

# Office of Inspector General Corporation for National and Community Service

**AGREED-UPON PROCEDURES FOR CORPORATION  
FOR NATIONAL AND COMMUNITY SERVICE GRANTS  
AWARDED TO NEVADA VOLUNTEERS**

**OIG REPORT 14-08**



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

Prepared by:

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**This report was issued to Corporation management on May 23, 2014. 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 November 24, 2014 and complete its corrective actions by May 25, 2015. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.**



May 23, 2014

TO: William Basl  
Director, AmeriCorps\*State and National

Margaret Rosenberry  
Director, Office of Grants Management

FROM: Stuart Axenfeld   
Assistant Inspector General for Audit

SUBJECT: OIG Report 14-08, *Agreed-Upon Procedures for Corporation for National and Community Service Grants Awarded to Nevada Volunteers (NV)*

Attached is the final report for the above-noted engagement. This agreed-upon procedures review was conducted by CliftonLarsonAllen LLP in accordance with attestation standards established by the American Institute of Certified Public Accountants and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Under the Corporation's audit resolution policy, a final management decision on the findings and recommendations in this report is due by November 24, 2014. Notice of final action is due by May 25, 2015.

If you have questions pertaining to this report, please contact me at [S.Axenfeld@cncsoig.gov](mailto:S.Axenfeld@cncsoig.gov), (202) 606-9360, or Rick Samson, Audit Manager, at [R.Samson@cncsoig.gov](mailto:R.Samson@cncsoig.gov), (202) 606-9380.

Attachment

cc: Amber. Martin-Jahn, Executive Director, NV  
Stacy Woodbury, Commission Chair, NV  
Paul Townsend, Nevada Legislative Auditor  
Warren Lowman, Audit Manager, Nevada Division of Internal Audit  
David Rebich, Chief Financial Officer, CNCS  
Rhonda Honegger, Senior Grants Officer, CNCS  
Karen Gandolfo, Audit Resolution Specialist, CNCS  
Denise Wu, Principal, CliftonLarsonAllen LLP

**AGREED-UPON PROCEDURES FOR CORPORATION GRANTS  
AWARDED TO NEVADA VOLUNTEERS**

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## EXECUTIVE SUMMARY

The Corporation for National and Community Service (Corporation) Office of Inspector General (OIG) contracted with CliftonLarsonAllen LLP, an independent certified public accounting firm, to perform agreed-upon procedures (AUP) on grant costs incurred by the Nevada Volunteers (NV) and three of its subgrantees. NV is the State Commission through which AmeriCorps State grants are administered. NV also received State Administrative, Program Development Assistance and Training (PDAT), and Disability (DISAB) grant funds to support AmeriCorps State programs. CLA also tested NV's compliance with Corporation policies and applicable regulations for Corporation-funded Federal assistance. In addition to reviewing NV's administration of these grant funds, we selected the following NV subgrantees for detailed testing:

- United Way of Southern Nevada (UWSN)
- The Children's Cabinet (TCC)
- Great Basin Institute (GBI)

These subgrantees were judgmentally selected based on an assessment of overall risk to NV and the Corporation. The assessment included consideration of several factors, namely the amount of costs claimed by each subgrantee, the results of subgrantee monitoring reports, and findings, if any, contained in Circular A-133 single audit reports for each entity. Our procedures performed by CLA resulted in total questioned grant costs of \$207,226, consisting of \$141,760 in Federal costs, NV subgrantee match costs of \$44,673 and education award costs of \$20,793. CLA also identified eight instances of noncompliance with the United States Code of Federal Regulations; the Corporation's grant requirements, and the subgrantees' own policies and procedures or lack thereof.

CLA found that the three subgrantees are generally free of major financial weaknesses. The questioned costs shown above are related primarily to deficiencies in the procedures used to conduct criminal history and sex offender background checks, a pervasive compliance finding affecting each of the subgrantees. Of the questioned \$207,226 amount, TCC's Federal costs of \$92,803, match costs of \$18,416 and \$11,100 in education awards and UWSN's questioned Federal costs of \$40,874, match costs of \$25,972 and \$6,918 in education awards represents about 95 percent of the total questioned costs. Further details on each subgrantee's claimed and questioned costs are at Schedules B, C, and D. Compliance findings and recommendations are discussed in the Detailed Findings section of this report beginning at page 16.

### AGREED-UPON PROCEDURES SCOPE

We applied the agreed-upon procedures to the period January 1, 2011, through June 30, 2013. The procedures covered the allowability, allocability, and reasonableness of the financial transactions reported for the following grants and periods:

**Scope of Work  
Active Amounts Awarded During AUP Period**

Award No.	Grant Periods
06AFHNV001	April 1, 2011 thru March 31, 2013
10CAHNV001	January 1, 2011 thru December 31, 2012
10CDHNV001	January 1, 2011 thru March 31, 2013
11PTHVN001	July 1, 2011 thru June 30, 2013
12ACHNV001	August 21, 2012 thru March 31, 2013
12FXHNV001	September 1, 2012 thru March 31, 2013
13CAHNV001	January 1, 2013 thru June 30, 2013

We also performed tests to determine NV's and its selected subgrantees' compliance with certain grant terms and provisions. The procedures were based on the OIG's "Agreed-Upon Procedures for Corporation Awards to Grantees (including Subgrantees), dated August 2013." We focused on NV and three of its subgrantees: UWSN, TCC, and GBI. We tested NV transactions of \$119,169. We also tested subgrantee transactions totaling \$183,641 for UWSN, \$146,428 for TCC, and \$167,373 for GBI.

**INTRODUCTION**

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

Funds received by NV have been sub-awarded to eleven non-profits that provide services towards recruiting, training and placing AmeriCorps members to meet critical community needs in education, public safety, health, and the environment. Some examples of program activities that AmeriCorps members have carried out with these grants are tutoring, mentoring, addressing substance abuse, and energy/environmental conservation. Subgrantees are required to provide matching funding as stipulated within their grant agreements. The required match funding is based on the subgrantee's budget narrative submitted with the grant application and the match requirement varies amongst the subgrantees.

**BACKGROUND**

NV was previously the Nevada Commission on National and Community Service which was originally established by Gubernatorial Executive Order in 1994. The Commission remained a governmental entity until May of 1998, when it became a 501(c)(3) nonprofit corporation. The responsibilities of the Commission were expanded and the organization voted in 2007 to change its name to NV to broaden the focus and bring more awareness to volunteerism in Nevada. As part of its expanded mission, NV Volunteers seeks to fill the gaps in volunteer recruitment and management.

Duties of NV includes statewide advocacy for community service, facilitation of volunteerism and volunteer retention, promotion of ethics and civic responsibility, cultivation of

communities to embrace a commitment to the quality of life for others, and administration of policies of NV.

NV provided grants to eleven subgrantees during the period covered by this report. The subgrantees used the funds to support their program operations and maintain supporting documentation for the claimed costs. Subgrantees are required to provide quarterly or semi-annual financial reports, as dictated in the sub-grant agreement, to NV by email. NV prepares the aggregate FFR for the grants by accumulating the expenses reported by the subgrantees and submits its FFR through the Corporation's online eGrants system. The Corporation and grantees use the online eGrants system to manage the grant process. Grant applications, awards and FFRs are all processed through the eGrants system.

NV also monitors its subgrantees through a risk assessment process to develop a monitoring plan for each sub-grantee based on certain risk factors. NV performs desk audits and site visits. Programmatic site visits are conducted based on the risk assessment and are done annually for each subgrantee. Financial review site visits are performed at least once during the life of the sub-grant, but may be performed more frequently based on the risk assessment. Desk audits are used as a follow-up tool for issues identified during site visits. It is also used as a primary oversight tool for low-risk programs or used to conduct "spot checks" to ensure proper documentation is being retained by the subgrantees.

UWSN had a total of 190 members and four employees charged to the grants. UWSN received grants from NV to help provide long-term, sustainable change in Southern Nevada in critical areas such as education, access to healthcare, affordable housing, and financial stability. Members participated with disadvantaged youth through after-school programs and literacy programs. The program also aided financially unstable adults through counseling with no-cost tax preparation, as well as increase awareness of job training and improves access to vaccinations and immunizations for all Nevadans. AmeriCorps members with the United Way will serve agencies such as the Nye County School District, Nye Communities Coalition, 100 Black Men of Las Vegas, and Communities in Schools of Southern Nevada to help carry out assistance and support.

TCC had a total of 51 members and four employees charged to the grant. TCC was awarded the sub-grant to help address the need of education support in northern Nevada. The program focuses on expanding education support and tutoring for youth of all ages, providing basic human needs to help communities develop services to uplift families out of poverty to improve the quality of life for at-risk families and to increase volunteerism in northern Nevada. Members provided educational support/tutoring, life skill training, safe mentoring opportunities, positive youth development activities, and counseling services with early childhood, elementary, middle, and high school children. Members were placed with different organizations, such as the United Way of Northern Nevada, Big Brothers, Big Sisters of Northern Nevada, and local school districts to help reach out to the targeted individuals within the community.

GBI had a total of 322 members and 39 employees that were charged to the grants. GBI had two grant programs: Clean Energy Corps and Nevada Conservations Corps.

The Clean Energy Corps used the grant to support GBI's professional development internship program. Through this program, members learned and provided services to green agencies, focusing on improving energy efficiency, supporting the capacity of small and struggling organizations, and providing direct support to parks and recreation areas.

Members received extensive training to perform three phases of energy improvements for low-income homeowners and small businesses. Within the Clean Energy Corps internship program, members provided basic energy assessments to educate clients on their current energy use as well as simple measures that can be taken to save and conserve energy. Members also worked with clients to retrofit buildings to increase energy efficiency and decrease energy costs. Members also spent time on common green efforts, including reductions in energy consumption, community education on green initiatives, and helping to “green” local events to reduce waste, increase recycling, and reduce energy consumption.

GBI’s Nevada Conservation Corps received a grant to support its internship program, which promotes energy conservation and energy audit services and provides assistance through direct conservation measures to reduce energy waste within Nevada residential and public facility infrastructure. Program directives allow for training and orientation of members and interns in various aspects of environmental conservation, including trail construction, arid lands restoration, chainsaw operation, and first aid certification. The grant also supports its week-long Leadership Academy program, where interns are taught topics such as conflict management, advanced wilderness first aid, and team building skills, among other topics.

**EXIT CONFERENCE**

We provided a summary of the findings to be included in the draft report and discussed its contents with officials of the Corporation, NV, and applicable subgrantees at an exit conference on February 25, 2014. Responsive comments to the draft report from NV and its subgrantees will be included in the final report as appendices.

**SUMMARY OF RESULTS**

The results of our agreed-upon procedures are summarized in the Consolidated Schedule of Claimed and Questioned Costs (Schedule A).

NV claimed the following Federal and match costs:

<b>Grant No.</b>	<b>Federal</b>	<b>Match</b>	<b>AUP Period</b>
06AFHNV001	\$2,629,105	\$1,718,276	April 1, 2011 to March 31, 2013
10CAHNV001	485,488	185,845	January 1, 2011 to December 31, 2012
12ACHNV001	269,187	758,160	August 21, 2012 to March 31, 2013
10CDHNV001	119,906	-	January 1, 2011 to March 31, 2013
13CAHNV001	100,000	73,594	January 1, 2013 to June 30, 2013
11PTHNV001	70,627	-	July 1, 2011 to June 30, 2013
<b>Totals</b>	<b>\$3,674,313</b>	<b>\$2,735,875</b>	

Based on testing a judgmentally selected sample of transactions, CLA questioned claimed costs as detailed in the following table:

Type of Questioned Costs <sup>1</sup>	Federal Share	Match Share	Education Award	Totals
National Sex Offender Public Registry (NSOPR) search was not conducted until after employee/member started working on the grant	\$ 88,900	\$ 2,230	\$ -	\$ 91,130
NSOPR search did not include nationwide results	20,990	13,848	-	34,838
State criminal registry search was not initiated before the employee/member started working on the grant	9,613	21,128	11,100	41,841
State criminal registry search was not completed or documented	8,274	4,027	4,143	16,444
Match requirement was not met	7,463	-	-	7,463
NSOPR search was not conducted based on the member's legal name	5,938	3,385	5,550	14,873
Work was performed prior to the start of the grant	582	-	-	582
Cost was overstated in the General Ledger	-	55	-	55
<b>Totals</b>	<b>\$141,760</b>	<b>\$44,673</b>	<b>\$20,793</b>	<b>\$207,226</b>

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

CLA questioned \$20,793 in education awards because of the National Service Criminal History Check issues that resulted in the members having insufficient hours to be eligible for an award.

CLA compared NV's inception-to-date drawdown amounts with the amounts reported in its last Federal Financial Report (FFR)<sup>2</sup> for the period tested and noted no discrepancies.

Details of the questioned costs, grant awards, non-compliance with grant provisions, applicable laws and regulations are presented in the section of this report titled, *Detailed Findings* (Schedule F) that follows the results of our agreed-upon procedures. The compliance findings with no questioned cost are summarized below by category.

<sup>1</sup> A questioned cost is an alleged violation or non-compliance with grant terms and/or provisions of laws and regulations governing the expenditures of funds; or a finding that, at the time of testing, adequate documentation supporting a cost item was not readily available.

<sup>2</sup> The FFR is a standardized, consolidated report of Federal grant awards and associated Federal share and match costs claimed which are required to be reported by grantees to the Corporation on a semi-annual basis.

National Service Criminal History Checks

- State criminal registry search was not authorized by the member.

Member Contract

- Member contract was not signed before the member started service.

Labor Cost/Payroll

- Date that the employee signed the timesheet was missing.

Other Direct Cost Testing

- The amount paid exceeded the approved purchase order amount;
- Purchase order was missing the date it was authorized; and
- Purchase order was not authorized timely.

Reporting

- Program income was not properly reported to NV in the Federal Financial Report, and
- Subgrantee's quarterly Federal Financial Report was submitted late to NV.



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

Office of Inspector General  
Corporation for National and Community Service

We have performed the procedures, detailed in the "Agreed-Upon Procedures for Corporation Awards to Grantees (including Subgrantees) dated August 2013," not included herein. These procedures were agreed to by the Corporation for National and Community Service (Corporation) Office of Inspector General (OIG) solely to assist the Corporation OIG in evaluating certain information reported by Nevada Volunteers (NV) in accordance with its Corporation grant terms and provisions, and applicable laws and regulations, for the AUP periods from January 1, 2011 through June 30, 2013.

**Grantee's Responsibility**

NV and its sub-grantees are responsible for the accuracy and completeness of the reported information. In addition, they are also responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting their entities involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the CNCS grants. Their responsibilities include informing us of their knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, grantors, regulators, or others. They are also responsible for identifying and ensuring that their entities comply with applicable laws, regulations, contracts, and grant agreements, and for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

**Auditors' Responsibility**

We conducted the agreed-upon procedures engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for agreed-upon procedures contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of the procedures, described in the "Agreed-Upon Procedures for Corporation Awards to Grantees (including Subgrantees) dated August 2013," not included herein, is solely the responsibility of the Corporation's OIG. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested, or for any other purpose.

The results of our procedures are described in the Detailed Findings section of this report.

The agreed-upon procedures listed in the "Agreed-Upon Procedures for Corporation Awards to Grantees (including Subgrantees) dated August 2013," not included herein, do not constitute an examination or review, the objective of which would be the expression of an

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

opinion on NV's reported grant information. Accordingly, we do not express such an opinion or limited assurance on the amount of Federal assistance expended by NV. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

*CliftonLarsonAllen LLP*

Calverton, Maryland  
February 25, 2014

## Schedule A

**Corporation for National and Community Service  
Nevada Volunteers  
Consolidated Schedule of Claimed and Questioned Costs**

<u>Award No.</u>	<u>Program</u>	<u>Approved Budget</u>	<u>Claimed Federal Cost</u>	<u>Questioned Cost</u>			<u>Schedule</u>
				<u>Federal Cost (a)</u>	<u>Match Cost (b)</u>	<u>Education Awards (c)</u>	
10CAHNV001	ADMIN	\$ 742,500	\$ 485,488	\$ -	\$ -	\$ -	B
13CAHNV001	ADMIN	192,988	100,000	-	-	-	B
11PTHNV001	PDAT	102,933	70,627	-	-	-	B
10CDHNV001	DISAB	178,533	119,906	-	-	-	B
12FXHNV001	Fixed State	349,020	-	-	-	-	B
06AFHNV001	<i>The Children's Cabinet</i>			92,803	18,416	11,100	C
06AFHNV001	<i>United Way of Southern Nevada</i>			40,874	25,972	6,918	D
06AFHNV001	<i>Great Basin Institute</i>			8,045	-	-	E
06AFHNV001	AmeriCorps Formula Total	6,550,689	2,629,105	141,722	44,388	18,018	
12ACHNV001	<i>Great Basin Institute</i>			38	285	2,775	E
12ACHNV001	AmeriCorps Competitive Total	613,695	269,187	38	285	2,775	
<b>Total</b>		<b><u>\$8,730,358</u></b>	<b><u>\$3,674,313</u></b>	<b><u>\$141,760</u></b>	<b><u>\$44,673</u></b>	<b><u>\$20,793</u></b>	
				<b>Total Questioned Costs (a+b+c)</b>		<b>\$207,226</b>	

**Schedule B**

**Schedule of Award and Claimed Costs  
For Period January 1, 2011, through December 31, 2012  
Nevada Volunteers – 10CAHNV001**

		<b>Reference</b>
Authorized Budget (Corporation Funds)	\$742,500	Note 1
Claimed Federal Costs	\$485,488	Note 2
Authorized Match Budget	\$265,845	Note 3
Claimed Match Costs	\$185,845	Note 4
Questioned Federal Costs:	-	
Total Questioned Federal Costs	\$ _____	
Questioned Match Costs:	-	
Total Questioned Match Costs	\$ _____	

**Notes**

1. The authorized budget amount represents the funding to NV according to the Notice of Grant Award.
2. Claimed costs represent NV's reported Federal expenditures for the period January 1, 2011 through December 31, 2012.
3. The authorized match budget represents NV's funding in accordance with the Budget Narrative.
4. Claimed match costs represent NV's' reported match expenditures for the period January 1, 2011, through December 31, 2012.

**Schedule of Award and Claimed Costs  
For Period January 1, 2013, through June 30, 2013  
Nevada Volunteers – 13CAHNV001**

		<b>Reference</b>
Authorized Budget (Corporation Funds)	\$192,988	Note 1
Claimed Federal Costs	\$100,000	Note 2
Authorized Match Budget	\$162,500	Note 3
Claimed Match Costs	\$73,594	Note 4
Questioned Federal Costs:	-	
Total Questioned Federal Costs	\$ _____	
Questioned Match Costs:	-	
Total Questioned Match Costs	\$ _____	

**Notes**

1. The authorized budget amount represents the funding to NV according to the Notice of Grant Award.
2. Claimed costs represent NV's reported Federal expenditures for the period January 1, 2013 through June 30, 2013.
3. The authorized match budget represents NV's funding in accordance with the Budget Narrative.
4. Claimed match costs represent NV's reported match expenditures for the period January 1, 2013, through June 30, 2013.

**Schedule of Award and Claimed Costs  
For Period July 1, 2011, through June 30, 2013  
Nevada Volunteers – 11PTHNV001**

		<b>Reference</b>
Authorized Budget (Corporation Funds)	\$102,933	Note 1
Claimed Federal Costs	\$70,627	Note 2
Questioned Federal Costs:	-	
Total Questioned Federal Costs	<u>\$ -</u>	

**Notes**

1. The authorized budget amount represents the funding to NV according to the Notice of Grant Award.
2. Claimed costs represent NV's reported Federal expenditures for the period January 1, 2013 through June 30, 2013.

**Schedule of Award and Claimed Costs  
For Period January 1, 2011, through March 31, 2013  
Nevada Volunteers – 10CDHNV001**

		<b>Reference</b>
Authorized Budget (Corporation Funds)	\$178,533	Note 1
Claimed Federal Costs	\$119,906	Note 2
Questioned Federal Costs:	-	
Total Questioned Federal Costs	<u>\$ -</u>	

**Notes**

1. The authorized budget amount represents the funding to NV according to the Notice of Grant Award.
2. Claimed costs represent NV's reported Federal expenditures for the period January 1, 2011 through March 31, 2013.

**Schedule C**

**Schedule of Award and Claimed Costs  
The Children's Cabinet – 06AFHNV001  
AUP Period - April 1, 2011 through March 31, 2013**

		<u>Reference</u>
Authorized Budget (Federal Funds)	\$860,083	Note 1
Authorized Match Budget	\$467,379	Note 2
Questioned Federal Costs:		
NSOPR search was conducted after the employee/member started working on the grant	86,119	Note 3
NSOPR search conducted was not based on the member's legal name	5,938	Note 4
NSOPR search did not include nationwide results	<u>746</u>	Note 5
Total Questioned Federal Costs		<u>\$92,803</u>
Questioned Match Costs:		
State criminal registry search was not initiated until after the employee/member started working on the grant	14,505	Note 6
NSOPR search was conducted after the employee/member started working on the grant	105	Note 3
NSOPR search conducted was not based on the member's legal name	3,385	Note 4
NSOPR search did not include nationwide results	<u>421</u>	Note 5
Total Questioned Match Costs		<u>\$18,416</u>
Questioned Education Awards:		
NSOPR search conducted was not based on the member's legal name	5,550	Note 4
State criminal registry search was not initiated until after the employee/member started working on the grant	<u>5,550</u>	Note 6
Total Questioned Education Awards		<u>\$11,100</u>

**Notes**

1. The authorized budget amount represents the Federal funding to TCC in accordance with the subgrant agreement.
2. The authorized match budget represents TCC's funding to be provided in accordance with the subgrant agreement.
3. Federal costs of \$86,119, match costs of \$105 were questioned due to the NSOPR search being conducted after the employee/member started working on the grant (See Finding 1).
4. Federal costs of \$5,938, match costs of \$3,385 and an education award of \$5,550 were questioned due to the NSOPR search not being conducted based on the member's legal name (See Finding 1).
5. Federal costs of \$746 and match costs of \$421 were questioned because the NSOPR search did not include nationwide results (See Finding 1).
6. Match costs of \$14,505 and an education award of \$5,550 was questioned due to the State criminal registry search not being initiated before the employee/member started working on the grant (See Finding 2).

**Schedule D**

**Schedule of Award and Claimed Costs:  
United Way of Southern Nevada – 06AFHNV001  
AUP Period - April 1, 2011 through March 31, 2013**

		<u>Reference</u>
Authorized Budget (Federal Funds)	\$1,246,588	Note 1
Authorized Match Budget	\$899,696	Note 2
Questioned Federal Costs:		
NSOPR search did not include nationwide results.	20,244	Note 3
State criminal registry search was not initiated before the employee/member started working on the grant	9,575	Note 4
State criminal registry search was not completed or documented	8,274	Note 5
NSOPR search was conducted after the employee/member started working on the grant	<u>2,781</u>	Note 6
Total Questioned Federal Costs	<u>\$40,874</u>	
Questioned Match Costs:		
NSOPR search did not include nationwide results.	13,427	Note 3
State criminal registry search was not initiated before the employee/member started working on the grant	6,393	Note 4
State criminal registry search was not completed or documented	4,027	Note 5
NSOPR search was conducted after the employee/member started working on the grant	<u>2,125</u>	Note 6
Total Questioned Match Costs	<u>\$25,972</u>	
Questioned Education Awards:		
State criminal registry search was not completed or documented	4,143	Note 5
State criminal registry search was not initiated before the employee/member started working on the grant	<u>2,775</u>	Note 4
Total Questioned Education Awards	<u>\$6,918</u>	

**Notes**

1. The authorized budget amount represents the Federal funding to UWSN in accordance with the subgrant agreement.
2. The authorized match budget represents the UWSN funding to be provided in accordance with the subgrant agreement.
3. Federal costs of \$20,244 and \$13,427 in match costs were questioned because the NSOPR search did not include nationwide results (See Finding 1).
4. Federal costs of \$9,575, match costs of \$6,393 and an education award of \$2,775 were questioned because State criminal registry search was not initiated before the employee/member started working on the grant (See Finding 2).
5. Federal costs of \$8,274, match costs of \$4,027 and education awards of \$4,143 were questioned because State criminal registry search was not completed or documented (See Finding 2).
6. Federal costs of \$2,781 and \$2,125 in match costs were questioned due to the NSOPR search was conducted after the employee/member started working on the grant (See Finding 1).

**Schedule of Award and Claimed Costs:  
Great Basin Institute – 06AFHNV001  
AUP Period April 1, 2011, through March 31, 2012**

		<u>Reference</u>
Authorized Budget (Federal Funds)	\$271,926	Note 1
Authorized Match Budget	\$275,990	Note 2
Questioned Federal Costs:		
Match requirement was not met	7,463	Note 3
Invoice was for work performed prior to start of the grant	<u>582</u>	Note 4
Total Questioned Federal Costs	<u>\$8,045</u>	

**Notes**

1. The authorized budget amount represents the Federal funding to GBI in accordance with the subgrant agreement.
2. The authorized match budget represents the GBI funding to be provided in accordance with the subgrant agreement.
3. Federal costs of \$7,463 were questioned because the match requirement was not met (See Finding 3).
4. Federal costs of \$582 were questioned because the invoice was for work performed prior to the start of the grant (See Finding 4).

**Schedule of Award and Claimed Costs:  
Great Basin Institute – 12ACHNV001  
AUP Period August 21, 2012, through March 31, 2013**

		<u>Reference</u>
Authorized Budget (Federal Funds)	\$613,695	Note 1
Authorized Match Budget	\$1,863,910	Note 2
 Questioned Federal Costs:		
State criminal registry search was not initiated before the employee/member started working on the grant	<u>38</u>	Note 3
Total Questioned Federal Costs		<u>\$38</u>
 Questioned Match Costs:		
State criminal registry search was not initiated before the employee/member started working on the grant	230	Note 3
Invoice cost was overstated in the general ledger	<u>55</u>	Note 4
Total Questioned Match Costs		<u>\$285</u>
 Questioned Education Awards:		
State criminal registry search was not initiated before the employee/member started working on the grant	<u>2,775</u>	Note 3
Total Questioned Education Awards		<u>\$2,775</u>

**Notes**

1. The authorized budget amount represents the Federal funding to GBI in accordance with the subgrant agreement.
2. The authorized match budget represents GBI funding to be provided in accordance with the subgrant agreement.
3. Federal costs of \$38, match costs of \$230 in match costs and an education award of \$2,775 were questioned due to the State criminal registry search not initiated before the employee/member started working on the grant (See Finding 2).
4. Match costs of \$55 were questioned because the invoice cost was overstated in the general ledger (See Finding 4).

## Detailed Findings

**Finding 1 – National Sex Offender Public Registry Search Findings**

We reviewed various samples of subgrantees' employee and member files to verify that the National Sex Offender Public Registry (NSOPR) search was conducted and documented before the employee/member started working on the grant. The samples reviewed are noted in the following table:

Grant No.	Subgrantee	No. Employees Tested	No. Members Tested
06AFHNV001	TCC	2	17
06AFHNV001	UWSN	4	25
06AFHNV001	GBI	1	7
12ACHNV001	GBI	5	18
	<b>Totals</b>	<b>12</b>	<b>67</b>

Based on our testing, we had the following exceptions:

**a. National Sex Offender Public Registry Search Was Not Conducted Until After The Employee/Member Started Working On The Grant**

For one of the four employee files tested and eight of the 25 member files tested, UWSN conducted the NSOPR search after the employee/member started working on the grant. For TCC, two of the two employee files and eight of the 17 member files tested had late NSOPR searches. UWSN and TCC did not have controls in place to ensure that the NSOPR search was completed prior to the employee/member starting to work on the grant.

In October 2011, the Corporation issued a memorandum to grantees regarding the enforcement of the criminal history check compliance and the potential consequences for non-compliance. As a result, we are questioning costs starting from November 1, 2011 or the date in which the employee/member started working on the grant, whichever is later, through the day prior to when the NSOPR search was actually completed.

Grant No. 06AFHNV001		
Employee or Member No.	Questioned	
	Federal	Match
<b>UWSN</b>		
Employee 4a	\$ -	\$ -
Member 9^	-	-
Member 12	1,860	1,411
Member 13¥	-	-
Member 20¥	-	-
Member 22	921	714
Member 23¥	-	-
Member 24¥	-	-
Member 25¥	-	-
<b>UWSN Total</b>	<b>\$2,781</b>	<b>\$2,125</b>

<b>TCC</b>		
Employee 1 <sup>α</sup>	-	-
Employee 2	85,933	-
Member 1 <sup>¥</sup>	-	-
Member 2 <sup>¥</sup>	-	-
Member 4 <sup>¥</sup>	-	-
Member 5 <sup>¥</sup>	-	-
Member 8	186	105
Member 11 <sup>¥</sup>	-	-
Member 12 <sup>¥</sup>	-	-
Member 17 <sup>¥</sup>	-	-
<b>TCC Total</b>	<b>\$86,119</b>	<b>\$105</b>
<b>Total Questioned</b>	<b>\$88,900</b>	<b>\$2,230</b>

<sup>^</sup> Costs were questioned in finding 1b.

<sup>α</sup> Costs were questioned in finding 2a.

<sup>¥</sup> Compliance issue since it occurred prior to the Corporation's issuance of the enforcement memorandum.

For grant No. 06AFHNV001, we questioned \$2,781 in Federal and \$2,125 in match costs for UWSN. We also questioned \$86,119 in Federal and \$105 in match costs for TCC.

**b. National Sex Offender Public Registry Search Did Not Include Nationwide Results**

For one of the four employee files tested and seven of the 25 member files tested, UWSN's NSOPR searches did not include nationwide results. For TCC, two of the 17 member files tested did not include nationwide results. UWSN and TCC did not have controls in place to ensure that the NSOPR search was complete in providing nationwide results. As a result of this finding some of the NSOPR searches were redone to provide nationwide results. We are questioning costs starting from November 1, 2011 or the date in which the employee/member started working on the grant, whichever is later, through the day prior to when the NSOPR search was redone to provide nationwide results or through March 31, 2013, which is the end of the AUP period. Living allowances are not an hourly wage and must be distributed at regular intervals and at consistent amounts. No member living allowance was questioned for any pay period where the member had any unquestioned hours of service.

<b>Grant No. 06AFHNV001</b>		
<b>Employee or Member No.</b>	<b>Questioned</b>	
	<b>Federal</b>	<b>Match</b>
<b>UWSN</b>		
Employee 1	\$12,350	\$7,818
Member 3 <sup>¥</sup>	-	-
Member 9	4,878	3,310
Member 13 <sup>¥</sup>	-	-
Member 17 <sup>¥</sup>	-	-
Member 20	3,016	2,299
Member 22 <sup>α</sup>	-	-
Member 23 <sup>¥</sup>	-	-
<b>UWSN Total</b>	<b>\$20,244</b>	<b>\$13,427</b>

<b>TCC</b>		
Member 2¥	-	-
Member 3	746	421
<b>TCC Total</b>	<b>\$746</b>	<b>\$421</b>
<b>Total Questioned</b>	<b>\$20,990</b>	<b>\$13,848</b>

¥ Compliance issue since it occurred prior to the Corporation's issuance of the enforcement memorandum.

α Costs were questioned in finding 1a.

For grant No. 06AFHNV001, we questioned \$20,244 in Federal and \$13,427 in match costs for UWSN. We also questioned \$746 in Federal and \$421 in match costs for TCC.

**c. National Sex Offender Public Registry Search Was Not Conducted Based On The Member's Current Legal Name**

For one of the 17 member files tested, TCC performed an NSOPR search based on the member's maiden name, and did not perform a search based on her current legal name. TCC conducted the search based on the member's signature on the government-issued photo identification cards provided by the member instead of the actual legal name that was on those cards, which was the member's married name. As a result, we are questioning costs starting from the date the member started working on the grant through March 31, 2013, which is the end of the AUP period.

<b>Grant No. 06AFHNV001</b>			
<b>Member No.</b>	<b>Questioned</b>		
	<b>Federal</b>	<b>Match</b>	<b>Education Award</b>
Member 16	\$5,938	\$3,385	\$5,550

For grant No. 06AFHNV001, we questioned \$5,938 in Federal, \$3,385 in match costs and \$5,550 in education award for TCC.

By not properly performing the NSOPR search, the subgrantee placed itself, NV, the Corporation and the population that it serves at risk.

**Criteria**

45 Code of Federal Regulations (C.F.R.) §2540.200 (October 2010, 2011 and 2012) states:

*You must apply suitability criteria relating to criminal history to an individual applying for, or serving in, a position for which an individual receives a Corporation grant-funded living allowance, stipend, education award, salary, or other remuneration.*

45 C.F.R. §2540.202 (October 2010, 2011 and 2012) 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).*

45 C.F.R. §2540.201 (October 2010, 2011 and 2012) states:

*An individual is ineligible to serve in a covered position if the individual: (a) Is registered, or required to be registered, on a State sex offender registry or the National Sex Offender Registry; or (b) Has been convicted of murder, as defined in section 1111 of title 18, United States Code.*

45 C.F.R. §2540.205 (October 2010, 2011 and 2012) states:

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

National Service Criminal History Check Frequently Asked Questions – Updated November 30, 2012, Section 4 National Sex Offender Public Website, 4.7 What steps should I take if I discover that States' sex offender registry sites are inoperative when I am conducting the NSOPW check on an applicant?, states:

*You are required to perform the National Sex Offender Public Website (NSOPW) check until all State registries are cleared. The result will indicate whether or not any individual State systems were inoperative during that search. If the check was less than complete, you must re-check the NSOPW before the individual starts service to rule out the possibility that the applicant may be registered in the State(s) system(s) that was not connected to the NSOPW system when you performed the first check. You may supplement the first NSOPW check by checking the State registries that are down. You should pay special attention to the applicant's state of residence and state of service. Individuals cannot begin serving under the grant until the NSOPW is completed.*

**Recommendations:**

We recommend that the Corporation:

- 1a. Resolve and recover the questioned Federal costs of \$92,803, match costs of \$3,911 and an education award of \$5,550 relating to TCC for grant No. 06AFHNV001.
- 1b. Resolve and recover the questioned Federal costs of \$23,025 and match costs of \$15,552 relating to UWSN for grant No. 06AFHNV001.

- 1c. Ensure that NV strengthens the monitoring of its subgrantees to make certain that subgrantees are performing and documenting the NSOPR search prior to the employee/member starting to work on the grant, includes nationwide results and is based on the employee's/member's legal name.

***NV Response:***

NV concurs with finding 1a; however, it indicated that it had already taken corrective action for UWSN members No. 12 and 22 and TCC member No. 8 by disallowing service hours prior to NSOPR being completed. NV also stated that member No. 8 had allowable hours served after the NSOPR was conducted and that the member should receive the full amount of the living allowance for any hours served. NV also indicated that it eventually conducted all criminal history checks required for TCC employee No. 2.

NV concurs with finding 1b. However, it indicated that the costs should not be questioned because UWSN and TCC took corrective action prior to the audit.

NV concurs with finding 1c. However, NV believes that TCC operated in good faith to conduct all required National Service History check components on the legal name as provided by the member. NV believes that the questioned costs are punitive when the program completed all tasks in good faith and took corrective action showing the member was still eligible after completing an NSOPR under the member's full legal name.

**Auditor's Comments:**

For finding 1a, UWSN did not provide any evidence that the service hours incurred and the applicable living allowance and benefits for UWSN members No. 12 and 22 prior to the NSOPR search being completed were disallowed by NV. In fact, the NSOPR search for member No. 22 was not fully documented until after the member had already exited, which is the basis for the entire questioned cost for that member. Therefore it is not exactly clear how UWSN took corrective action.

For TCC member No. 8, we questioned the first living allowance and benefits paid on January 25, 2013, which covered the period ending January 18, 2013. The NSOPR was not conducted until February 1, 2013, so the full amount of the initial payment was questioned. TCC did not provide any evidence that the service hours incurred and the applicable living allowance and benefits prior the NSOPR search being completed were disallowed by NV.

The Corporation should follow-up with NV during audit resolution to ensure that the corrective action implemented by NV is effective and resolve the questioned costs.

**Finding 2 – State Criminal Registry Search Findings**

We reviewed various samples of subgrantees' employee and member files to verify that the State Criminal Registry search was initiated before the employee/member started working on the grant and it was documented. The samples reviewed are noted in the following table:

Grant No.	Subgrantee	No. Employees Tested	No. Members Tested
06AFHNV001	TCC	2	17
06AFHNV001	UWSN	4	25
06AFHNV001	GBI	1	7
12ACHNV001	GBI	5	18
	<b>Totals</b>	<b>12</b>	<b>67</b>

Based on our testing, we had the following exceptions:

**a. State Criminal Registry Search Was Not Initiated Before The Employee/Member Started Working On The Grant**

For four of the four employee files tested and nine of the 25 member files tested, UWSN did not conduct the State Criminal Registry search prior to the employee/member started working on the grant. For TCC, it was one of two employee files tested and six of the 17 member files tested. For GBI, it was two of the 18 member files tested (grant No. 12ACHNV001). The late state criminal registry search was based on the date when the employee/member's finger prints were submitted to initiate the search. We considered the State Criminal Registry search to be initiated once the employee/member submits them to the subgrantee or to the appropriate entity to be processed. The subgrantees did not have controls in place to ensure that the State Criminal Registry searches were initiated prior to their employees and members starting to work on the grant.

In October 2011, the Corporation issued a memorandum to grantees regarding the enforcement of the criminal history check compliance and the potential consequences for non-compliance. As a result, we are questioning costs starting from November 1, 2011 or the date in which the employee/member started working on the grant, whichever is later, through the day prior to when the State Criminal Registry search was actually initiated.

<b>Grant No. 06AFHNV001</b>			
<b>Employee or Member No.</b>	<b>Questioned</b>		
	<b>Federal</b>	<b>Match</b>	<b>Education Award</b>
<b>UWSN</b>			
Employee 1^	\$ -	\$ -	N/A
Employee 2¥	-	-	N/A
Employee 3¥	-	-	N/A
Employee 4	7,778	4,923	N/A
Member 2F	-	-	N/A
Member 9^	-	-	N/A
Member 10F	-	-	N/A
Member 13¥	-	-	N/A
Member 14	223	185	N/A
Member 18	1,574	1,285	2,775
Member 22^	-	-	N/A
Member 23¥	-	-	N/A
Member 24¥	-	-	N/A
<b>UWSN Total</b>	<b>\$9,575</b>	<b>\$6,393</b>	<b>\$2,775</b>
<b>TCC</b>			
Employee 1	-	14,505	N/A
Member 2¥	-	-	N/A

<b>Grant No. 06AFHNV001</b>			
<b>Employee or Member No.</b>	<b>Questioned</b>		
	<b>Federal</b>	<b>Match</b>	<b>Education Award</b>
<b>TCC</b>			
Member 4¥	-	-	N/A
Member 7£	-	-	5,550
Member 11¥	-	-	N/A
Member 12¥	-	-	N/A
Member 17¥	-	-	N/A
<b>TCC Total</b>	<b>\$ -</b>	<b>\$14,505</b>	<b>\$5,550</b>
<b>Total</b>	<b>\$9,575</b>	<b>\$20,898</b>	<b>\$8,225</b>
<b>Grant No. 12ACHNV001</b>			
<b>GBI</b>			
<b>Member No.</b>	<b>Federal</b>	<b>Match</b>	<b>Education Award</b>
Member 3	38	230	2,775
Member 7F	-	-	N/A
<b>Total</b>	<b>\$38</b>	<b>\$230</b>	<b>\$2,775</b>
<b>Total Questioned</b>	<b>\$9,613</b>	<b>\$21,128</b>	<b>\$11,100</b>

^ Costs were questioned in finding 1b.

¥ Compliance issue since it occurred prior to the Corporation's issuance of the enforcement memorandum.

F No member living allowance was questioned because the member still had valid service hours in the pay period that was being questioned. The member did not receive an education award or still had sufficient hours to receive an education award.

£ Questioned service hours, which resulted in the member having insufficient service hours for the education award.

For grant No. 06AFHNV001, we questioned \$9,575 in Federal and \$6,393 in match costs, along with \$2,775 in education award for UWSN. We also questioned \$14,505 in match costs and \$5,550 in education award due to the questioned member service hours for TCC. For grant No. 12ACHNV001, we questioned \$38 in Federal and \$230 in match costs, along with \$2,775 in education award due to questioned member service hours for GBI.

**b. State Criminal Registry Search Results Were Not Completed or Documented**

For two of the 25 member files tested, UWSN did not have documentation of the results from the State Criminal Registry search. UWSN did not have controls in place to ensure that the State Criminal Registry search results were documented and maintained.

In October 2011, the Corporation issued a memorandum to grantees regarding the enforcement of the criminal history check compliance and the potential consequences for non-compliance. As a result, we are questioning costs starting from November 1, 2011 or the date in which the employee/member started working on the grant, whichever is later, through the day prior to when the State Criminal Registry search was actually initiated.

Grant No. 06AFHNV001			
Member No.	Questioned		
	Federal	Match	Education Award
4	\$6,614	\$3,250	\$2,675
16	1,660	777	1,468
<b>Totals</b>	<b>\$8,274</b>	<b>\$4,027</b>	<b>\$4,143</b>

For grant No. 06AFHNV001, we questioned \$8,274 in Federal and \$4,027 in match costs, along with \$4,143 in education awards for UWSN.

**c. State Criminal Registry Search Was Not Authorized By The Member**

For eight of the 17 member files tested, TCC did not obtain signed and dated authorizations from the members to perform the State Criminal Registry searches. TCC did not have controls in place to ensure that a written authorization is obtained from the member prior to conducting the State Criminal Registry search.

By not ensuring that State Criminal Registry searches are properly initiated and results are documented, the subgrantees placed themselves, NV, the Corporation and the population that they serve at risk. By not obtaining a written authorization from the member prior to conducting a State Criminal Registry search, the subgrantee has placed itself at risk of potential legal action, which could include NV and the Corporation.

**Criteria**

45 Code of Federal Regulations (C.F.R.) §2540.200 (October 2010, 2011 and 2012) states:

*You must apply suitability criteria relating to criminal history to an individual applying for, or serving in, a position for which an individual receives a Corporation grant-funded living allowance, stipend, education award, salary, or other remuneration.*

45 C.F.R. §2540.202 (October 2010, 2011 and 2012) 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)."*

45 C.F.R. §2540.201(October 2010, 2011 and 2012) states:

*An individual is ineligible to serve in a covered position if the individual: (a) Is registered, or required to be registered, on a State sex offender registry or the National Sex Offender Registry; or (b) Has been convicted of murder, as defined in section 1111 of title 18, United States Code.*

45 C.F.R. §2540.204(b) (October 2010, 2011 and 2012) states:

*Obtain prior, written authorization for the State criminal registry check and the appropriate sharing of the results of that check within the program from the individual.*

**Recommendations:**

We recommend that the Corporation:

- 2a. Resolve and recover the questioned Federal costs of \$17,849, match costs of \$10,420 and education awards of \$6,918 relating to UWSN for grant No. 06AFHNV001.
- 2b. Resolve and recover the questioned match costs of \$14,505 and an education award of \$5,550 relating to TCC for grant No. 06AFHNV001.
- 2c. Resolve and recover the questioned Federal costs of \$ 38, match costs of \$230 and an education award of \$2,775 relating to GBI for grant No. 12ACHNV001.
- 2d. Ensure that NV strengthens the monitoring to make certain that subgrantees are performing State criminal registry searches in accordance with Federal regulations and grant provisions so that:
  - Written authorization is obtained from the employee/member prior to conducting the State criminal registry search; and
  - State criminal history searches are initiated prior to the employee/member starting to work on the grant, and searches are documented and maintained.

**NV Response:**

NV concurs with finding 2a for UWSN employee No. 4 and TCC employee No. 1. NV does not concur with the questioned costs for UWSN employee No.4 because they obtained a letter from the previous AmeriCorps Program Director for UWSN certifying that the National Service Criminal History Check was performed on the employee and there were no results. NV will work to resolve those costs with the Corporation. NV does not concur with the finding 2a as it relates to UWSN members No. 14 and 18 and GBI member No. 3. NV indicated that there was documentation of UWSN's authorization for electronic submission of the fingerprints by the vendor that was provided to member No. 14 and 18 the day they were sent to get their fingerprints and that served as the initiation of the State Criminal Registry search. For GBI member No. 3, GBI indicated that it had a formalized process involving an email communication to the member with instructions for completion of the National Service Criminal History Check prior to arriving for pre-orientation, which served as the initiation of the State Criminal Registry search.

NV concurs with finding 2b and 2c, but not the questioned costs related to finding 2b. NV stated that UWSN has conducted significant follow-up with the repository and members to re-run checks to obtain results because the original results could no longer be provided due to repository records retention rules. NV will provide the additional documentation to the Corporation

**Auditor’s Comments:**

As indicated in the finding, we do not consider State Criminal Registry search initiated until the fingerprints are submitted by the member or employee since the search cannot commence until this is done. In regards to GBI specifically, its own internal procedures state that, “As of October 1, 2009 all AmeriCorps members are required to submit fingerprint cards to the Great Basin Institute prior to starting a position with our organization.” Those procedures were not followed. The subgrantees are required to have documentation of the National Service Criminal History Check on file at the time of our review. The Corporation should follow-up with NV during audit resolution to ensure that the corrective action implemented by NV is effective and resolve the questioned costs.

**Finding 3 – Subgrantee Match Requirement Was Not Met**

GBI did not meet its match requirement for grant No. 06AFHNV001, which required a 50 percent contribution of the total grant costs. It was determined from GBI’s final Nevada Expense Report Form (NERF) and Federal Financial Report submitted to NV that GBI did not report the full indirect match cost that it was entitled to under the grant agreement. The grant agreement allowed for 10 percent of the total direct costs incurred as the match indirect cost rate. GBI incurred a total of \$436,629 in direct costs, so it was entitled to \$43,663 in indirect match costs. GBI only reported \$9,696 in indirect match costs, so it under reported the indirect match cost by \$33,967. After allowing for the under reported indirect match costs, it was determined that GBI did not meet its match requirement by \$7,463 as shown in the following table:

<b>Total Reported Corporation Federal Cost Claimed</b>	249,785	<b>A</b>
<b>Total GBI Match Costs Actually Claimed</b>	208,355	<b>B</b>
<b>Match Cost Short of the Match Requirement</b>	41,430	<b>C = A – B</b>
<b>Under Reported Indirect Match Costs</b>	33,967	<b>D</b>
<b>Adjusted Match Cost Short of the Match Requirement</b>	7,463	<b>C – D</b>

GBI did not meet its matching requirement for the grant. As a result, we are questioning \$7,463 in Federal cost incurred for grant No. 06AFHNV001 for which there was no associated match cost.

**Criteria**

GBI’s budget narrative submitted with grant application No. 10AC127140 to NV, which is part of the sub-grant agreement, shows that GBI’s share of the administrative costs under Section III is comprised of 10 percent of the total direct costs of Sections I and II. In addition, it also shows that GBI’s match cost share will be 50 percent of the total grant cost.

**Recommendation:**

We recommend that the Corporation:

- 3a. Resolve and recover the questioned Federal costs of \$7,463 related to GBI for grant No. 06AFHNV001.
- 3b. Ensure that NV strengthens the monitoring of its subgrantees so that subgrantees are meeting their match requirements in accordance with their sub-grant agreement.

**NV Response:**

NV concurs with the finding that GBI did not meet its matching requirements on the FFR submitted to NV on April 16, 2012. However, NV stated that the FFR was incorrect and does not reflect the actual match cost incurred by GBI. NV indicated that GBI has submitted documentation of additional in-kind match and an approved, but not applied, indirect cost rate agreement from the U.S. Department of the Interior (DOI) to document additional match cost.

**Auditor's Comments:**

The final FFR that GBI submitted showed that GBI did not meet its matching requirement. At the time of our review, GBI had not informed NV that it had additional in-kind match and a different federally approved indirect cost rate that was not applied. In addition, there was an indirect cost rate already agreed to in the subgrantee agreement. The Corporation should review GBI's support for the additional match cost incurred and the indirect cost rate approved by DOI to determine whether the additional match cost should be allowed.

**Finding 4 – Costs Recorded Incorrectly**

We selected a representative sample of 10 transactions for each grant and program year for Federal and also for match costs reported during the AUP period. For UWSN, under the three year grant 06AFHNV001, this resulted in a total of 30 transactions tested (applied to both Federal and match). For GBI there was only one program year for each grant. We tested 22 GBI transactions (20 applied to both Federal and match and 2 to Federal only) as follows:

- 06AFHNV001 (Clean Energy), AUP period of April 1, 2011 through March 31, 2013
  - Total of 11 transactions
- 12ACHNV001 (Nevada Conservation Corps), AUP period of August 21, 2012 through March 31, 2013
  - Total of 11 transactions

**a. The Amount Paid Exceeded The Approved Purchase Order Amount**

For one of 30 samples tested, it was noted that the amount paid exceeded the purchase order by \$265. UWSN did not provide any evidence that the excess amount over the purchase order was reviewed and approved prior to being paid. UWSN has no procurement procedure in place that addresses actions to be taken when the invoice submitted exceeds the purchase order amount to ensure that such overages are reviewed and formally approved. In this case, office furniture was purchased and the additional

cost was for desk keys and delivery and set up of the furniture. The additional cost incurred was considered reasonable and allowable. This will be noted as a control weakness.

**b. Work Was Performed Prior To Start Of The Grant**

For one of 22 samples tested for GBI, Federal costs incurred prior to the start of the grant were claimed against the grant. The consultants invoice shows that the work was performed over a period from July 2010, through July 2011, for \$4,037. The total amount was claimed as Federal cost. We identified \$553 of that cost as being performed prior to the start of the grant period and was claimed in error. After applying Federal indirect costs of 5 percent, we are questioning a total Federal cost of \$582 as not being allocable to grant No. 06AFHNV001.

**c. Cost Was Overstated In The General Ledger**

For one of 22 samples tested for GBI, the transaction amount was overstated in the general ledger. Our review of the supporting invoice determined that the chargeable amount was \$339 to match funds, but \$389 was entered into the general ledger for grant No. 12ACHNV001 resulting in an overcharge of \$50. After applying the match indirect costs of 10 percent, we are questioning total match cost of \$55 that was claimed in error.

**Criteria**

OMB Circular A-122, Cost Principles for Non-Profit Organizations, Attachment A. *General Principles* Section A. Basic Considerations, 4. Allocable costs, states:

- a. *A cost is allocable to a particular cost objective, such as a grant, contract, project, service, or other activity, in accordance with the relative benefits received. A cost is allocable to a Federal award if it is treated consistently with other costs incurred for the same purpose in like circumstances and if it:*
  - 1) *Is incurred specifically for the award,*
  - 2) *Benefits both the award and other work and can be distributed in reasonable proportion to the benefits received, or*
  - 3) *Is necessary to the overall operation of the organization, although a direct relationship to any particular cost objective cannot be shown.*
- b. *Any cost allocable to a particular award or other cost objective under these principles may not be shifted to other Federal awards to overcome funding deficiencies, or to avoid restrictions imposed by law or by the terms of the award.*

OMB Circular A-122, Cost Principles for Non-Profit Organizations, Attachment A, *General Principles* Section A. Basic Considerations, 2. Factors affecting allowability of costs, states:

*To be allowable under an award, costs must meet the following criteria ... (g) be adequately documented.*

**Recommendations:**

We recommend that the Corporation:

- 4a. Resolve and recover the questioned Federal costs of \$582 and match costs of \$55 related to GBI for grant No. 06AFHNV001 and 12ACHNV001, respectively.
- 4b. Ensure that NV strengthens the monitoring of its subgrantees so that subgrantees:
  - Properly record claimed costs in accordance with OMB Circular A-122, and
  - Have proper controls in place to address invoices that exceed the purchase order amount.

**NV Response:**

NV concurs with finding 4a, but indicated that it followed its purchase order authorization policy and practice. The policy did not include a reauthorization process when the cost exceeds the purchase order. UWSN recognizes the weakness in its policy and has revised its policy.

NV concurs with finding 4b that the costs were incurred outside of the grant period. NV also indicated that actual allowable costs for the Federal portion of the grant are not all reimbursed. NV indicated that it would provide further documentation to the Corporation on the programs allowable costs on the match side and additional in-kind documentation not claimed to resolve these costs.

NV concurs with finding 4c that the transaction amount in the ledger was overstated. NV indicated that it would provide further documentation to the Corporation of additional allowable match and in-kind cost that GBI had not claimed to resolve the questioned costs.

**Auditor's Comments:**

For finding 4a, the Corporation should confirm that NV has verified that procurement policies and procedures have been revised to address the issue.

For finding 4b, GBI reported the questioned cost as Federal. NV appears to indicate that it has disallowed some of GBI's Federal costs, but did not provide any documentation to support that position for this transaction. NV also made reference to GBI having additional match costs that were not claimed, but this does not have any impact on the finding. The Corporation should follow-up with NV during audit resolution to ensure that NV has implemented effective corrective action to address the finding and resolve the questioned cost.

For finding 4c, Corporation should follow-up with NV to determine whether the additional unclaimed match costs could help to resolve the question cost. The Corporation should also ensure that NV has implemented effective corrective action to address this finding.

**Finding 5 – Member Contract Was Not Signed Before The Member Started Service**

For one of the 17 member files tested for TCC, the member contract was not signed before the member started service. TCC did not have controls in place to ensure that the member

signs the member contract before beginning service. The member was not properly enrolled prior to starting their service. This is being reported as a non-compliance issue with the grant provisions.

**Criteria**

AmeriCorps 2010 grant provisions, Section IV. D. Supervision and Support, 2. Member Contracts, states in part:

*The grantee should ensure that the contract is signed before commencement of service so that members are fully aware of their rights and responsibilities.*

**Recommendation:**

We recommend that the Corporation:

5. Ensure that NV strengthens the monitoring of its subgrantees to ensure member contracts are signed before service begins.

**NV Response:**

NV concurs with the finding. NV stated that it has included a check in its program monitoring of subgrantees to confirm that member contracts are completed prior to start of service.

**Auditor's Comments:**

The "Module B: Member Documentation Compliance" check list that is used by NV for monitoring only indicates a check to verify that the member and the Program Director signed and dated the member contract. It does not specifically require a check to ensure that the member signs before starting to serve. NV did not provide any supporting documentation to show that this check list has been revised. The Corporation should follow-up with NV to evaluate the adequacy of the 'check' in its program monitoring of subgrantees to ensure that member contracts are completed before they start serving.

**Finding 6 – Subgrantee Did Not Report Program Income and Quarterly Federal Financial Reports Were Late**

**a. Program Income Was Not Properly Reported To NV In The FFR**

We determined that UWSN and TCC had unused program income that was not properly reported on the FFR submitted to NV, specifically the first FFRs issued during each program year. TCC intended to use the full amount of the program income to support the match cost for the program, so TCC did not consider the unused program income to be excess program income that needed to be reported in the FFR. The FFRs submitted to NV and those submitted by NV to the Corporation were not in accordance with the FFR instructions and did not properly disclose the amount of program income that had been earned, but not yet used by the subgrantees. The unreported program income was used as match on the grant in a subsequent FFR period.

## **b. Subgrantee Quarterly Federal Financial Reports Were Submitted Late To NV**

We determined that quarterly Federal Financial Reports (FFRs) were submitted late by the subgrantees to NV, as follows:

- GBI submitted one FFR to NV 40 days late.
- TCC submitted two FFRs to NV 14 days and 87 days late.

Subgrantees indicated that the late filing of the FFR was an administrative oversight. Failure to submit FFRs timely could affect future funding for the grantee. The subgrantees are not in compliance with their sub-grant agreement.

### **Criteria**

The sub-grant agreement letter, Section V. Progress Reports and Federal Financial Reports, between NV and the subgrantees states:

*Grantee is required to submit four (4) quarterly program progress reports, and four (4) Federal Financial Reports to Nevada Volunteers. Due dates are Jan. 15<sup>th</sup>, April 15<sup>th</sup>, July 15<sup>th</sup>, and October 15<sup>th</sup>.*

The Federal Financial Report Instructions, Line Item 10i, Total Federal Program Income Earned, states that a recipient should,

*Enter the amount of Federal program income earned. Do not report any program income here that is being allocated as part of the recipient's cost sharing amount included in Line 10j [Recipient share of Expenditures].*

### **Recommendations:**

We recommend that the Corporation ensure that NV strengthens internal controls over the subgrantee financial reporting process by:

- 6a. Ensuring that subgrantees have controls in place to make certain that FFRs are submitted when they are due.
- 6b. Ensuring that program income is properly reported in the FFR to NV in accordance with the FFR procedures.

### **NV Response:**

NV concurs with the findings. NV plans on strengthening both the guidance and monitoring of report deadlines, extensions and grant provisions to ensure that all documentation requirements are clear. NV stated it will also implement additional training and technical assistance to ensure that reporting deadlines are met. NV also indicated that it will provide guidance to its subgrantees to ascertain that FFRs are completed correctly.

### **Auditor's Comments:**

The Corporation should review the training and technical assistance and guidance provided to ensure that the reporting deadlines are met and the FFRs are completed properly.

## **Finding 7 – Timesheet Missing The Date That The Employee Signed The Timesheet**

Based on our testing of 16 payroll and benefits related transactions for NV, we noted one exception for an Administrative grant federal cost transaction where the employee did not date the timesheet. No costs were questioned, but this is being noted as a compliance issue.

### ***Criteria***

NV Human Resources Policies and Procedures, Policy 2.6 Hours of Operation, Scheduling & Locations, states:

Employees will keep Bi-weekly timesheets documenting daily work hours. The form must be signed by the employee and submitted to the CEO at the end of the Bi-weekly time period. Pay periods are every other Friday.

### ***Recommendation:***

7. We recommend that the Corporation ensure that NV strengthens internal controls over payroll so that employees sign and date their timesheets prior to submitting their timesheets for supervisor approval.

### ***NV Response:***

NV concurs with the finding. NV indicated that it has already taken action to strengthen internal controls over employee timesheet processing, but will work with the Corporation to provide reasonable improvement to the process.

### ***Auditor's Comments:***

The Corporation should follow-up with NV during its audit resolution to ensure that the corrective action implemented by NV is effective.

## **Finding 8 – Procurement Document Findings**

As part of the agreed upon procedures, we selected a representative sample of 10 transactions for each program year reported during the period of April 1, 2011 through March 31, 2013, for a total of 30 transactions (costs for each transaction were applied to both Federal and match) for UWSN for grant No. 06AFHNV001.

### **a. Purchase Order Was Missing The date It Was Authorized**

For 1 of 30 samples tested, it was noted that the purchase order in support of the transaction contained an authorized signature, but the approval was not dated. No costs were questioned, but this is being noted as a compliance issue.

### **b. Purchase Order Was Not Authorized Timely**

For 1 of 30 samples tested, it was noted that the purchase order was not authorized in a timely manner. The equipment rental for an event occurred on October 22, 2011, but the

purchase order was not signed until October 26, 2011. No costs were questioned, but this is being noted as a compliance issue.

**Criteria**

UWSN's Policies and Procedures Manual states:

*Purchase orders must be requested and assigned prior to any purchase expected to exceed a value of \$100 but not limited to services and office supplies. The procedures are: 1) The requester fills up a PO form showing the vendors name, division/department name, quantity, cost, and description of the merchandise; 2) Then, the requester forwards the form for signature to the authorized signatory following the spending authority levels; 3) Once signed, the requestor then requests a PO number from Accounts Payable Associate, who controls and monitors the PO number using a log book; 4) The requestor turns over the original PO [to the AP Associate] and maintains a copy for his department's file...*

**Recommendation:**

We recommend that the Corporation:

8. Ensure that NV strengthens the monitoring of its subgrantees so that subgrantees are complying with their procurement procedures.

**NV Response:**

NV concurs with the findings, but did not provide any details.

**Auditor's Comments:**

The Corporation should determine how NV has strengthened its subgrantee monitoring and determine if the corrective action is effective.

# **APPENDIX A**

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**NEVADA VOLUNTEERS  
RESPONSE TO THE DRAFT REPORT**

# **nv**nevada volunteers

The Governor's Commission on Service

April 23, 2014

**Commissioners**

Stacy Woodbury, Chair  
Nevada State Medical Association

Brian Catlett, Vice-Chair  
Fennemore Craig Jones-Vargas

Debra Gallo, Treasurer  
Southwest Gas Corporation

Beth Bartel, Secretary  
Valley Hospital

Irene Bustamante Smith  
Assemblyperson District 42

Sean Corbett  
IGT

Viviana Dickieson  
Caesars Entertainment

Hillery Gladden, Ex-officio  
CNCS

Susan Haas  
Nevada Rural Counties RSVP

Maggie Arias-Petrel  
Global Professional Medical  
Consulting

Randy Robison  
CenturyLink

Jonathan Senda  
Youth Commissioner

Anna Severens  
Nevada State Dept. of Education,  
Superintendent's Designee

Jeremy Stocking  
Children's Cabinet

Brandon Thompson  
Youth Commissioner

Jesse Wadhams, Esq.  
Newmont Mining Corporation

Captain Cedric Williams  
No. Las Vegas Fire Department

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:

Thank you for the opportunity to respond to the Office of Inspector General (OIG) draft report on the Agreed Upon Procedures for Corporation Grants Awarded to Nevada Volunteers.

The Nevada Commission appreciates every opportunity to strengthen commission policies, procedures and program administration, for which this audit process provided us valuable input. The Commission had implemented corrective action pertaining to the findings in the draft report in response to a CNCS Compliance Monitoring Visit (Fall 2013). The OIG Audit and draft report provides us an additional opportunity to strengthen our systems.

We appreciate the attention the Office of Inspector General staff took to insuring that the Commission understood the audit process and the steps for response. The professionalism and ongoing communications of the on-site audit team was also appreciated and supported the process to be significantly more effective in identifying and addressing areas so that we might all reach our goal of being exemplary stewards of taxpayer dollars.

Sincerely,



Amber Martin-Jahn  
Executive Director

Cc: Stacy Woodbury, Chair Nevada Volunteers  
Karen Gandolfo, Audit Resolution Specialist



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**Finding 1: National Sex Offender Public Registry**

The Nevada Commission concurs in part with the substance of finding 1 as related to the National Sex Offender Public Registry requirement of the National Service Criminal History Check (NSCHC), but not the questioned costs.

**Finding 1.a. National Sex Offender Public Registry search was not conducted until after the employee/member started working on the grant.** The Commission concurs with the finding that member NSOPRs were conducted late in the case of members 12, 22, and 8 and had taken corrective action prior to the OIG visit by disallowing service hours prior to the NSOPR. The Commission disagrees with the cost findings in relation to members 12 and 22 who begin service fall of PY11-12 year during which time CNCS issued guidance as there was widespread confusion concerning the timing of the NSOPR as an eligibility screening prior to service versus the eligibility based off of not being listed on the NSOPR. The Commission disagrees with the questioned costs related to member 8 as said member had allowable hours served after the NSOPR was conducted on the Service log being questioned and the program living allowance policy included member receiving the full amount of any hours were served.

The Commission concurs with the finding related to employee 2 but does not agree with the questioned costs. The CNCS requirement of the NSOPW background check for all program personnel was new for Program Year 2010 with guidance issued after the hiring of employee #2. While TCC was not compliant in whole with this requirement by not conducting the NSOPW on program staff they were not negligent in that they conducted all criminal history checks required, including the Nevada Sex Offender Registry check which is source documentation for the NSOPW for a single state check. The Commission stipulates that this should be treated as corrective action due to timing, but is clear that corrective action would not be acceptable for employees hired moving forward.

**Finding 1.b. National Sex Offender Public Registry search did not include nationwide results.**

The Commission does not concur with this finding or questioned costs as it is inconsistent with CNCS guidance instructing corrective action in these instances. In all cases the programs ran initial NSOPRs and took corrective action prior to the audit to run additional NSOPWs to insure members/employees had complete and compliant NSOPRs.

**Finding 1.c. National Sex Offender Public Registry search was not conducted based off of the member's current legal name.**

The Commission concurs with this finding in part, but does not concur questioned costs as the program operated in good faith to conduct all required National Service Criminal History check components on the legal name as provided by the member to the program. Member completed legal forms, including the certification within the NCS eligibility system with name checked on the NSOPR which is now identified as a partial legal name. Program recognizes need to insure member forms are completed more factually in the future, but disagrees with proposed questioned costs as they are punitive when the program completed all tasks in good faith and took corrective action showing the member under full name remained not listed on the NSOPW.

**Recommendation:**

The Commission is clear that the NSOPR is an eligibility document and must therefore be conducted prior to start of service and has provided significant training to build Commission Subgrantee knowledge around the requirements of the NSCHC, an issue with clear confusion among the field as documented in the issuance of a CNCS guidance member in October 2011 and continued clarification around points related to the NSOPR in the Final Rule published October 5 2012.

The commission has and will continue to strengthen subgrantee oversight in the area of the National Service Criminal History Check (NSCHC). Prior to the OIG audit the Commission strengthened the NSCHC oversight as follows:

- While the commission utilizes a risk based monitoring approach which determined number of member files reviews annual. The Commission strengthened this process by including NSOPR review for all member files enrolled at the time of the program site visit.
- The language in the subgrant agreement was strengthened to outline the requirements and individual steps to ensure a compliant NSCHC for all individuals included in the CNCS funded budget, including specific mention of verification of identity through review of Government issued ID.
- Review of Staff NSCHC was added to the Financial Site Monitoring tool during the 2012-13 Program year.
- Since 2012-13 when the final rule was release Nevada Volunteers has hosted more than 6 trainings with content specific to the NSCHC rules and has required all program directors to receive the NSCHC training as part of the grant start up process and prior to receiving reimbursement. In addition the commission is developing a key issues fact sheet for subgrantee leadership and human resources staff to insure that staff NSCHC receives the diligence required.

### **Finding 2 State Criminal Registry search findings**

The Nevada Commission does not concur with this finding or questioned costs in whole, as noted below. This finding interprets initiation as the date fingerprints were taken which excluded initiation documentation options provided in CNCS guidance in the National Service Criminal History Check FAQs-updated November 5, 2013. CNCS guidance allows for initiation to be defined as “one step more than getting permission to conduct the checks. This could include fingerprinting, mailing requests to obtain checks to the state repository, having forms for checks filled out by candidates, etc.”

#### **Finding 2.a. State Criminal Registry search was not initiated before the employee/member started working on the grant.**

The Commission concurs with the substance of the finding, but do not concur with costs related to UWSN employee#4. The Commission will work to resolve costs with CNCS.

The Commission does not concur with finding related to UWSN members 14 and 18. Member files included documentation of the authorization for electronic submission which was the payment stub provided to members the day they were sent to get the fingerprints. In cases were members did not follow-through with initiation programs documented repeated attempts of *completion* of the initiation process, when fingerprints were in fact obtained.

The Commission concurs with the finding that he criminal background check consistent with the National Service Criminal History Check requirements and the internal policy of the organization was not followed for TCC employee 1. However, this questioned cost is in the match category, for which children’s Cabinet has documented unclaimed match which should be applied to resolve these questioned costs. The Commission will work with CNCS to resolve these costs.

The Commission does not concur with finding related to GBI Member 3. GBI has a formalized initiation process which includes email communication to members with instructions for completion of NSCHC components prior to arriving for pre-service orientation, which is in addition to program commitment and authorization.

#### **Finding 2.b. State Criminal History Registry search results were not completed or documented**

The Commission concurs with the intent of this finding but not the questioned costs. This finding fails to recognize that the criminal history checks for both members 4 and 16 were initiated and completed within the ability of the organization as documented by proof of fingerprinting. In both cases the program conducted significant follow-up with the repository and members to re-run checks to obtain results which could not be provided due to repository records retention rules. Initiation of the check, follow-up with members and repository were within the member file. The Commission will provide additional documentation to CNCS.

### **Finding 2.c.State Criminal History was not authorized by the member**

The Commission concurs that the program did not retain authorization for consent by the members for Nevada State Repository checks. Of importance is the Nevada Repository requirement that background check requests be accompanied by a completed ID form DPS-006 which requires the subject of the search to submit authorization in order for the State Repository to process the requested checks.

**Recommendation:** The Commission has and will continue to strengthen subgrantee oversight in the area of the National Service Criminal History Check (NSCHC) and the State criminal history checks in accordance with the Federal Regulations and grant provisions. Prior to the OIG audit the Commission strengthened the NSCHC oversight as follows:

- All subgrantees were required to revise member contracts so it included member authorization for the NSCHC
- All programs as part the 12-13 program monitoring visit were required to submit an explanation of the initiation process and samples of documentation to the Commission for review. The reinterpretation of initiation during the audit process may require reexamination. The Commission will work with CNCS to resolve this issue so that clearer guidance may be issued to the programs.

### **Finding 3 Subgrantee match requirement was not met**

The Commission concurs, in part that GBI did not meet its matching requirements on the FFR submitted to Nevada Volunteers on April 16, 2012, However we stipulate that the FFR is incorrect and does not show actual excess match which would address this cost finding and would have been corrected should the match issue on the submitted FFR been identified by Nevada Volunteers and GBI.

GBI has submitted documentation of additional in-kind and approved but not applied Indirect cost agreements to document excess match. Nevada Volunteer and GBI recommend corrective action include filling of corrected FFR for the 06AFHNC001 since FFRs are cumulative and the 06AFHNV001 grant remains open. The Commission will work with CNCS to come to resolution.

#### **Recommendation:**

The Commission will utilize a final FFR review form to cross check program match requirements.

### **Finding 4 Costs recorded incorrectly**

#### **4.a. The amount paid exceeded the approved purchase order amount.**

The Commission concurs with this compliance finding. However, the PO authorization process was followed in both policy and practice. The policy did not include a process for reauthorizing a PO due to overage and the process followed was consistent with internal policy. The subgrantee recognizes this weakness in the policy and has revised the policy.

#### **4.b. Work was performed prior to start of the grant**

The Commission concurs that the charges were incurred outside of the grant period. However, actual allowable costs for the Federal portion of the grant are not all reimbursed. The Commission will provide further documentation to CNCS on the programs allowable- costs on the match side and additional in-kind documentation not claimed to resolve these costs.

#### **4.c. Cost was overstated on the ledger**

The Commission concurs that the transaction amount in the ledger was overstated. The Commission will provide further documentation to CNCS on the programs allowable- costs on the match side and additional in-kind documentation not claimed to resolve these costs.

#### **Recommendation:**

The Commission has and will continue to strengthen subgrantee Training and technical assistance to insure that costs are recorded correctly.

- Commission Financial Monitoring currently provides random checking of the programs financials to insure that claimed costs are in accordance with the OMB Circular A-122. This will be continued and examined for potential methods of straitening.
- The procurement policy for the subgrantee in question has already been revised to insure proper controls are in place for overages. The Commission will utilize the OIG audit report as a training tool for all Nevada programs to highlight areas that might need additional examination, along with covering those topics in training and technical assistance.

**Finding 5-Member contract was not signed before the member started service**

We concur with this finding.

**Recommendation:**

The Program Monitoring of subgrantees by the Commission has included a check that member contracts are completed prior to start of service. Training and Technical Assistance will be strengthened in this area, including possible inclusion in the pre-award coverage of key topics to be aware of/diligent about/common compliance challenges.

**Finding 6-Subgrantee did not report program income and quarterly financial reports were late**

The Commission concurs with both 6.a. and 6.b.

**Recommendation:**

The Commission will strengthen both the guidance and the monitoring of report deadlines, extensions and provision of to insure that all documentation is clear. Prior to the OIG Audit the Commission strengthened the language within the subgrant agreement to clarify language around financial deadlines and created a clear close-out process for each grant year to insure that consistent deadlines are met. The Commission will implement additional training and technical assistance to support programs in understanding and complying with these changes.

The Commission as a result of the OIG audit provided additional, corrective guidance to Nevada Programs to insure FFRs are completed correctly. The Commission is working with CNCS to insure its understanding is correct so that programs receive correct and clear guidance.

**Finding 7-Time sheet was missing the date that the employee signed the time sheet**

The Commission concurs with the finding that the time sheet was not dated by the employee, but contends that it was signed and dated by the supervisor documenting submission of time sheet by employee to the CEO for review at the end of the payroll period as required by the Nevada Volunteers Financial Policy and Procedure, Payroll Procedures.

**Recommendation:**

The Commissions 2011 A-133 management letter made note of the opportunity to strengthen internal controls and operating efficiency and as such the Commission has already taken action to strengthen internal controls over all financial transactions including employee time sheet processing. Recommending that the Commission work with the Corporation to continue strengthening these internal processes is reasonable.

**Finding 8 Procurement document findings**

The Commission concurs with these findings.

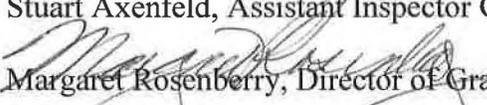
## **APPENDIX B**

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



**To:** Stuart Axenfeld, Assistant Inspector General for Audit

**From:**  Margaret Rosenberry, Director of Grants Management

**Cc:** David Rebich, CFO  
Valerie Green, General Counsel  
Rhonda Honegger, Senior Grants Officer for Policy & Audit  
Bill Basl, Director of AmeriCorps

**Date:** April 23, 2014

**Subject:** Response to OIG Draft of Agreed-Upon Procedures for Corporation  
For National and Community Service Grants Awarded to  
Nevada Volunteers

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Thank you for the opportunity to review the draft Agreed-Upon Procedures report of the Corporation's grants awarded to Nevada Volunteers. We will work with the grantee to develop corrective actions. We will respond to all findings and recommendations in our management decision when the audit working papers are provided and the final audit is issued.