for the year ending December 31, 2009, and the SEFA in the report showed expenditures of \$65,109 for its AmeriCorps Education Award Recovery Program. In 2009, however, CYCA's expenditures of \$65,109 were for two separate awards: \$27,317 was for its Education Award Program (Award No. 06ESHCO001) and \$37,792 was for its ARRA award (Award No. 09RFHCO001). Each award should have been listed separately.

### Criteria

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

45 CFR § 2541.260 *Non-Federal audit*, subsection (b)(4) states that grantees must consider whether subgrantee audits necessitate adjustment of the grantee's own records.

**Recommendations:** We recommend that the Corporation:

- 13a. Verify implementation of GCCS's procedures for ensuring that all OMB Circular A-133 reports and management letters are obtained and reviewed and review results documented;
- 13b. Require GCCS to strengthen its monitoring procedures to ensure that all necessary reconciliations are performed; and
- 13c. Verify implementation of GCCS's reconciliation procedures and ensure results are documented.

**GCCS's Response:** GCCS concurred with this finding. In November 2010, it implemented corrective actions to improve its policies, procedures, and controls to ensure compliance with OMB Circular A-133 audit requirements. In addition, since November 2010, GCCS performed the following corrective action steps:

- It examined all of its subgrantee files and located, reviewed, and filed copies of past and current subgrantee audits. It contacted subgrantees and requested responses to any findings identified in those reports;
- It updated its policies, procedures, and forms used to document its review of subgrantee audit reports. It now requires the GCCS Executive Director to review and sign these forms. It also requires confirmation of these reviews during its annual monitoring process.

- It adopted a system to review SEFA expenditures and to reconcile these expenditures.

**Accountants' Comments:** GCCS did not provide us with copies of its strengthened policies and procedures. The Corporation should verify the implementation of GCCS's strengthened policies and procedures and ensure that they are working as intended.

**APPENDIX A**

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**Colorado Governor's Commission on Community Service  
RESPONSE TO AUDIT REPORT**



**STAFF**

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August 1, 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

Dear Mr. Axenfeld;

On behalf of Serve Colorado-Governor's Commission on Community Service (GCCS), thank you for the opportunity to respond to the Office of Inspector General (OIG) draft audit report. Enclosed is our response to the OIG Report for the Agreed-Upon Procedures for Corporation Grants Awarded to the Colorado Commission.

As detailed in this response, corrective action steps have been taken to address the findings identified and we look forward to working closely with the Corporation for National and Community Service (CNCS) to resolve all issues. We are dedicated to implementing continuous improvement processes and strengthening monitoring systems, internal procedures, policies and controls to ensure that the GCCS and grant programs remain in compliance with all Federal statutes, regulations, and provisions as required.

Please contact me if you have any additional questions concerning the audit response.

Sincerely,

Toya Nelson  
Executive Director



**FINDING 1**--GCCS and three sub-grantees claimed unallowable and unsupported costs.

Commission Response: The table below briefly outlines our comments to the questioned items identified in Finding 1. In many cases we concur with the findings, and in several instances we believe that adequate documentation exists to support the questioned costs and to demonstrate compliance. Detailed comments and corrective action steps are referenced in the related findings.

Finding 1				
Program Name	Grant #	Questioned Item	Questioned Federal Costs	Comments
Commission Administration	07CAHCO001	Match Costs	\$105,857.00	GCCS has adequate alternative match documentation available. See response to finding #3.
MHYC	06ACHCO001	Unemployment Insurance	\$7,895.00	GCCS does not concur with this finding. Additional documentation is being sent as a separate attachment. See response to finding #12.
	06AFHCO001	Un-allowed Labor Costs	\$12,103.00	GCCS concurs with this finding. See response to finding #3.
	09RCHCO002	Criminal History Checks	\$60,910.00	GCCS does not concur with this finding. The program has demonstrated compliance and necessary corrective action. See response to finding #4 and #5.
		Improper Living Allowance Payments	\$210.00	GCCS concurs with this finding. See response to finding #6.
		Administrative Costs	\$2,386.00	GCCS concurs with this finding
SUCAP	06AFHCO001	Unsupported Costs	\$1,406.00	GCCS does not concur with this finding. January 2011, SUCAP identified errors within the reimbursements submitted to GCCS. After revisions, SUCAP's accounting system supported Federal costs claimed.
		Improper Living Allowance Payments	\$417.00	GCCS concurs with this finding. See response to finding #8.
		Administrative Costs	\$91.00	GCCS concurs with this finding.
CYCA	09RFHCO001	Financial Management Systems.	\$68,746.00	GCCS concurs with this finding in part. See response to finding #2
Total Federal Questioned Costs			\$260,021.00	

The Colorado Commission is looking forward to working with the Corporation to ensure full and complete implementation of the corrective action steps and final resolution of these findings.

**FINDING 2**—GCCS, sub-grantee, and sub-grantee service location financial management systems did not account for costs in accordance with Federal and state requirements.

Commission Response: GCCS concurs with this finding regarding the sub-grantee service location financial management systems and reporting GCCS and sub-grantee match costs. GCCS has implemented a corrective action plan as outlined below.

With respect to Award No. 09RFHCO001, GCCS concurs with the finding that CYCA did not establish a unique accounting system for the ARRA award. CYCA has provided alternative supporting documentation to reconcile claimed costs under the award to verify expenditures. The expenditures were tracked and documented using systems (timesheets, spreadsheets, receipts, etc.) in accordance with 45 CFR §2541.200(b)(6) which provides that accounting

records must be supported by source documentation, such as payroll and time-and-attendance records.

Corrective Action:

- GCCS has worked with fiscal staff to establish reconciliation controls to verify and report match costs and retain uniform documentation. As a result, GCCS has implemented new match tracking system, with new policies, procedures and internal systems controls.
- Beginning August 1, 2011, GCCS is implementing OnCorps reports, a web-based software program which will serve as a tool for program reporting and GCCS monitoring. This will increase reporting accuracy and the ability to easily assess program information and provide our programs with a system that ensures compliance with federal regulations.
- In addition, CYCA has changed its accounting system to allow for more detailed tracking of income and expenses using classifications for specific fund sources as needed. CYCA has worked closely with their independent auditor, Board of Directors, and bookkeeper to implement these changes and train staff. In the future, GCCS will confirm that separate accounting systems are in place for any grants that may require a separate system.
- Supporting documentation is being sent to CNCS for verification.

**FINDING 3**—GCCS and one sub-grantee did not have controls to ensure that claimed Federal match costs were adequately supported, compliant with applicable regulations, and properly calculated.

Commission Response:

Commission Administrative Match

While systems, policies and controls have been improved significantly over the past several years, continued improvements and corrective action implementation steps are needed to ensure that all claimed state administration match to federal grants comply with required regulations and OMB costs principles.

Corrective Action: The audit report notes that GCCS relies almost exclusively on in-kind support to match the state administrative award. With the support of CNCS Office of Grants Management, the appointed board of Commissioners, the Lt. Governor's office, state government agency partners and private sector stakeholders, significant progress has been made, and continues to be made to ensure that in-kind support is budgeted, captured, documented, recorded, and verified.

GCCS will continue to work diligently on these efforts to seek in-kind support, and gifts, grants and donations to meet required match goals. We look forward to working with CNCS to resolve these issues and to achieve a long-term, sustainable solution..

Sub-grantee claimed Federal and match costs

Corrective Action:

- Continuous communication with our programs regarding rules and regulations regarding allowable match and acceptable documentation.
- Improved technical assistance, support and updated policies and procedures.
- Improved desk and on-site compliance monitoring.
- Implementing the use of OnCorps system starting August 1, 2011.
- GCCS is including training on rules and regulations related to this finding at the Program Manager Institute—“Back to Basics” being held August 2011.

**FINDING 4**—Two sub-grantees did not comply with AmeriCorps requirements for criminal history checks and National Sex Offender Public Registry (NSOPR) searches.

Commission Response: GCCS supports the request of MHYC and CYCA for reconsideration of questioned education awards relating to compliance with criminal history checks and NSOPR searches.

MHYC and CYCA developed and implemented stringent, rigorous and comprehensive background check programs to comply with existing, known and understood regulations, in an environment that has been evolving over the past few years.

1. The sub-grantees have always been advised by GCCS 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 changed since becoming law in 2007.
2. In implementing their background check programs, MHYC, CYCA and its service locations acted in good faith by conducting criminal background checks for all participants, and each participating youth corps’ member approval guidelines were more stringent than those of the Corporation.
3. MHYC completed NSOPR checks on all sampled members and submitted this information to the auditors on May 11, 2011. These checks were successfully completed and demonstrate that the participants were within the eligibility requirements. MHYC requests that this information be documented in the chart on page 53 of the report to reflect that these checks were completed. MHYC requests that the final audit report reflect these comments.

GCCS requests clarity respecting NSOPR registry searches of all 50 states. The Federal regulations from the time of audit require that the NSOPR check be conducted, but the regulations do not require that system connectivity be functioning for all 50 states when the NSOPR check is conducted.

Corrective action:

- Continuous communication with our programs regarding rules and regulations with improvements in timely technical assistance and training on developing rule. Communication includes monthly training and technical assistance conference calls with program managers.
- Improved technical assistance, communication and support, with updated policies and procedures.

- GCCS is including training on rules and regulations related to this finding at the Program Manager Institute—“Back to Basics” being held August, 2011.

GCCS agrees that comprehensive, rigorous and effective compliance with NSOPR and criminal history checks by all grantees and all service locations is critically important in the interest of public safety, the protection of vulnerable populations served by our programs and the reputation of national service, CNCS and the GCCS. We continue to work with CNCS and our grantees to ensure policy and procedures are in place. We have improved training and technical assistance to programs and implemented a rigorous verification and compliance monitoring system.

**FINDING 5**—One sub-grantee did not demonstrate that it conducted a criminal history check on a member, and three sub-grantees did not conduct criminal history and NSOPR searches in a timely manner.

Commission Response: The Commission concurs with this finding.

Corrective Action:

- Continuous communication with our programs regarding rules and regulations as they evolve.
- Monthly training and technical assistance conference calls with program managers.
- Improved technical assistance and support, with updated policies and procedures.
- Improved desk and on-site compliance monitoring.
- GCCS is including training on rules and regulations related to this finding at the Program Manager Institute—“Back to Basics” being held August, 2011.

**FINDING 6**—One sub-grantee did not have controls to ensure that members performed allowable activities.

Commission Response: GCCS concurs with this finding.

Corrective Action: GCCS has strengthened compliance and monitoring procedures to ensure compliance with all applicable rules and regulations regarding acceptable activities. Beginning August 15, 2011, programs will be required to list all prohibited activities in the member contract.

GCCS is including training on rules and regulations related to this finding at the Program Manager Institute—“Back to Basics” being held August, 2011. Training will include ensuring programs comply with 45CFR § 2520.25 that direct service activities by AmeriCorps members.

**FINDING 7**—Three sub-grantees did not accurately record all timesheet hours, did not have procedures to verify member activities and timesheet accuracy, and timesheets did not always support member eligibility for education awards.

Commission Response: GCCS concurs with the finding of identified weaknesses in how timesheets are prepared and submitted. MHYC states that two of the four members earned

enough hours to be eligible for his or her education award. The site has confirmed that the member did complete the questioned hours and the hours are aligned with the member's position. Supporting documentation is being sent to CNCS for verification.

Corrective Action: GCCS has adopted a statewide, uniform system to ensure compliance with all timekeeping requirements across all programs and their service locations. Beginning August 1, 2011, OnCorps will become the official timekeeping system of record for the Colorado AmeriCorps\*State program. GCCS will strongly encourage AmeriCorps\*State programs to use OnCorps for member timesheets. For programs that are unable to use OnCorps effectively due to logistics, GCCS will require preapproval of those programs' alternative timekeeping methods. Programs will be strongly discouraged from using other, supplemental timekeeping methods (i.e. time clocks or additional site-based timesheets) in addition to OnCorps because of the potential of contradictory or incomplete timesheets.

**FINDING 8**—One sub-grantee did not comply with AmeriCorps citizenship eligibility requirements.

Commission Response: The Commission concurs with this finding.

Corrective Action: GCCS has taken corrective action steps in training, technical assistance and improved verification during monitoring to ensure that procedures and systems are in place to verify member citizenship eligibility requirements, to ensure citizenship verification documentation is retained in the member files, and that all programs are in compliance with AmeriCorps requirements for citizenship, residency status and acceptable documentation.

GCCS is including these items in the upcoming Program Manager Institute —Back to Basics” scheduled for August, 2011. All relevant regulations will be reviewed at the training.

**FINDING-9**—Three sub-grantees did not demonstrate that some members received performance evaluations, and some end-of-term evaluations did not meet AmeriCorps requirements.

Commission Response: The Commission concurs with this finding.

Corrective Action: GCCS and sub-grantees have taken corrective action to ensure that programs comply with the AmeriCorps regulations and provisions. Sub-grantees have begun working with their service locations to modify final evaluations to comply with AmeriCorps regulations and provisions. Previously, programs stated that certifications of total hours served was captured on the AmeriCorps exit paperwork, which is signed by both the member and supervisor.

Training regarding performance evaluation requirement is included in PMI —Back to Basics” training in August 2011. GCCS has also strengthened both desk and site based monitoring procedures to ensure compliance and continues to share best practices with the programs.

**FINDING 10**—Three sub-grantees did not complete all member enrollment and exit forms and enter them into the My AmeriCorps Portal (Portal) in accordance with AmeriCorps requirements.

Commission Response: The Commission concurs with the finding.

Corrective Action: GCCS has taken corrective action to ensure program compliance with the CNCS “30-day” rule for member enrollment and exit forms. GCCS is also implementing the use of OnCorps reports beginning August 1, 2011 which includes a member management checklist.

**FINDING 11**—GCCS and three sub-grantees did not follow certain AmeriCorps requirements.

11a. All three sub-grantees did not have policies and procedures requiring service locations to use sign-in sheets for pre-service training.

Commission Response: GCCS performs yearly site monitoring visits where tracking education and training hours is verified. GCCS has ensured that programs have a system in place to track training hours in the aggregate but did not require sign-in sheets if individual timesheets are recording training hours.

Corrective Action: GCCS is addressing this issue at the Colorado Program Manager’s Institute “Back to Basics”. GCCS requires all programs have a procedure regarding the required pre-service orientation requirement that sign-in sheets be used as a best practice by all programs. This will be verified with continuous program monitoring.

11 b-c. Procedures are not in place to ensure that programs track the 20% aggregate total of member education and training and the 10% aggregate total of member fundraising hours.

Commission Response: GCCS performs yearly site monitoring visits where tracking education and training hours is verified. GCCS has ensured that programs have a system in place to track training hours in the aggregate but has not required sign-in sheets if individual timesheets are recording training hours.

Although CYCA did not have a specific tracking mechanism for all AmeriCorps members, the program is in compliance with this regulation given that each member tracks training hours separate from service hours on their individual timesheets. Through member file reviews conducted at their service locations, CYCA continuously monitors this requirement to ensure they meet AmeriCorps requirements. Also, due to the nature of youth corps service, members are not participating in any fundraising activities.

Corrective Action: GCCS has adopted a statewide, uniform system to ensure compliance with all timekeeping requirements across all programs and their service locations. Beginning August 1, 2011, OnCorps will become the official timekeeping system of record for the Colorado AmeriCorps\*State program. GCCS will strongly encourage AmeriCorps\*State programs to use OnCorps for member timesheets. For programs that are unable to use OnCorps effectively due to logistics, GCCS will require preapproval of those programs’ alternative timekeeping methods.

11 d. Member contracts—two member contracts were missing required stipulations.

Commission Response: GCCS does not concur with this finding. Upon review, GCCS has determined that the questioned standard member contracts include all required stipulations. Unfortunately it appears that when copying the member file the areas in question were accidentally omitted from the member's contract. These are two isolated incidents due to human error and are not reflective of the entire CYCA AmeriCorps program. CYCA provides a standard member contract, including all required AmeriCorps stipulations. Each service location modifies the standard contract; ensuring required stipulations are included to meet the individual needs of their organization. CYCA monitors the modification of these documents by each service location through annual compliance site visits. Copies of the original member contracts with all required stipulations will be sent to CNCS to verify compliance.

Corrective Action: GCCS is collecting member contract samples from all programs and is monitoring that all contracts contain all required stipulations.

11 e. Pro-rated living allowance.

Commission Response: The Commission concurs with this finding.

Corrective Action: GCCS has taken steps to ensure programs are in full compliance with AmeriCorps Grant Provisions, Section IV Subsection F.1. that: *Grantees must not pay a living allowance on an hourly basis. Grantees should pay the living allowance in regular increments. Payments should not fluctuate based on the number of hours served in a particular time period...*

Verification of the corrective action is being sent to CNCS.

11 f. GCCS did not submit FFR's in accordance with applicable regulations by submitting five (5) FFR reports late.

The GCCS concurs with this finding, with exception.

Commission Response: Regarding the FFR for grant No 06ACHCO001, GCCS contends that this was not a late submission. The GCCS submitted the final FFR for this grant on 10/29/09 as a final submission. In January 2010, the grants officer started the closeout process. In February 2010, the program officer certified that the grant was ready for closeout. In early July 2010, the FFR was reopened after the grants officer noted a needed correction.

Corrective Action: GCCS has strengthened internal systems, policies, procedures, and controls to ensure that compliance with all FFR reporting deadlines.

**FINDING 12**—GCCS did not demonstrate that Unemployment Insurance and Worker's Compensation Benefits provided to members were required by Colorado state law.

Commission Response: The Commission does not concur with this finding. A copy of the documents related to the ruling that Colorado programs must pay in to Unemployment Insurance (UI) for their members is being submitted to CNCS for review. These documents include a

directive from the U.S. Department of Labor which defers decisions around UI to states; a memorandum from the Corporation for National Service regarding the terminology that members are not employees, but still deferring decisions regarding UI to states; the determination letter from the Colorado Department of Labor and Employment declares that in Colorado members are eligible for unemployment.

Workman's Compensation Insurance: GCCS is working with the Colorado Department of Labor and Employment to clarify this issue and will take necessary action to instruct grantees accordingly.

**FINDING 13**—GCCS did not follow its procedures to obtain and review sub-grantee Office of Management and Budget (OMB) Circular A-133 audit reports. It did not have procedures to reconcile expenditures in sub-grantee OMB Circular A-133 audit reports, and it did not perform such reconciliations.

Commission Response: The Commission concurs with this finding.

Corrective Action: In November, 2010 the Commission implemented immediate corrective action to improve its policies, procedures and internal controls to ensure full compliance with OMB Circular A-133 audit review requirements.

To date, the GCCS has taken the following corrective action steps:

- All contract files have been examined; past and current audits have been located, reviewed and filed. Grantees have been contacted to respond to any findings.
- The Audit Oversight Policies and Procedures have been updated to improve the system of review; forms used, and clarify internal controls and staff roles and responsibilities.
- The Audit Oversight form has been updated to include increased oversight and review, with the indication that the audit oversight is to be confirmed by the ED, with ED signature attached.
- GCCS's monitoring policies and procedures have been updated to include confirmation of the audit review during the annual monitoring process.
- GCCS has adopted a system to review SEFA and reconcile these with reported expenditures. This system will ensure sub-grantee records are complete and accurate.

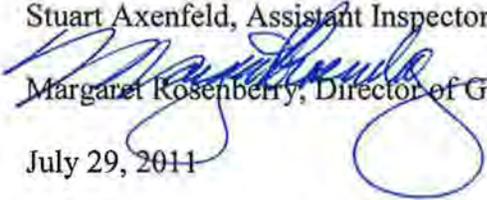
Verification of action taken is being sent to CNCS for review.

**APPENDIX B**

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**CORPORATION'S RESPONSE TO AUDIT REPORT**

Corporation for  
**NATIONAL &  
COMMUNITY  
SERVICE** 

**To:** Stuart Axenfeld, Assistant Inspector General for Audit  
**From:**  Margaret Rosenberry, Director of Grants Management  
**Date:** July 29, 2011  
**Subject:** Response to OIG Draft of Agreed-Upon Procedures of Corporation Grants Awarded to the Colorado Governor's Commission on Community Service

Thank you for the opportunity to review the draft Agreed-Upon Procedures report of the Corporation's grants awarded to the Colorado Governor's Commission on Community Service (the Commission). We will work with the Commission to ensure its corrective action plan adequately addresses the findings. We will respond with our management decision after we receive the final report and the auditor's working papers and have reviewed the Commission's corrective action plan.

**Cc:** William Anderson, Chief Financial Officer  
John Gomperts, Director of AmeriCorps  
Wilsie Minor, Acting General Counsel