

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

**AUDIT OF
CORPORATION FOR NATIONAL AND COMMUNITY
SERVICE TRAINING AND TECHNICAL ASSISTANCE
COOPERATIVE AGREEMENTS AWARDED TO CHP
INTERNATIONAL, INC.**

**OIG REPORT NUMBER 06-07
DECEMBER 6, 2005**



Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

Prepared by:

KEARNEY & COMPANY
4501 Ford Avenue, Suite 1400
Alexandria, Virginia 22302

This report was issued to Corporation management on December 6, 2005. 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 June 6, 2006, and complete its corrective actions by December 6, 2006. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.



OFFICE OF INSPECTOR GENERAL

Office of Inspector General Summary Audit of Corporation for National and Community Service Cooperative Agreements Awarded to CHP International, Inc. Audit Report 06-07

The Office of Inspector General (OIG), Corporation for National and Community Service (Corporation), contracted with Kearney & Company to perform an audit of costs claimed by CHP International, Inc. (CHP) for the period April 1, 2002, through March 31, 2005. The audit covered financial transactions, compliance, and internal control testing of three Training and Technical Assistance Cooperative Agreements: 01CAIL0001, 00CAIL0007, and 00CAIL0008.

The audit did not result in questioned costs. However, it disclosed issues related to over- or under-claiming of indirect cost and management fees, non-compliance with a provision of the Drug-Free Workplace Act, and lack of written grievance policies and procedures.

CHP indicated in its response to the draft audit report that Financial Status Reports would be adjusted at the Corporation's request, and that administrative memoranda addressing the two workplace policies would be issued. Copies of those policies are included at Appendix A of this report. The Corporation's response is included at Appendix B.

The OIG reviewed Kearney & Company's report and related documentation and made necessary inquiries of its representatives. Our review, as differentiated from an audit in accordance with generally accepted government auditing standards, was not intended to enable us to express, and we do not express, an opinion on the effectiveness of internal control or conclusions on compliance with laws and regulations. Kearney & Company is responsible for the attached auditor's report dated September 23, 2005, and the conclusions expressed in the report. However, our review disclosed no instances where Kearney & Company did not comply, in all material respects, with generally accepted government auditing standards.

This report is a matter of public record and its distribution is not limited.



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**Audit of the Corporation for National and Community Service
Cooperative Agreements Awarded to
CHP International, Inc.
Chicago, Illinois**

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SUMMARY AND HIGHLIGHTS

Office of Inspector General
Corporation for National and Community Service
1201 New York Ave, NW, Suite 830
Washington, DC 20525

This report is issued under an engagement to audit the costs claimed by CHP International, Incorporation (CHP) for the period April 1, 2002 through March 31, 2005, under the Cooperative Agreements awarded by the Corporation for National and Community Service (Corporation). We conducted our audit fieldwork at CHP's offices from August 22 through September 2, 2005. Additional work was performed in our offices in relation to indirect costs and management fees through September 23, 2005. Our audit was conducted in accordance with generally accepted government auditing standards, and included such tests of internal controls as were considered necessary under the circumstances. This report summarizes the results of the audit and identifies any instances of noncompliance with laws, rules, regulations, and grant provisions. The report discloses issues related to cost recovery and compliance with Training and Technical Assistance Provisions. Our audit was performed to ensure that the funds awarded to CHP were used for the purpose intended by the agreements.

Executive Summary

As a result of our audit, we questioned no costs claimed under the Cooperative Agreements awarded to CHP. We did, however, note issues related to over or (under) claiming of indirect cost and management fees, non-compliance with a provision of the Drug-Free Workplace Act, and lack of written grievance policies and procedures.

Background

CHP, an Illinois corporation, has been incorporated since 1978. The bulk of CHP's experience comprises: (a) providing consulting and training for development workers to enable them to work effectively in rural and urban environments; (b) writing training curricula and materials; and (c) managing complex training projects. CHP has established and managed major training projects in eight Latin American and Caribbean countries and five countries in Africa, and CHP has completed approximately 30 long and short term training projects within the United States. CHP's accounting records are located at its main office in Oak Park, Illinois, a suburb of Chicago.

Cooperative Agreements Audited

The following Cooperative Agreement Awards funded by the Corporation were included for testing of financial transactions, compliance, and internal controls:

Cooperative Agreement	Agreement Period	Audit Period
Human Relations and Diversity Training-01CAIL0001	8-1-2001 to 9-30-2005	4-1-2002 to 3-31-2005
National Service Program Management-00CAIL0007	7-1-2000 to 9-30-2005	4-1-2002 to 3-31-2005
Training Design and Materials Development-00CAIL0008	7-1-2000 to 9-30-2005	4-1-2002 to 3-31-2005

Cost Allowability

Indirect costs and management fees were not adjusted at the time the audit was performed. The improper calculations resulted in:

- Under claimed indirect costs and management fees totaling \$9,506 for the Human Relations and Diversity Training Agreement
- Over claimed costs and fees totaling \$14,013 for the National Service Program Management Agreement
- Under claimed costs and fees totaling \$6,585 for the Training Design and Materials Development Agreement.

Compliance

Our audit disclosed the following instances of non-compliance with Federal laws, applicable regulations, and award provisions:

- The Drug-Free Workplace Policy was not incorporated into CHP's Personnel Policies and Procedures Manual
- A written grievance policy was not incorporated into CHP's Personnel Policies and Procedures Manual.

Purpose and Scope of Audit

Our audit covered the costs claimed under the Human Relations and Diversity Training Agreement 01CAIL0001, National Service Program Management Agreement 00CAIL0007, and Training Design and Materials Development Agreement 00CAIL0008 for the period April 1, 2002 through March 31, 2005.

The principal objectives of our audit were to determine whether:

- Financial management systems used by CHP presented accurate financial results of the sponsored programs
- Internal controls for financial and project systems complied with the Corporation and Office of Management and Budget (OMB) requirements for administering Cooperative Agreement Funds
- CHP had adequate controls to ensure compliance with Federal laws, applicable regulations, and award provisions, and that member services were appropriate to the programs
- Award Costs reported to the Corporation were adequately documented and allowable in accordance with the Corporation's Grant Provisions, Special Grants, or Cooperative Agreements.

We performed the audit in accordance with auditing standards generally accepted in the United States of America and generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance regarding whether amounts claimed against the awards, as presented in the Consolidated Schedule of Award Costs, are free of material misstatement. Our audit included examining, on a test basis, evidence supporting the amounts and disclosures in the Consolidated Schedule of Award Costs. It also included assessing the accounting principles used and significant estimates made by the auditee, as well as evaluating the overall Consolidated Schedule of Award Costs presentation. Finally, the audit included reviews of prior year financial statement audit reports prepared by the independent public accountants for CHP.

The contents of this report were disclosed to and discussed with CHP at an exit conference on September 23, 2005. In addition, we provided a draft of this report to the Corporation for comment. The CHP and Corporation responses are included as Appendices A and B, respectively, in this report.



Edward F. Kearney
September 23, 2005

Office of Inspector General
Corporation for National and Community Service
1201 New York Ave, NW, Suite 830
Washington, DC 20525

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying Schedule of Award Costs of CHP International, Incorporation (CHP) for the Cooperative Agreements listed below between the Corporation for National and Community Service (Corporation) and CHP. The costs as presented in the Schedule of Award Costs are the responsibility of CHP's management. Our responsibility is to express an opinion on the Schedule of Award Costs based on our audit.

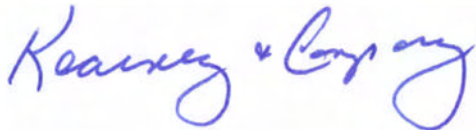
Cooperative Agreement	Agreement Period	Audit Period
Human Relations and Diversity Training-01CAIL0001	8-1-2001 to 9-30-2005	4-1-2002 to 3-31-2005
National Service Program Management-00CAIL0007	7-1-2000 to 9-30-2005	4-1-2002 to 3-31-2005
Training Design and Materials Development-00CAIL0008	7-1-2000 to 9-30-2005	4-1-2002 to 3-31-2005

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Award Costs is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts in the Schedule of Award Costs. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Schedule of Award Costs presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the Schedule of Award Costs presents fairly, in all material respects, the costs incurred and claimed for the period April 1, 2002 through March 31, 2005, in conformity with the terms of CHP's Cooperative Agreements with the Corporation for National and Community Service.

In accordance with the *Government Auditing Standards*, we have also issued our report, dated September 23, 2005, on compliance and internal controls over financial reporting.

This report is intended for the information and use of the Office of Inspector General, management of the Corporation for National and Community Service, CHP International, Incorporation, and the United States Congress.

A handwritten signature in blue ink that reads "Kearney & Company". The signature is written in a cursive, flowing style.

September 23, 2005
Alexandria, Virginia

**Schedule of Award Costs
 CHP International, Incorporation
 For the Period April 1, 2002 through March 31, 2005**

Human Relations and Diversity Training Agreement 01CAIL0001

<u>Description</u>	<u>April to December 2002</u>	<u>Total 2003</u>	<u>Total 2004</u>	<u>January to March 2005</u>	<u>Cumulative</u>
Total Expenses	<u>\$ 599,303</u>	<u>\$ 456,165</u>	<u>\$ 333,151</u>	<u>\$ 53,265</u>	<u>\$ 1,441,884</u>

National Service Program Management Agreement 00CAIL0007

<u>Description</u>	<u>April to December 2002</u>	<u>Total 2003</u>	<u>Total 2004</u>	<u>January to March 2005</u>	<u>Cumulative</u>
Total Expenses	<u>\$ 1,153,654</u>	<u>\$ 1,254,326</u>	<u>\$ 1,080,816</u>	<u>\$ 219,482</u>	<u>\$ 3,708,278</u>

Training Design and Material Development Agreement 00CAIL0008

<u>Description</u>	<u>April to December 2002</u>	<u>Total 2003</u>	<u>Total 2004</u>	<u>January to March 2005</u>	<u>Cumulative</u>
Total Expenses	<u>\$ 648,528</u>	<u>\$ 202,276</u>	<u>\$ 76,532</u>	<u>\$ 0</u>	<u>\$ 927,336</u>

**Notes to Schedule of Award Costs
CHP International, Incorporation**

1. SIGNIFICANT ACCOUNTING POLICIES

General

CHP is a for-profit organization, which bids on and performs contract services predominantly for the Peace Corps and the Corporation. CHP also performs small contracts for private organizations.

Basis of Accounting

The accompanying Schedule of Award Costs was prepared in accordance with the provisions of the Cooperative Agreements issued by the Corporation.

Office of Inspector General
Corporation for National and Community Service
1201 New York Ave, NW, Suite 830
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL
CONTROLS OVER FINANCIAL REPORTING**

We have audited the Schedule of Award Costs of CHP International, Incorporation (CHP) and have issued our report thereon, dated September 23, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated schedules are free of material misstatement.

In planning and performing our audit of Award Costs as presented in the Schedule of Award Costs for the period April 1, 2002 through March 31, 2005, we considered CHP's internal controls in order to determine the extent of auditing procedures necessary for the purpose of expressing our opinion on the Schedule of Award Costs, and not to provide an opinion on the internal controls over financial reporting. Consequently, we do not provide an opinion on internal controls.

Our consideration of internal controls would not necessarily disclose all matters of internal control over financial reporting that might be reportable conditions. Under standards established by the American Institute of Certified Public Accountants, reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal controls that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial schedules. Material weaknesses are reportable conditions in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or irregularities in amounts, which would be material in relation to the financial schedules being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. The following findings were considered reportable conditions identified during our audit.

This report is intended for the information and use of the Office of Inspector General, management of the Corporation for National and Community Service, CHP International, Incorporation, and the United States Congress.

Cost Allowability

Finding Number 1 – Indirect Costs and Management Fees were not Properly Calculated

Condition

During the period of our audit, April 1, 2002 through March 31, 2005, CHP calculated indirect costs based on provisional rates approved by their cognizant Federal agency, the Peace Corps. These calculations resulted in over or (under) claimed costs for each Agreement as indicated below. At the time of our audit, the Peace Corps had not audited and approved CHP's final indirect cost rates for the years 2004 and 2005. Consequently, CHP had not yet adjusted its claim for the audited indirect cost rates in its Financial Status Reports submitted for the years 2004 and 2005.

The over or (under) claimed indirect costs and management fees are as follows:

Human Relations and Diversity Training Agreement 01CAIL0001	
Under Claimed Indirect Costs and Management Fees	\$ 9,506
National Service Program Management Agreement 00CAIL0007	
Over Claimed Indirect Costs and Management Fees	(14,013)
Training Design and Materials Development Agreement 00CAIL0008	
Under Claimed Indirect Costs and Management Fees	<u>6,585</u>
Net Under Claimed Indirect Costs and Management Fees	<u>\$ 2,078</u>

Criteria

The Corporation for National and Community Service, Grant Provisions, Special Grants or Cooperative Agreement, B. General Provisions, 7. Administrative Costs, b. states:

Reimbursement for indirect costs will be at the rate(s) and on the base(s) specified in the approved award budget. This is a maximum provisional rate(s), which is subject to finalization by the cognizant Federal agency or the Corporation. The maximum provisional rate(s) is subject to downward adjustment only under this award. Accordingly, final approved rate(s) charged to this award may not exceed the maximum provisional rate(s). If the cognizant Federal agency or the Corporation does not approve a final rate, then the maximum provisional rate will be considered the final rate.

Cause

Approved indirect rates and management fees were not properly recalculated and adjustments were not properly made by CHP subsequent to the provisional indirect cost rates being audited by the Peace Corps, Office of Inspector General.

Effect

As a result of the incorrect calculations and adjustments, indirect costs and management fees for Human Relations and Diversity Training Agreement 01CAIL0001 were under claimed by \$9,506; fees for National Service Program Management Agreement 00CAIL0007 were over claimed by \$14,013; and fees for Training Design and Materials Development Agreement 00CAIL0008 were under claimed by \$6,585. The net effect of these calculations resulted in an under claimed amount of costs and fees totaling \$2,078.

Recommendation

We recommend that the Corporation ensure that CHP adjusts its Financial Status Reports to reflect the actual indirect costs and management fees that were recalculated by CHP and agreed to during the course of the audit.

CHP's Response

CHP will adjust the Financial Status Reports upon receiving the Corporation's request to do so.

Auditor's Comment

We agree with CHP's response. CHP should adjust the Financial Status Reports upon receiving the Corporation's request to do so.

Compliance with Grant Provisions

Finding Number 2 – Drug-Free Workplace Policy was not Included in Personnel Policies and Procedures Manual

Condition

CHP does not have a Drug-Free Workplace Policy in place or included in writing in its Personnel Policies and Procedures Manual.

Criteria

The Corporation for National and Community Service, Grant Provisions Special Grants or Cooperative Agreement, B. General Provisions, 13. Drug-Free Workplace, a. states:

In accordance with the Drug-Free Workplace Act, 41 U.S.C 701 et seq., implementing regulations, 45 C.F.R. 2542, and the Grantee's certification, the Grantee must publish a statement notifying employees that:

- i. The unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited in the Grantee's workplace and Program;
- ii. Conviction of any criminal drug statute must be reported immediately to the Grantee;
- iii. The employee's employment is conditioned upon compliance with the notice requirements; and
- iv. Certain actions will be taken against employees for violations of such prohibitions.

Cause

CHP failed to review its Personnel Policies and Procedures Manual to ensure it was up-to-date and in compliance with all Corporation provisions related to Cooperative Agreements.

Effect

By not providing visible access to the Drug-Free Workplace Act, CHP personnel could be unaware of the provisions of the law. Any violations of the Act could subject CHP to Federal sanctions and adversely affect its reputation and continued operations.

Recommendation

We recommend that the Corporation ensure that CHP incorporates a Drug-Free Workplace Policy into its Personnel Policies and Procedures Manual and periodically review the Manual to ensure it complies with Corporation provisions.

CHP's Response

We have issued an Administrative Memorandum to this effect. The text of the policy appears as an attachment to this letter.

Auditor's Comment

While a memorandum does ensure that current employees are made aware of the Drug-Free Workplace Policy, it does not ensure that future employees will receive the same information. We recommend that the Corporation ensure that CHP incorporates a Drug-Free Workplace

Policy into its Personnel Policies and Procedures Manual and periodically review the Manual to ensure it complies with Corporation provisions.

Finding Number 3 – Grievance Policy not Included in the Personnel Policies and Procedures Manual

Condition

CHP does not have a Grievance Policy included in its Personnel Policies and Procedures Manual.

Criteria

The Corporation for National and Community Service, Grant Provisions Special Grants or Cooperative Agreement, B. General Provisions, 14. Non-discrimination, f. paragraph 3. states:

Discrimination complaints may be raised through the Grantee's grievance procedure. Use of the Grantee's grievance procedure may not be a required precursor to filing a Federal discrimination complaint with the Corporation. Use of the Grantee's grievance procedure does not preclude filing a Federal discrimination complaint. The Grantee's grievance procedure should advise individuals that use of the grievance procedure does not stop the running of Corporation time frames for filing a discrimination complaint with the Corporation.

Cause

CHP failed to review its Personnel Policies and Procedures Manual to ensure it was up-to-date and in compliance with all Corporation provisions related to Cooperative Agreements.

Effect

Without a written Grievance Policy in place, CHP maintains no record of employee misconduct in the workplace, frequency with which the misconduct occurred, or dates, times, or discussions held with employees about these issues. Without such supporting documentation, termination for cause may subject CHP and the Corporation to litigation and sanctions under various Federal employment statutes.

Recommendation

We recommend that the Corporation ensure that CHP incorporates a Grievance Policy into its Personnel Policies and Procedures Manual and periodically review the Manual to ensure it complies with Corporation provisions.

CHP's Response

We have issued an Administrative Memorandum to this effect. The text of the policy appears as an attachment to this letter.

Auditor's Comment

While a memorandum does ensure that current employees are made aware of the Grievance Policy, it does not ensure that future employees will receive the same information. We recommend that the Corporation ensures that CHP incorporates a Grievance Policy into its Personnel Policies and Procedures Manual, and periodically reviews the manual to ensure it complies with Corporation provisions.

In addition, the Grievance Policy does not include information relating to a hearing and binding arbitration, both of which are needed before the Policy is in full compliance with the provision.



September 23, 2005
Alexandria, Virginia

APPENDIX A

CHP International, Incorporation's Response

DRUG-FREE WORKPLACE POLICY

Purpose and Goal

CHP International, Inc. is committed to protecting the safety, health, and well being of all employees and other individuals in our workplace. We recognize that drug use poses a significant threat to our goals. We have established a drug-free workplace program that balances our respect for individuals with the need to maintain a drug-free work environment.

This policy recognizes that employee involvement with drugs can be very disruptive, adversely affect the quality of work and performance of employees, pose serious health risks to users and others, and have a negative impact on productivity and morale.

This organization encourages employees to voluntarily seek help with drug related problems.

Covered Workers

Any individual who conducts business for the organization, is applying for a position, or is conducting business on the organization's property is covered by our drug-free workplace policy. Our policy includes, but is not limited to the CEO, managers, supervisors, full-time employees, part-time employees, and off-site employees.

Applicability

Our drug-free workplace policy is intended to apply whenever anyone is representing or conducting business for the organization. Therefore, this policy applies during all working hours, whenever conducting business or representing the organization, while on organization property, or at company-sponsored events.

Prohibited Behavior

It is a violation of our drug-free workplace policy to use, possess, sell, trade, and/or offer for sale illegal drugs.

Notification of Convictions

Any employee who is convicted of a criminal drug violation in the workplace must notify the organization in writing within five calendar days of the conviction. The organization

will take appropriate action within 30 days of notification. Federal contracting agencies will be notified when appropriate.

Consequences

One of the goals of our drug-free workplace program is to encourage employees to voluntarily seek help with drug problems. If, however, an individual violates the policy, the consequences are serious.

In the case of applicants, if he or she violates the drug-free workplace policy, the offer of employment can be withdrawn. The applicant may reapply after one year and must successfully pass a pre-employment drug test.

If an employee violates the policy, he or she will be subject to progressive disciplinary action and may be required to enter rehabilitation. An employee required to enter rehabilitation who fails to successfully complete it and/or repeatedly violates the policy will be terminated from employment. Nothing in this policy prohibits the employee from being disciplined or discharged for other violations and/or performance problems.

Assistance

CHP International, Inc. recognizes that drug abuse and addiction are treatable illnesses. We also realize that early intervention and support improve the success of rehabilitation. To support our employees, our drug-free workplace policy:

- Encourages employees to seek help if they are concerned that they or their family members may have a drug problem.
- Encourages employees to utilize the services of qualified professionals in the community to assess the seriousness of suspected drug problems and identify appropriate sources of help.

Treatment for drug use disorders may be covered by the employee benefit plan. However, the ultimate financial responsibility for recommended treatment belongs to the employee.

Confidentiality

All information received by the organization through the drug-free workplace program is confidential communication. Access to this information is limited to those who have a legitimate need to know in compliance with relevant laws and management policies.

Communication

Communicating our drug-free workplace policy to both supervisors and employees is critical to our success. To ensure all employees are aware of their role in supporting our drug-free workplace program, all employees will receive a written copy of the policy.

Grievance Policy

General

The CHP grievance procedure is designed to provide prompt and orderly resolution of complaints or disputes arising in the course of employment. Any staff member has the right to present to the company any personal grievance regarding employment within 30 days of an occurrence and/or within 30 days of the staff member having reasonable knowledge of the occurrence and have it considered on its merits as described below. Complaints pertaining to the general level of wages, wage patterns, fringe benefits, or other broad areas of financial management and staffing are not deemed to be grievable issues, and, therefore, are not covered by this policy.

A grievance involving suspension or termination must be submitted in writing directly to the CHP International, Inc. President within five working days following receipt of notice of the suspension or termination.

No decision may be made at any step of the grievance procedure that conflicts with or modifies an approved CHP International, Inc. policy or that is contrary to any law to which the organization is subject or any contract to which the organization is a party.

Procedure

Since most work-related complaints and disputes can be settled in conversation between the staff member and the staff member's supervisor, staff members are encouraged to resolve any problem by seeing their immediate supervisors. An earnest effort is to be made to resolve these issues as promptly as possible.

If the staff member is not satisfied with the response received after discussing the complaint with the supervisor, the following steps may be used:

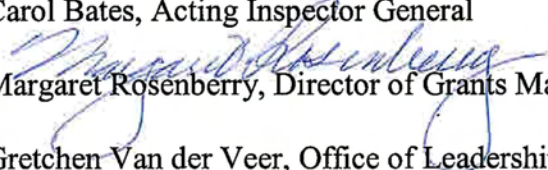
- The staff member is to identify specifically the unresolved grievance by writing a letter to the supervisor. In the letter, the staff member is to identify the resolution that is being sought. The supervisor is to forward a copy of the letter to the CHP International, Inc. President.
- Within seven working days after receipt of the written grievance, the supervisor will provide the staff member a written response to the grievance with a copy to the CHP International, Inc. President. Should the supervisor need additional time to investigate the complaint, the supervisor will provide a written notice to the staff member, indicating the date on which a written response will be issued.
- If the staff member is not satisfied with the written response received from the supervisor, the staff member may request, in writing, a review of the matter by the

CHP International, Inc. President or his designee. Within ten working days after receipt of the written grievance, the President or his designee will provide the staff member a written response to the grievance with a copy to the staff member's personnel file. Should the President need additional time to investigate the complaint, the supervisor will provide a written notice to the staff member, indicating the date on which a written response will be issued. The President's written response will be the organization's final decision.

APPENDIX B

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE RESPONSE

Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

To: Carol Bates, Acting Inspector General
From: 
Margaret Rosenberry, Director of Grants Management
Cc: Gretchen Van der Veer, Office of Leadership Development and Training
Tory Willson, Audit Resolution Coordinator
Date: November 14, 2005
Sub: Response to OIG Draft Audit Report of Corporation for National and Community
Service Cooperative Agreements Awarded to CHP International, Inc.

Thank you for the opportunity to review the draft audit report of the Corporation's cooperative agreements awarded to CHP International. We were pleased that the audit report questioned no costs. We don't have additional comments at this time and will respond to all findings and recommendations during the audit resolution process.

As noted by CHP, they have already developed grievance and drug-free workplace policies as required by federal regulations. We will review the policies and confirm implementation during the audit resolution process.



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