

**Office of Inspector General
Corporation for National and
Community Service**

**AGREED-UPON PROCEDURES FOR CORPORATION
GRANTS AWARDED TO VOLUNTEER LOUISIANA**

OIG REPORT 17-08



Prepared by:

CliftonLarsonAllen LLP
11710 Beltsville Drive, STE 300
Calverton, MD 20705

This report was issued to Corporation management on July 19, 2017. 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 January 20, 2018, and complete its corrective actions by July 19, 2018. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.

**AGREED-UPON PROCEDURES FOR CORPORATION GRANTS
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Executive Summary

The Office of Inspector General (OIG), Corporation for National and Community Service (Corporation), contracted with CliftonLarsonAllen LLP (CLA), an independent certified public accounting firm, to perform agreed-upon procedures (AUP) on grant costs incurred by the Volunteer Louisiana Commission (VL) and two of its subgrantees. VL is the State Commission through which AmeriCorps State and Volunteer Generation grants are provided. It acts in the capacity of a pass-through entity by awarding those State and fixed amount grant funds it receives to its subgrantees. VL also received State Administrative grant funds to support AmeriCorps State programs.¹

The majority of the questioned costs enumerated below are caused by deficiencies in VL's and Louisiana Delta Service Corps' (LDSC) time keeping systems and in the procedures used by VL and its subgrantee, City Year, to conduct the National Service Criminal History Checks for their staff. These deficiencies resulted in \$194,951² of the total questioned costs of \$195,993 (approximately 99 percent), \$15,915 in federal costs and \$180,078 in match costs. The remaining \$1,042 of questioned costs (\$13 in Federal and \$1,029 in match costs) stem from unsupported or unallowable costs charged to the grant. In total, we questioned VL match costs of \$161,407, City Year Federal costs of \$13,353 and match costs of \$15,324; and LDSC Federal costs of \$2,562 and match costs of \$3,347. Further detail on each subgrantee's claimed and questioned costs are included in Schedules C and D. Compliance findings and recommendations are discussed in the Detailed Findings section of this report beginning on page 8.

CLA's testing revealed the following deficiencies at VL and two of its subgrantees, City Year, Inc. (City Year) and LDSC:

Monitoring Subgrantees' Single Audits Finding

- Grantee did not provide sufficient oversight over the subgrantees' Single Audits (Finding 1)

Financial Reporting Finding

- Grantee did not report all Federal and match costs incurred in the Federal Financial Report for the period ending March 31, 2016, for grant No. 15AFHLA001 (Finding 2)

Labor Cost/Payroll Findings

- Grantee's timekeeping system did not track hours worked by grant for the claimed match costs (Finding 3.a.)
- Subgrantee's timekeeping procedures did not provide any verification controls for the Executive Director's time charged to the grant (Finding 3.b.)
- Grantee's employee certified a timesheet before hours were worked (Finding 3.c.)

¹ The Volunteer Generation Fund is a program authorized by the [Edward M. Kennedy Serve America Act](#) to support voluntary organizations and State service commissions in boosting the impact of volunteers in addressing critical community needs. The fund will focus investments on volunteer management practices that increase both volunteer recruitment and retention.

² VL accounted for \$161,407 in match cost. LDSC accounted for \$2,562 in Federal and \$2,434 in match costs. City Year accounted for \$13,340 in Federal and \$15,208 in match costs.

National Service Criminal History Check Findings

- Grantee lacked documentation to show that the National Sex Offender Public Registry search was conducted before an employee started working on the grant (Finding 4.a.)
- Grantee lacked documentation to show when the State and Federal Bureau of Investigations (FBI) background checks were initiated and the State and FBI checks under the Corporation's pre-approved Alternative Search Procedure were incomplete for one employee (Finding 4.b.)
- Subgrantee lacked authorization documentation from several employees to conduct the National Service Criminal History Check as required by Federal regulations (Finding 4.c.)
- Subgrantee did not provide support that an employee was properly accompanied while working on the grant when the employee's State and FBI checks were pending (Finding 4.d.)
- Subgrantee lacked documentation to show that criminal history check results were reviewed to evaluate the hiring risks (Finding 4.e.)
- Subgrantee did not conduct the National Sex Offender Public Registry search based on maiden names for two employees (Finding 4.f.)

Benefit Cost Finding

- Subgrantee claimed unallowable match costs (Finding 5.a.)

Other Direct Cost Findings

- Subgrantee did not provide supporting documentation for certain claimed match costs (Finding 6.a.)
- Subgrantee claimed match costs that were not reasonable and not included in the budget (Finding 6.b.)

In-kind Match Cost Findings

- Subgrantee understated in-kind match costs claimed (Finding 7.a.)
- Subgrantee lacked documentation to support in-kind match costs claimed (Finding 7.b.)

Member Living Allowance Finding

- Subgrantee's member living allowance payments did not agree with the amount to be paid under the member agreement (Finding 8.a.)

Periodic Expense Report Finding

- Subgrantee's Periodic Expense Reports (PERs) were submitted late (Finding 9.a.).

SUMMARY OF RESULTS

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

VL claimed the following Federal and match costs:

Grant No.	Federal Costs	Match Costs	AUP Period
15ACHLA001	\$ 975,546	\$1,107,383	July 1, 2015 to March 31, 2016
15AFHLA001	694,493	687,901	August 1, 2015 to March 31, 2016
13CAHLA001	509,389	417,031	July 1, 2014 to June 30, 2016
14ESHLA001 ³	505,060	-	July 1, 2014 to June 30, 2016
14VGHLA001	133,718	205,274	October 1, 2014 to March 31, 2016
Totals	\$2,818,206	\$2,417,589	

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

Type of Questioned Costs ⁴	Federal Costs	Match Costs	Totals
Grantee's timekeeping system did not track hours worked on by grant for the claimed match costs	\$ -	\$161,407	\$161,407
Subgrantee did not provide support that an employee was properly accompanied while working on the grant when the employee's State and FBI checks were pending	13,340	15,208	28,548
Subgrantee's timekeeping procedures did not provide a verification control over the Executive Director's time charged to the grant	2,562	2,434	4,996
Subgrantee claimed match costs that were not reasonable and not included in the budget	-	610	610
Subgrantee claimed unsupported costs	13	419	432
Totals	\$15,915	\$180,078	\$195,993

CLA compared VL's inception-to-date drawdown amounts with the amounts reported in its most recent Federal Financial Report (FFR) for the period tested and noted no discrepancies.

The results of CLA's agreed-upon procedures identifies the grant awards and the questioned costs of those awards in Schedules A through D. The detail concerning the questioned costs and non-compliance with grant provisions, applicable laws and regulations are presented in Schedule E.

³ There is no match requirement for fixed amount grants.

⁴ 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.

**Corporation for National and Community Service
Volunteer Louisiana
Consolidated Schedule of Claimed and Questioned Costs**

<u>Award No.</u>	<u>Program</u>	<u>Approved Budget</u>	<u>Claimed Federal Costs</u>	<u>Questioned Costs</u>		<u>Schedule</u>
				<u>Federal Costs (a)</u>	<u>Match Costs (b)</u>	
13CAHLA001	Administrative	\$557,939	\$509,389	\$ -	\$ 54,546	B
14ESHLA001	Fixed State Volunteer	655,650	505,060			
14VGHLA001	Generation AmeriCorps	227,000	133,718	-	106,861	B
15ACHLA001	Competitive Total AmeriCorps	1,464,709	975,546	13,353	15,324	C
15AFHLA001	Formula Total	1,873,591	694,493	2,562	3,347	D
	Total	<u>\$4,778,889</u>	<u>\$2,818,206</u>	<u>\$15,915</u>	<u>\$180,078</u>	
			Total Questioned Costs (a+b)		\$195,993	

Information Specific to Subgrantees Tested

15ACHLA001	<i>City Year, Inc. Louisiana Delta</i>	1,221,419	838,287	13,353	15,324	C
15AFHLA001	<i>Service Corps</i>	470,967	253,466	2,562	3,347	D

Schedule B

**Schedule of Award and Claimed Costs
For Period July 1, 2014 through June 30, 2016
Volunteer Louisiana – 13CAHLA001**

			Reference
Authorized Budget (Corporation Funds)		\$557,939	Note 1
Claimed Federal Costs		\$509,389	Note 2
Authorized Match Budget		\$558,101	Note 3
Claimed Match Costs		\$417,031	Note 4
Questioned Federal Costs:		\$ -	
Questioned Match Costs			
Grantee's timekeeping system did not track hours worked by grant for the claimed match costs	\$54,546		Note 5
Total Questioned Match Costs		<u>\$ 54,546</u>	

**Schedule of Award and Claimed Costs
For Period July 1, 2014 through June 30, 2016
Volunteer Louisiana – 14VGHLA001**

			Reference
Authorized Budget (Corporation Funds)		\$227,000	Note 1
Claimed Federal Costs		\$133,718	Note 2
Authorized Match Budget		\$232,514	Note 3
Claimed Match Costs		\$205,274	Note 4
Questioned Federal Costs:		\$ -	
Questioned Match Costs			
Grantee's timekeeping system does not track hours worked by grant for the match costs that were claimed	\$106,861		Note 5
Total Questioned Match Costs		<u>\$106,861</u>	

Notes

1. The authorized budget Federal amount represents the funding to VL according to the Notice of Grant Award.
2. Claimed Federal costs represent VL's reported Federal expenditures for the period July 1, 2014 through June 30, 2016.
3. The authorized match budget represents VL's funding in accordance with the Notice of Grant Award.
4. Claimed match costs represent VL's reported match expenditures for the period July 1, 2014 through June 30, 2016.
5. Match costs of \$54,546 and \$106,861 were questioned because the grantee's timekeeping system did not track hours worked on each grant for the claimed match costs (Finding 3.a.).

**Schedule of Award and Claimed Costs:
City Year, Inc. – 15ACHLA001
AUP Period July 1, 2015 through March 31, 2016**

			Reference
Authorized Budget (Federal Funds)		\$1,221,419	Note 1
Claimed Federal Costs		\$838,287	Note 2
Authorized Match Budget		\$1,221,419	Note 3
Claimed Match Costs		\$903,344	Note 4
Questioned Federal Costs:			
Subgrantee did not provide support that an employee was properly accompanied while working on the grant when the employee's State and FBI checks were pending	\$13,340		Note 5
Subgrantee claimed unsupported costs	<u>13</u>		Note 6
Total Questioned Federal Costs		<u>\$13,353</u>	
Questioned Match Costs:			
Subgrantee did not provide support that an employee was properly accompanied while State and FBI checks were pending	15,208		Note 5
Subgrantee claimed unsupported costs	66		Note 6
Subgrantee claimed match costs that were not reasonable and not included in the budget	<u>50</u>		Note 7
Total Questioned Match Costs		<u>\$15,324</u>	

Notes

1. The authorized amount represents the Federal funding to City Year in accordance with the sub-grant agreement budget.
2. Claimed Federal costs represent City Year's Federal expenditures claimed for the period July 1, 2015 through March 31, 2016.
3. The authorized match amount represents the City Year funding to be provided in accordance with the sub-grant agreement budget.
4. Claimed match costs represent City Year's match expenditures claimed for the period July 1, 2015 through March 31, 2016.
5. Federal costs of \$13,340 and match costs of \$15,208 were questioned because the subgrantee did not provide support that the employee was properly accompanied while working on the grant when the employee's State and FBI checks were pending (Finding 4.d.).
6. Federal costs of \$13 and \$66 in match costs were questioned because there was no support (Finding 6.a.).
7. Match costs of \$50 were questioned because the costs were determined not reasonable and not included in the budget (Finding 6.b.).

**Schedule of Award and Claimed Costs:
Louisiana Delta Service Corps – 15AFHLA001
AUP Period August 1, 2015 through March 31, 2016**

			Reference
Authorized Budget (Federal Funds)		\$470,967	Note 1
Claimed Federal Costs		\$253,466	Note 2
Authorized Match Budget		\$616,567	Note 3
Claimed Match Costs		\$318,182	Note 4
Questioned Federal Costs:			
Subgrantee's timekeeping procedures did not provide a verification control over the Executive Director's time charged to the grant	\$2,562		Note 5
Total Questioned Federal Costs		\$ 2,562	
Questioned Match Costs:			
Subgrantee's timekeeping procedures did not provide a verification control over the Executive Director's time charged to the grant	\$2,434		Note 5
Subgrantee claimed match costs that were reasonable and not included in the budget	560		Note 6
Subgrantee claimed unsupported costs	353		Note 7
Total Questioned Match Costs		\$3,347	

Notes

1. The authorized amount represents the Federal funding to LDSC in accordance with the sub-grant agreement budget.
2. Claimed Federal costs represent LDSC's Federal expenditures claimed for the period August 1, 2015 through March 31, 2016.
3. The authorized match amount represents the LDSC funding to be provided in accordance with the sub-grant agreement budget.
4. Claimed match costs represent LDSC's Federal expenditures claimed for the period August 1, 2015 through March 31, 2016.
5. Federal costs of \$2,562 and match costs of \$2,434 were questioned because subgrantee's timekeeping procedures did not provide verification controls for the Executive Director's time charged to the grant (Finding 3.b.).
6. Match costs of \$560 were questioned because the costs were determined to be unallowable (Finding 5.a.).
7. Match costs of \$353 were questioned because support for the costs was not provided (Finding 7.b.).

Detailed Findings

Finding 1 – Monitoring Subgrantees’ Single Audits Finding

a. The Grantee Did Not Provide Sufficient Oversight Over The Subgrantees’ Single Audits

VL did not provide sufficient oversight of the AmeriCorps program funds that it administers through its subgrantees. The following table identifies the subgrantees and the fiscal years in which those subgrantees submitted a Single Audit report to the Single Audit Clearinghouse.

Subgrantee	Fiscal Year Not Monitored
City Year, Inc.	2015
Teach for America	2014 & 2015
City of West Monroe	2015
Up2Us, Inc.	2014 & 2015
Project Homecoming, Inc.	2014 & 2015
Playworks Education Energized	2014 & 2015
City of Lake Charles	2014
The New Teacher Project	2014 & 2015

VL did not obtain and review any of the Single Audit reports for the subgrantees above.

The Federal regulations require that pass-through entities, such as VL, monitor its subgrantee to ensure the sub-award is used for authorized purposes, in compliance with Federal statutes and regulations, and in compliance with the terms and conditions of the sub-award. In addition, the pass-through entity must follow-up and ensure the subgrantee takes timely and appropriate action on all deficiencies detected through audits. The pass-through entity must issue a management decision on those audit findings pertaining to the Federal award it provided to the subgrantee.⁵

The Federal regulations also require the pass-through entity to verify that every subgrantee is audited as required under the Federal regulations when it is expected that the subgrantee’s Federal awards expended during the respective fiscal year would equal or exceed the threshold set forth in the Federal regulations.⁶ The Federal regulations also require the pass-through entity to consider the results of the subgrantee’s audits, on-site reviews, or other monitoring with conditions that necessitate adjustments to the pass-through entity’s own records.⁷

VL relied on statements made by subgrantees indicating that they did not have a Single Audit. VL also did not verify those statements by checking the Single Audit website for those subgrantees. VL’s policies and procedures also did not address the requirement to

⁵ 2 C.F.R., Subpart D – Post Federal Award Requirements, §200.331, Requirements for pass-through entities (d) (January 2014 and 2015),

⁶ 2 C.F.R., Subpart D – Post Federal Award Requirements, §200.331, Requirements for pass-through entities (f) (January 2014 and 2015),

⁷ 2 C.F.R., Subpart D – Post Federal Award Requirements, §200.331, Requirements for pass-through entities (g) (January 2014 and 2015),

conduct and document the monitoring of its subgrantees' Single Audit results. By not reviewing the Single Audit reports, VL may not detect and timely remedy deficiencies in the subgrantees' management of Corporation resources.

Recommendation:

We recommend that the Corporation:

1. Verify that VL develops sub-grant management procedures to ensure that its subgrantees comply with the Single Audit requirements and include the following procedures:
 - Identify all subgrantees with Corporation expenditures for each State fiscal year and determine which of the subgrantees underwent Single Audits;
 - Review the audit reports for findings that affect Corporation grants to determine if VL records require an adjustment;
 - Reconcile subgrantee Schedule of Expenditures of Federal Awards (SEFA) for Corporation grants to VL payments to the subgrantees to determine if VL records require an adjustment;
 - Determine if subgrantees accurately presented Corporation awards on their SEFA schedules; and
 - Retain documentation of VL monitoring and reviews of subgrantee audit reports, along with management decisions made or corrective actions implemented.

VL Response:

VL concurs with finding 1a. VL indicated that it has revised its Pre-Award Financial Risk Assessment policy to address this issue.

Auditor's Comments:

VL concurred with the finding, therefore the finding remains as stated. During the audit resolution phase, the Corporation should review and verify all corrective actions that VL and its subgrantees completed.

Finding 2 – Financial Reporting Finding

a. Grantee Did Not Report All Federal And Match Costs Incurred In Its Federal Financial Report

For Grants No. 15AFHLA001 and 15ACHLA001, VL did not report the costs incurred by the following subgrantees for the periods indicated below in the FFR for the period ending March 31, 2016 for grant Nos. 15AFHLA001 and 15ACHLA001:

Subgrantees	Period Not Reported	Federal Costs	Match Costs
Communities In Schools of New Orleans	August 2015 to March 2016	\$ 94,408	\$ 44,326
University of Louisiana at Lafayette	August 2015 to March 2016	86,852	94,526

Subgrantees	Period Not Reported	Federal Costs	Match Costs
Louisiana Delta Service Corps	March 2016	41,372	47,239
Boys & Girls Club of Greater North Central Louisiana	January to March 2016	25,512	9,730
Shreveport Green	January to March 2016	13,103	13,798
Up2Us, Inc.	March 2016	12,206	17,113
Boys & Girls Club of Greater Baton Rouge	March 2016	11,887	12,463
City of Lake Charles	March 2016	8,399	4,204
Boys & Girls Club of Southeast Louisiana	March 2016	7,276	1,800
Fuller Center for Housing of Northwest Louisiana, Inc.	March 2016	4,505	4,070
Totals For Grant No. 15AFHLA001		\$305,520	\$249,269
City Year, Inc. (Baton Rouge)	February to March 2016	127,104	111,054
City Year, Inc. (New Orleans)	March 2016	37,978	32,527
Project Homecoming, Inc.	March 2016	12,895	10,011
Playworks Education Energized	March 2016	8,015	21,767
Totals For Grant No. 15ACHLA001		\$185,992	\$175,359

VL's policies and procedures require subgrantees to submit their Periodic Expense Reports (PERs) on the 10th of each month for the previous month's expenditures in the OnCorps web-based reporting system. The Fiscal Officer reviews each PER to verify accountability and accuracy by section, consistent with the Corporation's financial compliance.⁸

The Corporation's specific terms and condition for AmeriCorps State and National Grants states that the grant recipient shall complete and submit financial reports in eGrants to report the status of all funds. The grantee must submit cumulative financial reports on April 30 covering the reporting period ending March 31 and on October 31 for the reporting period ending September 30. The grantee must set submission deadlines for its respective subgrantees to ensure the timely submission of the grantee's financial reports.⁹

VL did not report the costs because of its misinterpretation of the FFR reporting requirement which resulted in the following:

- VL excluded those PERs that were not received from the subgrantees by March 31, 2016 from the FFR. This is contrary to VL's own procedures which allow subgrantees to submit their PERs by April 10th.
- VL instructed a subgrantee not to submit further PERs until grant management discrepancies were reconciled for program year 2014 to 2015.
- Subgrantees did not submit the PERs and VL did not inquire about the missing PERs in a timely manner to meet the FFR reporting timeline.

Consequently, the FFR for the period ending March 31, 2016, for grant No. 15AFHLA001 was understated by \$305,520 in Federal costs and \$249,269 in match costs and grant No.

⁸ *Volunteer Louisiana Policies and Procedures*, Section V: Subgrant Management, Fiscal and Programmatic Reporting Requirement.

⁹ 2015 *Specific Terms and Conditions for AmeriCorps State and National Grants* (dated May 1, 2015), Section XI. Reporting Requirements, B. Financial Reports.

15ACHLA001 was understated by \$185,992 in Federal costs and \$175,359 in match costs. VL was not compliant with the reporting requirements under the terms and conditions of the grant agreement.

Recommendations:

We recommend that the Corporation:

2. Ensure that VL reports all of its Federal and match expenditures incurred in the FFR reporting period.
3. Ensure that VL revises its policies and procedures to ensure that all PERs have been submitted timely and all costs are included in the FFR for that reporting period.

VL Response:

VL concurs with finding 2a. VL indicated that the most recent FFR (period ending March 31, 2017) constituted all submitted PERs for the period of October 1, 2016 to March 31, 2017. VL also indicated that it provided clarification of the requirements within its FFR policy.

Auditor's Comments:

VL concurred with the finding, therefore the finding remains as stated. During the audit resolution phase, the Corporation should review and verify all corrective actions that VL and its subgrantees completed.

Finding 3 – Labor Cost/Payroll Findings

a. Grantee's Timekeeping System Did Not Track Hours Worked By Grant For The Claimed Match Costs

For one out of the four staff employees tested, the employee's time was fully charged to the State general fund on the timesheets without any specific details indicating the employee's activities or effort. As a result, there was no audit trail to determine the amount of time the employee worked on either grant (No. 13CAHLA001 or 14VGHLA001) or for any other State business.

VL's financial management system did not separately track the match costs for grant Nos. 13CAHLA001 and 14VGHLA001. Those costs were paid through the State general fund for AmeriCorps grants under VL as a whole, but could not be identified to either grant within the general ledger. VL tracked the costs manually on an Excel spreadsheet for both of the AmeriCorps grants. This is due to a financial system limitation that tracks match expenditures by source of funding and not by grant award. Although we noted no issues regarding the manual tracking of other costs recorded in the State's general fund, we found that payroll costs were allocated based on budget and not actual hours. This was VL's practice throughout the AUP period of July 1, 2014 through June 30, 2016.

The Federal cost principles state that budget estimates alone do not qualify as support for salary charges to the grants. Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. The costs must be supported

by a system of internal controls that provides reasonable assurance that the charges are accurate, allowable, and properly allocated to the grants.¹⁰

As a result, we were unable to determine how the costs should have been charged and therefore we questioned the match salary and benefit costs of \$54,546 for grant No. 13CAHLA001 for the AUP period of July 1, 2014 to June 30, 2016. We also questioned match salary and benefit costs of \$106,861 for grant No. 14VGHLA001 for the AUP period of October 1, 2014 through March 31, 2016.

b. Subgrantee's Timekeeping Procedures Did Not Provide Verification Controls For The Executive Director's Time Charged To The Grant

The LDSC Board Chair was initialing-off on the Executive Director's timesheet for the bi-monthly pay period ending March 31, 2016, as the approving official. This does not represent a signature and there is no date to indicate when the Chair actually approved the timesheets. In addition, the Chair did not have first-hand knowledge of the Executive Director's daily activities and therefore could not confirm that the Executive Director actually worked those hours.

LDSC's policies and procedures did not address the controls that were in place to confirm and approve the hours worked by the Executive Director. Given the weakness in the timekeeping controls and the lack of documentation provided, we are unable to verify that the Executive Director actually worked those reported hours. As a result, we are questioning a total of \$2,562 in Federal salary, benefit, and administrative costs and \$2,434 in match salary and benefit costs.

c. Grantee's Employee Certified Timesheet Before The Hours Were Worked

For one out of the four staff employees tested for payroll costs, the employee signed-off on the timesheet on March 12, 2015, but incurred an additional eight hours on March 13, 2015, for the pay period ending March 15, 2015. VL's procedures did not require the timesheet to be dated; however, the format of the timesheet did contain a signature date requirement. However, the supervisor did not ensure that the employee completed and certified the timesheet correctly before approving the timesheet in accordance with VL's policies and procedures.¹¹

We were unable to verify the eight hours charged by the employee were actually worked. As a result, we are questioning match salary and benefit costs of \$178 for grant No. 13CAHLA001 and \$162 for grant No. 14VGHLA001. However, those costs have already been questioned in finding 3.a. above.

Recommendations:

We recommend that the Corporation:

¹⁰ 2 C.F.R., Subpart E—Cost Principles, §200.430 Compensation—personal services, (i) Standards for Documentation of Personnel Expenses, (1)(i) (January 2014 and 2015).

¹¹ Payroll and the LaGov HCM System (PM #38, Revised December 1, 2011), E. Time and Attendance, 1. Agency Policies on Time Entry,(b).

4. Resolve the questioned match costs of \$54,546 for grant No. 13CAHLA001 and \$106,861 in questioned match costs for grant No. 14VGHLA001.
5. Resolve the questioned Federal costs of \$2,562 and \$2,434 in questioned match costs relating to LDSC for grant No. 15AFHLA001.
6. Ensure VL develops and implements timesheet procedures in order to account for both Federal and match time by grant award.
7. Ensure that VL strengthens its monitoring of LDSC by confirming that LDSC develops policies and procedures that address the timesheet approval process for the Executive Director by assigning timekeeper responsibilities to the Program Officer who has direct knowledge to confirm the hours worked by the Executive Director.

VL Response:

VL concurs with finding 3a regarding the \$54,546 salary and benefit costs for grant No. 13CAHLA001. However, VL indicated that for the period of January 1, 2015 through June 30, 2016, the fiscal year 2015 budget was amended to accurately reflect the employee's time allocation of 0 percent.

VL did not concur with finding 3.a. regarding the \$106,861 match salary and benefit costs for grant No. 14VGHLA001. VL stated that for the period of January 1, 2015 through March 31, 2016, budgets were amended to accurately reflect the employee's time allocation of 100 percent to grant No. 14VGHLA001. Given that the employee's time is no longer allocable to grant No. 13CAHLA001, the \$106,861 in match salary and benefit costs were charged correctly to grant No. 14VGHLA001.

VL did not concur with finding 3b regarding the \$2,562 federal salary, benefit, and administrative costs and \$2,434 match salary and benefit costs. VL believes that the LDSC Board Chair's approval of the Executive Director's timesheet is sufficient verification that the Executive Director actually worked the reported hours. VL disagrees with having the Program Director assume responsibility for approving the Executive Director's timesheet and believes that it undermines the integrity of the approval process by subjecting the Program Director to potential manipulation and coercion from the Executive Director.

VL did not concur with finding 3c regarding match salary and benefit costs of \$178 for grant No. 13CAHLA001 and \$162 for grant No. 14VGHLA001. VL believes that the fact the employee signed the timesheet prior to the reported hours worked is immaterial since the policy only requires the employee to sign the timesheet to certify that it is correct. VL also indicated that its policy allows for the submission of timesheets prior to the pay period ending date to comply with processing deadlines and ensure timely payments to employees.

Auditor's Comments:

For finding 3a, at the time of our review, the budgets provided to us included an allocation of the employee's cost between the grants (13CAHLA001 and 14VGHLA001). VL stated the budgets were later amended to reflect the actual allocation of the employee's salary and benefit costs. The control deficiency noted in VL's financial management system is still valid. Based on the documentation VL provided, it is unclear when the budget amendments

actually took place. As a result, the costs will remain questioned and the Corporation will have to resolve this issue during the audit resolution process.

For finding 3b, the intent of our recommendation was not to take the LDSC Board Chair out of the approval process, but to provide the Board Chair some assurance that the hours reported were actually worked by the Executive Director. Any efforts to submit fraudulent timesheets would require collusion on the part of the Executive Director and the Program Officer. LDSC staffing is limited to two individuals (Executive Director and Program Officer), so the recommendation is the best option available to mitigate that potential risk.

For finding 3c, the timesheet has both a signature and date element for the employee. The supervisor has a responsibility under the policy to ensure that the timesheet is accurate, correctly completed and signed by the employee. In this case it was dated incorrectly since the date was prior to the last day worked by the employee. The policy indicates that, "If timesheets are forwarded to timekeepers in advance of the pay period ending date, changes or additional entries must be forwarded early on Monday morning before the system shuts down to run payroll." Forwarding timesheets to the timekeeper in advance of the pay period ending date is not the same thing as the employee certifying his or her hours prior to actually working them. As a result, the costs will remain questioned and the Corporation will have to resolve this issue during the audit resolution process.

Finding 4 – National Service Criminal History Check Findings

a. Grantee Lacked Documentation To Show That The National Sex Offender Public Registry Search Was Conducted Before An Employee Started Working On The Grant

For one VL employee examined (sample #4), the employee began working for the Louisiana Commission on October 1, 2014, but the National Sex Offender Public Website search for that employee was not conducted until November 13, 2014. Federal regulations require the grantee conduct and review the results of the nationwide National Sex Offender Public Website (NSOPW) check before the individual receiving a grant-funded salary begins work.¹² VL indicated that the delay was due to human error. Given the salary allocation basis using budgeted percentages rather than actual hours noted in finding 3.a., we were unable to determine when the employee started working on grant No. 14VGHLA001 or the total time the employee actually worked on that grant. However, we confirmed that VL did not claim any costs for that employee on grant No. 14VGHLA001 for the period of October through November 2014. As a result, we are noting this as a compliance issue. By not ensuring that the National Sex Offender Search was initiated and the results documented before the employee started working on the grant, VL placed themselves, the Corporation, and the population that they serve at risk.

b. Grantee Lacked Documentation To Show When The State And FBI Background Checks Were Initiated For An Employee And Documentation Of Those Checks Were Incomplete Under The Pre-Approved Alternative Search Procedure

¹² 45 C.F.R., §2540.204 *When must I conduct a National Service Criminal History Check on an individual in a covered position?, (a)(1)* (October 2014 and 2015) and 45 C.F.R., §2540.201 *To whom must I apply the National Service Criminal History Check eligibility criteria?* (October 2014 and 2015).

For one VL employee examined (sample # 4), there was no documentation to indicate when the State and FBI checks were initiated. The employee started on October 1, 2014, and the results were received on October 20, 2014. Federal regulations require the grantee to initiate state registry or FBI criminal history checks before an individual receiving a grant-funded salary begins work.¹³ VL indicated that this oversight was due to a human error. Given the salary allocation basis using budgeted percentages rather than actual hours noted in finding 3.a., we were unable to verify when the employee started working on grant No. 14VGHLA001 or the total time the employee actually worked on that grant. However, we confirmed that VL did not claim any costs for that employee against grant No. 14VGHLA001 for October 2014.

In addition, the State and FBI checks were not documented completely in accordance with the Corporation's pre-approved Alternative Search Procedure for those States prohibited by State law from maintaining or sharing search results.¹⁴ There was no information as to when the State and FBI checks were initiated. In addition, the documentation of the actual clearance from the Louisiana State police makes no reference to a FBI background check. VL indicated that it was not fully aware of the documentation requirement for the pre-approved Alternate Search Procedure. As a result, VL was not fully compliant with the applicable pre-approved Alternative Search Procedure for documenting the National Service Criminal History Check (NSCHC). The payroll costs for this employee were already questioned in finding 3.a. for grant No. 14VGHLA001.

By not ensuring that the State and FBI background checks were initiated and documented before the employee started working on the grant, VL placed themselves, the Corporation, and the population that they serve at risk. As a result, we are noting this as a compliance issue.

c. Subgrantee Lacked Authorization Documentation From Several Employees To Conduct The National Service Criminal History Check As Required By Federal Regulations

There was no employee authorization form for the background checks on file for two LDSC employees. Federal regulations require the grantee to obtain prior written authorization from the individual for the State registry check, for the FBI criminal history check, and for the appropriate sharing of the results of the checks within the program.¹⁵ LDSC indicated that the lack of the employee authorizations was due to human error. By not obtaining a written authorization from the employee prior to conducting State and FBI background checks, the subgrantee has placed itself at risk of potential legal action, which could include VL and the Corporation. As a result, we are noting this as a compliance issue.

d. Subgrantee Did Not Provide Support That Its Employee Was Properly Accompanied While Working On The Grant When The Employee's State And FBI Checks Were Pending

¹³ 45 C.F.R., §2540.204 *When must I conduct a National Service Criminal History Check on an individual in a covered position?, (a)(2)* (October 2014 and 2015) and 45 C.F.R., §2540.201 *To whom must I apply the National Service Criminal History Check eligibility criteria?* (October 2014 and 2015).

¹⁴ *Pre-Approved Alternative Search Procedures as of January 4, 2016*, Section 4. Prohibited by State Law from Maintaining Results or Sharing Results.

¹⁵ 45 C.F.R., §2540.205, *What Procedures must I follow in conducting a National Service Criminal History Check for a covered position?* subsection (b), (October 2014 and 2015).

For one employee examined, City Year did not retain written documentation that the employee was accompanied by an individual cleared through the background check process while the employee's State Criminal Registry and FBI search results were pending during the period of July 1, 2015, through March 31, 2016. Federal regulations state that grantees can permit an individual in a covered position to begin work pending the FBI criminal history checks as long as the individual is not permitted access to children age 17 years or younger, to individuals age 60 years or older, or to individuals with disabilities, without being in the physical presence of an appropriate individual as required under the regulations.¹⁶ City Year places itself, VL, and the Corporation at risk by allowing the employee access to the vulnerable population without the required supervision. City Year's policies and procedures did not address the process to ensure and document the employee accompaniment when an employee's background check results are pending. As a result, we are questioning Federal costs of \$13,340 and \$15,208 in match costs for grant No. 15ACHLA001.

e. Subgrantee Lacked Documentation To Show That Criminal History Check Results Were Reviewed To Determine Whether The Employee Should Work On The Grant

For one employee examined, City Year did not retain written documentation indicating that the employee's criminal history check results were reviewed to evaluate the risks of hiring the employee to work on the grant at City Year. City Year's policies and procedures did not specifically address the documentation process for the review of the employee's criminal history results. Federal regulations require the grantee to document in writing that an authorized grantee representative considered the results of the National Service Criminal History Check in selecting the individual to work on the grant.¹⁷ Consequently, City Year places itself, VL, and the Corporation at risk for not formally considering and evaluating the results of the criminal background checks before accepting a person to work in a position supported by the grant. As a result, we are noting this as a compliance issue.

f. Subgrantee Did Not Conduct The National Sex Offender Public Registry Search Based On Maiden Names For Two Employees

The grantee did not conduct sex offender searches based on the maiden names for the two staff members. LDSC indicated that the National Sex Offender Public Website search was not conducted based on maiden names because it is not a Federal requirement. However, the Corporation indicated in its written guidance that it is prudent to perform such a check.¹⁸ By not performing such searches based on maiden names, LDSC places itself, VL, and the Corporation at risk. As a result, we are noting this as a general best practice.

Recommendations:

We recommend that the Corporation:

8. Resolve the questioned Federal costs of \$13,340 and \$15,208 in questioned match costs relating to City Year for grant No. 15ACHLA001.

¹⁶ 45 C.F.R., §2540.204 *When must I conduct a National Service Criminal History Check on an individual in a covered position?* (a)(2) (October 2014 and 2015)

¹⁷ 45 C.F.R., §2540.206 *What documentation must I maintain regarding a National Service Criminal History Check for a covered position?*, subsection (b), (October 2014 and 2015)

¹⁸The *National Service Criminal History Check Frequently Asked Questions* – Updated January 4, 2016, Section 4. National Sex Offender Public Website, subsection 4.1 *Do I need to check all names that the person has gone by, for example, a maiden name?*

9. Provide training to its grantees to address how:
 - National Sex Offender Public Website search requirement should be conducted and documented before an employee starts working on the grant;
 - State and FBI search requirements are to be initiated and documented before the employee starts working; and
 - State and FBI background searches are to be documented in accordance with the pre-approved Alternate Search Procedure.

10. Ensure that VL provides the following training to LDSC:
 - Obtaining documented authorizations for conducting the NSCHC from employees before the NSCHC is initiated; and
 - Conducting National Sex Offender Public Website searches based on maiden names as a best practice.

11. Ensure that VL requires City Year to revise its policies and procedures to include language that addresses:
 - Accompaniment of employees with pending NSCHC results and that it is documented; and
 - City Year's process to review and document an employees' NSCHC results including City Year's determination to accept an employee to work on the grant.

VL Response:

VL concurs with findings 4a through 4f. However, VL did not concur with the questioned costs (\$13,340 Federal and \$15,208 match) in finding 4d indicating that the Corporation utilizes a disallowance matrix for NSCHC that will determine the unallowable cost component of this finding.

Auditor's Comments:

VL concurred with the findings, therefore the findings remain as stated. During the audit resolution phase, the Corporation should review and verify all corrective actions that VL and its subgrantees completed.

In regards to finding 4d, the costs will remain questioned and this issue will have to be resolved through the audit resolution process with the Corporation.

Finding 5 – Benefit Cost Finding

a. Subgrantee Claimed Unallowable Match Costs

LDSC claimed a Young Men's Christian Association (YMCA) gym membership as a match benefit cost. However, the match budget for fringe benefit costs only included retirement, social security, Medicare, and health insurance. LDSC thought that the cost of the YMCA gym membership could be claimed as a health benefit under match, but did not confirm with VL that it was allowable. Federal regulations state that the costs of fringe benefits are allowable provided that the benefits are reasonable and are required by law, non-Federal

entity-employee agreement, or an established policy of the non-Federal entity.¹⁹ A cost is reasonable, if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.²⁰ The YMCA gym membership cost did not represent cost necessary and reasonable to carry out this program. As a result, the match cost of \$560 is questioned for grant No. 15AFHLA001.

Recommendations:

We recommend that the Corporation:

12. Resolve the questioned match costs of \$560 relating to LDSC for grant No. 15AFHLA0001.
13. Provide training on the cost principles for benefit costs to address reasonable and allowable expenses.

VL Response:

VL concurs with finding 5a.

Auditor's Comments:

VL concurred with the finding, therefore the finding remains as stated. During the audit resolution phase, the Corporation should review and verify all corrective actions that VL and its subgrantees completed.

Finding 6 – Other Direct Cost Findings

a. Subgrantee Claimed Unsupported Cost

For one transaction tested, City Year did not provide any supporting documents for a \$200 charge on City Year's Walmart Community Card. Federal regulations state that the financial management system must provide records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest, and be supported by source documentation.²¹ City Year allocated \$79 of the total direct costs to grant No. 15ACHLA001. City Year did not have policies and procedures in place to ensure that proper receipt documentation was retained for purchases made using City Year's Walmart Community Card. As a result, Federal costs of \$13 and match costs of \$66 were questioned.

b. Subgrantee Claimed Unallowable Match Costs

¹⁹ 2 C.F.R., Subpart E - Cost Principles, §200.431 *Compensation – fringe benefits*, subsection (a)., (January 2015).

²⁰ 2 C.F.R., Subpart E - Cost Principles, §200.404 *Reasonable costs*, (January 2015).

²¹ 2 C.F.R., Subpart D – Post Federal Award Requirements, §200.302 *Financial Management*, subsection (b)(3) (January 2014 and 2015).

For one transaction tested, City Year claimed a bag check fee for \$25 for an AmeriCorps member as match travel costs despite there being no budgeted amounts for member travel costs. It was also noted that City Year had claimed another \$25 bag fee as match travel costs for the same member for a total of \$50. City Year originally did not have a budget line item for member travel costs. Subsequently, City Year requested and received an approved budget line item for member travel costs for \$50 match from VL just to cover those costs. However, the budget did not include any airfare costs for members, so paying for airline bag fees was determined to be unreasonable and unallowable. Federal regulations state that a cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.²² Federal regulations also indicate that match cost must be accepted as cost sharing if they are necessary and reasonable for the accomplishment of the project or program objectives.²³ VL did not consider the reasonableness of the member travel costs in the revised budget request that was submitted by City Year before approving it. As a result, match costs of \$50 were questioned for grant No. 15ACHLA0001.

Recommendations:

We recommend that the Corporation:

14. Resolve the questioned Federal costs of \$13 and match costs of \$116 relating to City Year for grant No. 15ACHLA0001.
15. Ensure that VL works with City Year to revise its policies and procedures so that supporting documentation is maintained for all charge card purchases.
16. Ensure that VL provides training to City Year on the cost principles as it relates to allowable direct costs.

VL Response:

VL concurs with finding 6a.

VL does not concur with finding 6b. VL approved the City Year budget amendment to cover the member travel costs and approved the payment of \$50 for baggage fees. VL indicated that the member was traveling to a training conference that was allowable and that the baggage fees were considered reasonable.

Auditor's Comments:

VL concurred with finding 6a, therefore the finding remains as stated. During the audit resolution phase, the Corporation should review and verify all corrective actions that VL and its subgrantees completed.

For finding 6b, VL did not provide an adequate explanation describing why these costs were considered necessary and reasonable given the baggage fees did not accompany other travel related costs such as the airfare. In addition, these costs were only incurred for one

²² 2 C.F.R., Subpart E - Cost Principles, §200.404 *Reasonable costs* (January 2015).

²³ 2 C.F.R., Subpart D - Post Federal Award Requirements, §200.306, *Cost Sharing or matching*, subsection (b)(3) (January 2015).

member and not for any others. As a result, the costs will remain questioned and the Corporation will have to resolve this issue during the audit resolution process.

Finding 7 – In-kind Match Cost Findings

a. Subgrantee Understated In-Kind Match Costs Claimed.

For one in-kind transaction examined, the in-kind match costs for a supervisor were understated. LDSC did not ensure that the calculations were correct to support the amount claimed. The in-kind match costs should have been based on 46 hours at \$50 an hour for a total cost of \$2,300. In the process of adding the hours, an error occurred resulting in a total of 38.8 hours instead of 46 hours. Federal regulations state that in-kind match costs must be accepted as cost sharing if they are verifiable from the subgrantee's records as necessary and reasonable for the accomplishment of the project or program objectives.²⁴ As a result, the in-kind match costs for the direct supervisor were understated by \$360. Understated in-kind match costs may result in subgrantee incurring additional match costs unnecessarily and risks not meeting its match requirements.

b. Subgrantee Lacked Documentation To Support In-Kind Match Costs Claimed

For one in-kind transaction examined, the in-kind match claimed for administration costs at a host site was unsupported. The timesheet supporting that cost did not have the signature of that administrative person certifying the work performed. LDSC indicated that it was due to human error. Unsupported in-kind match costs places the subgrantee at risk of not meeting its match requirements. Federal regulations state that in-kind match costs must be accepted as cost sharing if they are verifiable from the subgrantee's records and necessary and reasonable for the accomplishment of the project or program objectives.²⁵ As a result, in-kind match costs of \$353 were questioned for grant No. 15AFHLA0001.

Recommendations:

We recommend that the Corporation:

17. Resolve the questioned match costs of \$353 relating to LDSC for grant No. 15AFHLA0001.
18. Ensure that VL provides training to LDSC on appropriate in-kind cost documentation to ensure that claimed in-kind match costs are properly supported.

VL Response:

VL concurs with finding 7a.

²⁴ 2 C.F.R., Subpart D - Post Federal Award Requirements, §200.306, *Cost Sharing or matching*, subsection (b)(3) (January 2015).

²⁵ 2 C.F.R., Subpart D - Post Federal Award Requirements, §200.306, *Cost Sharing or matching*, subsection (b)(3) (January 2015).

VL does not concur with finding 7b. VL indicated that LDSC provided a copy of the signed timesheet to the auditors.

Auditor’s Comments:

VL concurred with finding 7a, therefore the finding remains as stated. During the audit resolution phase, the Corporation should review and verify all corrective actions that VL and its subgrantees completed.

For finding 7b, LDSC subsequently provided a timesheet that was signed. Given that the initial timesheet provided did not have the signature, we conclude that the signature was obtained after fact. As a result, the costs will remain questioned and this issue will have to be resolved through the audit resolution process with the Corporation.

Finding 8 – Member Living Allowance Finding

a. Subgrantee’s Member Living Allowance Payments Were Inconsistent With The Amount To Be Paid Under The Member Agreement

For two member files tested, the living allowance paid did not agree with the amount to be paid per the Member Agreement. The members were underpaid due to an error in the direct deposit template form that was provided to the members when they were enrolled. The template form provided was an older version containing a lower living allowance amount. The members were underpaid as follows:

Member Sample	Underpaid as of March 31, 2016		Underpaid from April 1, 2016 thru Sept 2016		Total Underpaid	
	Federal	Match	Federal	Match	Federal	Match
#1	\$202	\$ 67	\$ -	\$ -	\$ 202	\$ 67
#3	716	239	859	286	1,575	525
Totals	\$918	\$306	\$859	\$286	\$1,777	\$592

The AmeriCorps Membership Service Agreement 2015-2016, III Term of Service, A., states, that the member’s full-time (1,700 hours) term of service begins on November 1, 2015, and ends on September 30, 2016. The AmeriCorps Membership Service Agreement 2015-2016, IV. Benefits, A., states, the member will receive a living allowance of \$13,000. It is not a wage and should not fluctuate based on the number of hours served in a given time period and the living allowance will be distributed biweekly beginning November 13, 2016. The gross biweekly payments should have been \$590.90 over the 11 month term under the member agreement.

Recommendations:

We recommend that the Corporation ensure that VL:

- 19. Require LDSC makes the appropriate member living allowance payments totaling \$1,777 for Federal and \$592 for match costs.

20. Require LDSC verifies that the member's direct deposit request agrees to the member's service agreement.

VL Response

VL concurs with finding 8a.

Auditor's Comments:

VL concurred with finding 8a, therefore the finding remains as stated. During the audit resolution phase, the Corporation should review and verify all corrective actions that VL and its subgrantees completed.

Finding 9 – Periodic Expense Report Finding

a. Subgrantees' Periodic Expense Reports Were Submitted Late

City Year did not timely submit its monthly PERs to VL for the following periods:

Month/Year	Location	Day Submitted	Date Due	Days Late
July 2015	Baton Rouge	9/24/2015	8/10/2015	44
July 2015	New Orleans	9/24/2015	8/10/2015	44
August 2015	Baton Rouge	9/24/2015	9/10/2015	14
August 2015	New Orleans	9/24/2015	9/10/2015	14
January 2016	New Orleans	2/16/2016	2/10/2016	6

The reporting requirement within City Year's Grant Agreement indicates that the PERs are due by the 10th of the following month.²⁶

OnCorps is the online system used by City Year to submit its monthly PERs to VL. However, the system does not allow City Year to submit the PERs in OnCorps until the budget is approved by VL. City Year did not submit their budgets for the Baton Rouge and New Orleans programs until September 14, 2015, while those programs commenced in July 2015. VL approved them on September 22, 2015, two months after the programs had started. As such, the July and August PERs were submitted late. The January PERs was submitted late due to human error. Failure to submit PERs timely could impact the accuracy of the FFR. This is cited as a non-compliance issue.

Recommendations:

We recommend that the Corporation:

21. Ensure that VL reviews and approves the subgrantee's budget within the OnCorps system before granting the sub-award or additional funding.
22. Ensure that VL implements a monitoring control to confirm that PERs are submitted timely as required by the subgrantee agreement and prompt follow-up actions are conducted to facilitate timely reporting.

²⁶ City Year's Grant Agreement No. 15ACHLA0010001, 18. Reporting Requirements, C. Financials, a.

VL Response

VL concurs with finding 9a.

Auditor's Comments:

VL concurred with finding 9a, therefore the finding remains as stated. During the audit resolution phase, the Corporation should review and verify all corrective actions that VL and its subgrantees completed.

BACKGROUND

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

Funds received by VL have been sub-awarded to sixteen non-profits or institutions of higher education to provide services towards recruiting, training and placing AmeriCorps members to meet critical community needs in education, public safety, health, employment, food assistance, and disaster relief services. Some examples of program activities that AmeriCorps members have performed include serving as teachers, tutoring, mentoring, working food banks, and improving the health for those with disabilities. Subgrantees are required to provide matching funding as stipulated in their grant agreements. The required match funding varies based on the number of years the subgrantee is in the program.

The Louisiana State Commission, known as Volunteer Louisiana (VL), was established by Executive Order in the executive branch of Louisiana State Government in the Office of the Lieutenant Governor in 1993. The legislation grants authority to VL to carry out its mandate to:

- Encourage community service as a means of community and state problem solving,
- Promote and support citizen involvement in government and private programs throughout this state,
- Develop a long term, comprehensive vision and plan for action for community service initiatives in this state,
- Act as the state's policymaking body for the Corporation for National and Community Service, and
- Serve as the state's liaison to other national and state organizations which support its mission.

The subgrantees use the funds to support their program operations and are required to maintain supporting documentation for the claimed costs. In addition, subgrantees are required to provide monthly PERs to VL as required in the sub-grant agreement. VL prepares the aggregate FFR²⁷ for the grants by accumulating the expenses reported by the

²⁷ 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.

subgrantees and submits its FFR through the Corporation’s online eGrants system (eGrants). The Corporation and grantees manage the grants using eGrants to process grant applications, awards, and FFRs.

VL monitors its subgrantees through a risk assessment process to develop a monitoring plan for each sub-grantee based on certain risk factors. VL performs desk-based monitoring and site visits. Those subgrantees determined to be high risk will receive a focus area documentation desk review targeting one or more specific components of program implementation, including but not limited to financial matters, criminal history, member training, and position descriptions. Each AmeriCorps member enrolled must have a position description on file. The position description shall indicate the member position title, program, site location, purpose of the program, description of duties, member qualifications, term of service, work hours, benefits, orientation and training requirements, evaluation and reporting process, and identify the supervisor(s) for that member. The subgrantees will also receive a full monitoring site visit each year. Those subgrantees determined to be at medium risk will receive the focus area documentation desk review and a limited scope monitoring site visit, if determined by VL staff to be necessary. Those subgrantees determined to be at low risk will only receive the focus area documentation desk review.

The following table identifies the number of AmeriCorps members and employees, and their grant program objectives for the subgrantees selected for the agreed-upon procedures.

Subgrantee	Members	Employees	Grant Program Objectives
City Year	114	15	Provide in-school and after-school tutoring and mentoring to K-12 th grade students who are at risk of falling behind in Baton Rouge and New Orleans public schools
LSDC	37	2	Address capacity building needs of 15 local nonprofits

AGREED-UPON PROCEDURES SCOPE

CLA applied the agreed-upon procedures to the period July 1, 2014, through June 30, 2016. The procedures covered the allowability, allocability, and reasonableness of the financial transactions reported for the following grants and AUP periods:

Award No.	AUP Periods
15ACHLA001	July 1, 2015 to March 31, 2016
15AFHLA001	August 1, 2015 to March 31, 2016
13CAHLA001	July 1, 2014 to June 30, 2016
14ESHLA001	July 1, 2014 to June 30, 2016
14VGHLA001	October 1, 2014 to March 31, 2016

CLA also performed agreed-upon procedures to determine VL’s and its selected subgrantees’ compliance with certain grant terms and provisions. The procedures were based on the OIG’s “Agreed-Up On Procedures for Corporation Awards to State Commissions without VISTA Grantees (Including Subgrantees), dated June 2016.”

In addition to reviewing VL's administration of these grant funds, CLA selected the following VL subgrantees from a total of sixteen subgrantees for detailed testing:

- City Year, Inc. (City Year)
- Louisiana Delta Service Corps (LDSC)

These subgrantees were judgmentally selected based on an assessment of overall risk to VL 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 Office of Management and Budget (OMB) Circular A-133 (now Title 2 Code of Federal Regulations, Subpart F-Audit Requirements) Single Audit reports for each entity.²⁸ CLA's procedures resulted in total questioned grant costs of \$195,993 consisting of \$161,407 in VL match costs, \$15,915 in subgrantee Federal costs, and subgrantee match costs of \$18,671.

CLA performed procedures at VL and two of its subgrantees: City Year and LDSC. CLA tested VL transactions of \$208,419. CLA also tested subgrantee transactions totaling \$301,396 for City Year and \$132,306 for LDSC.

EXIT CONFERENCE

CLA provided a summary of the findings to be included in the draft report and discussed its contents with officials of the Corporation, VL, and applicable subgrantees at an exit conference on March 21, 2017. Responsive comments to the draft report from VL and the Corporation are included as appendices in this report.

²⁸ The new audit requirements are not applicable until the first fiscal year starting on or after December 26, 2014. For VL the applicable fiscal year would not begin until July 1, 2015, and that single audit report would not be due until March 31, 2017.



CliftonLarsonAllen

CliftonLarsonAllen LLP
www.claconnect.com

**INDEPENDENT ACCOUNTANTS' 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 February 2015," 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 you with respect to certain information reported by VL in accordance with its Corporation grant terms and provisions, and applicable laws and regulations, for the agreed-upon procedures periods from July 1, 2014, through June 30, 2016. This agreed-upon procedures engagement was conducted 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 these procedures is solely the responsibility of the Corporation's OIG. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The results of our procedures are described in Schedules A through E in the Summary of Results section of the accompanying report.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on VL's compliance with its Corporation grant terms and provisions, and applicable laws and regulations, for the AUP periods from July 1, 2014 through June 30, 2016. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

CliftonLarsonAllen LLP

Calverton, Maryland
March 9, 2017



BILLY NUNGESSER
LIEUTENANT GOVERNOR

State of Louisiana
OFFICE OF THE LIEUTENANT GOVERNOR
VOLUNTEER LOUISIANA

JUDD JEANSONNE
EXECUTIVE DIRECTOR

Stuart Axenfeld
Assistant Inspector General for Audit
Office of Inspector General
Corporation for National and Community Service
250 E St SW
Washington, DC 20024

June 12, 2017

Dear Mr. Axenfeld,

Please accept this letter and attached responses and documentation as Volunteer Louisiana's comment on the OIG draft audit report that we received on May 15, 2017. Volunteer Louisiana takes its responsibility for managing public dollars very seriously, and we appreciate the opportunity to respond to the findings detailed in the report.

We received the initial notification of the OIG audit on August 30, 2017, 18 days after Louisiana experienced an unprecedented, statewide flooding event that devastated communities and shut down state and local governments for nearly two weeks. The state's Emergency Operations Plan tasks Volunteer Louisiana with coordinating spontaneous, unaffiliated volunteers, and our Commission and subgrantees were fully engaged in disaster response while meeting audit deadlines. I think it is important to recognize the incredible challenge of responding to a major disaster and federal audit simultaneously, and to appreciate the tireless work of everyone involved under those circumstances.

Please let me know if you have any questions or need additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read "Judd Jeansonne".

Judd Jeansonne
Executive Director

Volunteer Louisiana Draft Report Comments

Finding 1 – Monitoring Subgrantees’ Single Audits Finding**a. The Grantee Did Not Provide Sufficient Oversight Over The Subgrantees’ Single Audits****VL Response**

Volunteer Louisiana (VL) concurs with finding 1a. Our Pre-Award Financial Risk Assessment policy in place during the AUP period required a Single Audit review for new and recomplete applicants only. Our revised Pre-Award Financial Risk Assessment policy now requires a) an annual review by our internal auditor of the most recent single audit for all new, recomplete, and continuation applicants, if applicable, and b) use of the Federal Audit Clearinghouse database to determine which applicants are subject to single audit requirements. The results of these reviews are factored into both application funding decisions and monitoring plans for awarded subgrantees.

VL has included the revised Pre-Award Financial Risk Assessment policy and the completed FY17 single audit assessment (Attachment 1a).

Finding 2 – Financial Reporting Finding**a. Grantee Did Not Report All Federal And Match Costs Incurred In Its Federal Financial Report****VL Response**

Volunteer Louisiana concurs with finding 2a and has since implemented corrective action. The most recent FFRs (period ending 3/31/17) for all VL formula and competitive grants constituted all submitted PERs for the period 10/1/16 to 3/31/17, including the March PERs submitted in April. The requirements for timely PER submissions are already included in our subgrantee grant agreements as well as our policies and procedures that were previously provided on 9/30/16. However, we have added clarifying language to our FFR policy.

VL has included a copy of the revised policy and a copy of the 3/31/17 FFRs and reconciliation spreadsheets for both 15ACHLA001 and 15AFHLA001 (Attachment 2a).

Finding 3 – Labor Cost/Payroll Findings**a. Grantee’s Timekeeping System Did Not Track Hours Worked By Grant For The Claimed Match Costs****b. Subgrantee’s Timekeeping Procedures Did Not Provide Verification Controls For The Executive Director’s Time Charged To The Grant****c. Grantee’s Employee Certified Timesheet Before The Hours Were Worked****VL Response**

Volunteer Louisiana concurs with finding 3a regarding salary and benefits for 13CAHLA001. For the AUP period of July 1, 2014 through December 31, 2014, \$17,154 in Director of Volunteer

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Outreach (DVO) salary and benefits was claimed as match based on budgeted time allocation rather than actual time allocation. For the AUP period of January 1, 2015 through June 30, 2016, the FY15 budget was amended to accurately reflect the DVO time allocation of 0% (The amended budget was submitted to CLA on 2/14/17). This changes the condition of the finding, but VL still concurs with the effect of \$37,392 in questioned costs for that period. Volunteer Louisiana has already taken corrective action and deducted all DVO salary and benefits match costs for the AUP period (\$54,546) from our final 13CAHLA001 FFR that was submitted on April 30, 2017. The FFR and original and adjusted reconciliation spreadsheets for the relevant periods are attached (Attachment 3a). Volunteer Louisiana still exceeded its match requirements when these costs were deducted.

VL does not concur with finding 3a regarding indirect costs of \$12,199 for 13CAHLA001. VL claimed indirect costs through our federally approved indirect cost rate for the CNCS share only and no match costs were included in the indirect cost calculation reported on the FFRs. The documentation of match calculation was shared with CLA during their site visit.

VL does not concur with finding 3a regarding 14VGHLA001. For the AUP period of October 1, 2014 through December 31, 2014, no match costs for the DVO salary and benefits were claimed. For the AUP period of January 1, 2015 through March 31, 2016, the FY14 and FY15 budgets were amended to accurately reflect the DVO time allocation of 100% (The amended budget was submitted to CLA on 2/14/17). Since the DVO is allocated 100% to the 14VGHLA001 for that period, and 0% for 13CAHLA001, his time is no longer allocable and the \$106,861 in salary and benefits match are correctly charged to the grant.

Because the DVO time and effort are 100% on the 14VGHLA001, there is no basis to question \$5,587 of indirect costs identified in this finding. However, it should be noted that VL claimed indirect costs through our federally approved indirect cost rate for the CNCS share only and no match costs were included in the indirect cost calculation reported on the FFRs. The documentation of match calculation was shared with CLA during their site visit.

VL concurs with finding 3a regarding limitations in our timekeeping system and has already taken corrective action. The Office of Lieutenant Governor instituted a new online timekeeping system in January that allows staff to allocate time by both the source of funding and/or the applicable grant award. The online timesheet includes Cost Center and Fund categories to allow staff paid from multiple sources to allocate their time and activities per funding stream. It also includes a Grant category to allow staff paid from a single source to allocate their time to multiple grants or awards. We have attached a timesheet generated from the current online system that demonstrates compliant record keeping capacity (Attachment 3a).

VL does not concur with finding 3b. 2 CFR 200.430 *Standards for Documentation of Personnel Expenses* requires that records of salaries and wages “(i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.” VL believes the LDSC Board Chair’s approval of the Executive Director’s timesheet meets that CFR standard and is sufficient verification that the Executive Director

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actually worked the reported hours. LDSC had only two staff members during the AUP period, and we disagree with the recommendation that the Program Director should assume responsibility for approving his or her supervisor's timesheet. Such a practice would undermine the integrity of the approval process by subjecting the Program Director to potential manipulation and coercion from the supervisory Executive Director. VL believes the approval authority is rightly vested in the Board Chair and provides adequate verification of time worked. VL does concur that incorporating signature and date requirements into LDSC policies and procedures would improve internal controls, and LDSC has done so (Attachment 3b).

VL does not concur with finding 3c. The claim that "the supervisor did not ensure that the employee completed and certified the timesheet correctly before approving the timesheet" is inaccurate. The supervisor approved the timesheet on March 13, the last day the employee had documented time, thereby verifying the accuracy of the timesheet. The fact that the employee signed the timesheet on March 12 is immaterial to the Time and Attendance policy requirements outlined in

http://www.crt.state.la.us/Assets/OMF/hr/policies/PPM_38-Payroll_and_the_LaGov_HCM_System_Policy.pdf

The policy outlines the following requirements for Time and Attendance.

- a) *Each employee must sign a time sheet certifying that the time entered on the timesheet is correct.*
- b) *Each supervisor must sign the timesheet which indicates certification that the timesheet is accurate, that it is correctly signed by each employee, and that all approved supporting documentation is attached. It is essential that the supervisor review the timesheet accurately to insure that all required documentation is attached and that all required signatures are present.*
- c) *If timesheets are forwarded to timekeepers in advance of the pay period ending date, changes or additional entries must be forwarded early on Monday morning before the system shuts down to run payroll.*

This policy does not preclude an employee from signing a timesheet prior to the end of a pay period or prior to the last day worked. In fact, part c explicitly anticipates the submission of timesheets prior to the pay period ending date. This is often necessary to comply with payroll processing deadlines and ensure on-time salary payment to employees. VL is a statewide agency with only 5 staff members, 4 during the AUP period. VL staff is often travelling out of town conducting site visits, meeting with stakeholders, or attending conferences and events away from the office. Under the policy interpretation presented in this finding, both the employee and the supervisor would have to be physically present, in the VL office, at the close of business on the last day of each pay period, or the opening of business the following Monday, in order to sign and approve the paper timesheet compliantly. That interpretation is neither practical nor required by policy.

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Finding 4 – National Service Criminal History Check Findings

a. Grantee Lacked Documentation To Show That The National Sex Offender Public Registry Search Was Conducted Before An Employee Started Working On The Grant

b. Grantee Lacked Documentation To Show When The State And FBI Background Checks Were Initiated For An Employee And Documentation Of Those Checks Were Incomplete Under The Pre-Approved Alternative Search Procedure

c. Subgrantee Lacked Authorization Documentation From Several Employees To Conduct The National Service Criminal History Check As Required By Federal Regulations

d. Subgrantee Did Not Provide Support That Its Employee Was Properly Accompanied While Working On The Grant When The Employee's State And FBI Checks Were Pending

e. Subgrantee Lacked Documentation To Show That Criminal History Check Results Were Reviewed To Determine Whether The Employee Should Work On The Grant

f. Subgrantee Did Not Conduct The National Sex Offender Public Registry Search Based On Maiden Names For Two Employees

VL Response

Volunteer Louisiana concurs with findings 4a and 4b with one caveat. VL is aware of the documentation requirements for the preapproved Alternative Search Protocol and conducts extensive NSCHC training and monitoring for our subgrantees. NSCHC training was a component of our subgrantee training conferences in 2015 and 2016 and NSCHC monitoring and compliance has been the focus of our Commission Support Grant performance measures for the last two years. The NSCHC requirement applied to Commission staff is an anomaly. Commission Administration grants are not covered by NSCHC requirements and so VL staff had not been subject to NSCHC historically. Only VGF grants require NSCHC for Commission staff, and this was the only employee during the entire AUP period in a covered position. Our Program Officers ensure NSCHC compliance and have successfully completed the CNCS certification/training for NSCHC multiple times. Their most recent training certifications are attached (Attachment 4a).

VL concurs with finding 4c. LDSC conducted the employee background checks but did not obtain prior written authorization. It should be noted that LDSC had only two staff members during the AUP period, so LDSC employee authorization in practice required them to authorize background checks on themselves. It should also be noted that LDSC policy does already require background check authorization, and LDSC applies this policy consistently to their AmeriCorps members.

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VL concurs with the conditions of findings 4d and 4e. City Year has already taken corrective action and revised its policies and procedures to include a) the process to ensure documentation of employee accompaniment, and b) documentation process for the review of the employee's criminal history check results. The revised policies are attached (Attachment 4d). VL does not concur with the effect of finding 4d of \$28,548 in questioned costs. CNCS utilizes a disallowance matrix for NSCHC that should determine the cost component of this finding.

VL concurs with the condition of finding 4f, but notes that LDSC's check was fully compliant with Federal requirements.

Finding 5 – Benefit Cost Finding**a. Subgrantee Claimed Unallowable Match Costs****VL Response**

Volunteer Louisiana concurs with finding 5a. Our annual AmeriCorps subgrantee conference already includes training on cost principles, but we will specifically address reasonable and allowable benefit costs at the 2017 training.

Finding 6 – Other Direct Cost Findings**a. Subgrantee Claimed Unsupported Cost****b. Subgrantee Claimed Unallowable Match Costs****VL Response**

Volunteer Louisiana concurs with finding 6a. City Year took corrective action in October 2016 and revised their Walmart Corporate Card Policy to include additional internal controls. The revised policy is attached (Attachment 6a).

VL does not concur with finding 6b. VL did approve a City Year budget amendment to cover member travel costs, and VL did approve payment for \$50 of baggage fees. The member was travelling to a training conference, which is allowable, and \$25 is the standard airline baggage fee, which is reasonable and "does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost." The fact that the budget did not include airfare costs for members does not make the baggage fees unallowable or unreasonable. There is no requirement that all travel costs be allocated to the AmeriCorps grant, and there can be a myriad of reasons for not including airfare costs in the budget including use of an airline voucher or gift card, payment by a third party, insufficient documentation, matching to another grant, etc. The expense is properly documented and VL maintains that the \$50 baggage fee was both reasonable and allowable.

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Finding 7 – In-kind Match Cost Findings

a. Subgrantee Understated In-Kind Match Costs Claimed

b. Subgrantee Lacked Documentation To Support In-Kind Match Costs Claimed

VL Response

Volunteer Louisiana concurs with finding 7a, but notes that LDSC met and exceeded its required match even when those costs are deducted.

VL does not concur with finding 7b. LDSC was able to provide a copy of the signed timesheet to CLA on 2/13.

Finding 8 – Member Living Allowance Finding

a. Subgrantee’s Member Living Allowance Payments Were Inconsistent With The Amount To Be Paid Under The Member Agreement

VL Response

Volunteer Louisiana concurs with finding 8a. LDSC was transitioning to a new payroll system at the time and human transcription errors accounted for the discrepancy. LDSC has taken corrective action and remedied both underpayments with non-CNCS funds. Documentation of the payments was provided to CLA on 2/13.

Finding 9 – Periodic Expense Report Finding

a. Subgrantees’ Periodic Expense Reports Were Submitted Late

VL Response

Volunteer Louisiana concurs with finding 9a. The timely PER submission requirement is already included in our policies and procedures and in our grant agreements, both of which were provided to CLA on 9/30. Timeliness of PER submissions is a factor in Commission funding decisions and is listed in the funding matrix provided to CLA during their January site visit.

Corporation for National and Community Service

NationalService.gov



To: Stuart Axenfeld, Assistant Inspector General for Audit, Office of Inspector General

From: Dana Bourne, Chief Grants Officer, Office of Grants Management *Dana Bourne*

Date: June 6, 2017

Subject: Response to the Draft Report of OIG's Agreed-Upon Procedures for the Corporation for National and Community Service Grants Awarded to Volunteer Louisiana

Thank you for the opportunity to review the draft report of OIG's Agreed-Upon Procedures for the Corporation for National and Community Service Grants Awarded to Volunteer Louisiana. We will respond with our management decision after we receive the final report and have reviewed the auditor's working papers and Volunteer Louisiana's corrective action plan. We will work with Volunteer Louisiana representatives to ensure its corrective action adequately addresses all audit findings and recommendations.

Cc: Jeffrey Page, Chief Operating Officer
 Jennifer Bastress-Tahmasebi, Acting Director, AmeriCorps
 Tim Noelker, General Counsel
 Lori Giblin, Chief Risk Officer

250 E Street, SW
 Washington, D.C. 20525
 202-606-5000 | 800-942-2677 | TTY 800-833-3722

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