

New Jersey Senior Corps Program Cannot Account for \$1.4 Million in Federal Grant Funds

WASHINGTON, DC -- Atlantic Human Resources, Inc. (AHR), a non-profit organization in Atlantic City, New Jersey, cannot account for \$1.4 million in costs charged against two grants from the Corporation for National and Community Service (CNCS), according to the agency's Office of Inspector General. Among the more egregious findings of a recently released audit report, AHR double-billed the government for office services, claimed credits for travel reimbursements and meals that it did not provide to volunteers, failed to ensure that participants were eligible for means-tested benefits, and issued worthless checks to volunteers with incomes near the poverty level. More than 70 percent of the costs charged to the grants were improper or unsupported.

Founded in 1964, AHR has for many years received federal funds from CNCS to operate two Senior Corps programs: Foster Grandparents Program (FGP) and Retired Senior Volunteers Program (RSVP). The Foster Grandparents Program funds were to be used in part to pay modest stipends to senior citizens with limited income to volunteer in public schools. When AHR experienced financial difficulties, it began issuing worthless checks to FGP volunteers, some of whom incurred substantial bank fees when their own checks bounced. Nevertheless, AHR continued to draw grant funds while representing to CNCS that the money was being used to pay the stipends. For years, AHR also failed to reimburse RSVP volunteers for the commuting expenses that they incurred in reaching their volunteer stations.

OIG auditors found that, over a three-year period, AHR failed to adhere to basic rules of financial management, such as documenting the cost of volunteer meals and travel, and instead based these charges against the grants on mere estimates and projections. In some instances, AHR charged the grant twice for the same undocumented costs. AHR's internal financial records showed that its costs were substantially lower than those reported to the Federal government.

Other overcharges resulted from AHR's failure to check volunteers' income-eligibility to participate in the means-tested FGP program in half of the cases reviewed by OIG auditors. The organization also had no records to show that it made required criminal history and sex offender registry checks for many of its staff and volunteers, important public safety precautions required by federal law. Because the audit was based on only a small fraction of the organization's volunteers during the period 2008-2011, OIG cautioned that the actual overcharges were likely much greater than the amounts quantified by the audit.

A supplemental report issued jointly by the Investigations and Audit Sections of OIG noted that, although many of the improper practices that had produced these overcharges predated the audit period by years, the Corporation's monitoring efforts failed to detect these fundamental weaknesses in AHR's financial systems, even when confronted by red flags. In 2008, the report explained, the Corporation discovered that that AHR was calculating meal costs incorrectly. Nevertheless, the Corporation did not disallow the costs, broaden the inquiry, or ensure proper corrective action, and the improper charging of meals to the grants continued throughout the audit period.

In April, it was reported that ANR's Executive Director submitted his resignation.

Inspector General Deborah Jeffrey said: "Timely intervention could have prevented years of misuse of federal funds. I wish that all Corporation personnel were as perceptive as the new staff member who recognized these problems in 2012 and began to address them." She continued, "It is shocking that a grantee would divert money from elderly volunteers with incomes close to the poverty level. Doing this while an audit is pending and the Corporation is scrutinizing disbursements reflects an appalling level of brazenness."

The audit was performed by the audit firm Castro and Company, under the direction of the CNCS OIG Audit Section, and a follow-up investigation was performed by the CNCS OIG Investigations Section.

The report is titled "Performance Audit of Corporation Grants Awarded to the Atlantic Human Resources, Inc.," OIG Report Number 13-05A, and available on the CNCS OIG website at <http://www.cncsoig.gov/sites/default/files/13-05a.pdf>

The supplemental report is titled "Supplemental Report of Corporation Grants Awarded to Atlantic Human Resources, Inc.," OIG Report Number 13-05B, available on the website at <http://www.cncsoig.gov/sites/default/files/13-05b.pdf>