

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

**AGREED-UPON PROCEDURES REVIEW OF  
CORPORATION FOR NATIONAL AND COMMUNITY  
SERVICE GRANT AWARDED TO KANSAS BIG  
BROTHERS BIG SISTERS, INC.  
GRANT NUMBER 01SRWK004**

**OIG REPORT NUMBER 07- 06**



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

Prepared by:

Office of Inspector General  
1201 New York Avenue, NW.  
Washington, DC 20525

This report was issued to Corporation management on October 12, 2006. 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 April 12, 2007, and complete its corrective actions by October 12, 2007. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.

**OFFICE OF INSPECTOR GENERAL  
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE  
AGREED-UPON PROCEDURES ENGAGEMENT  
KANSAS BIG BROTHERS BIG SISTERS, INC.  
GRANT NUMBER 01SRWK004**

**TABLE OF CONTENTS**

Executive Summary.....	1
Background .....	2
Objectives, Scope, and Methodology.....	3
Findings and Recommendations.....	4
Schedule A –Schedule of Claimed and Questioned Costs.....	5
Schedule B – Internal Control Findings and Recommendations.....	6
Appendix A: KBBBS’ Response to Draft Agree-Upon Procedures Report	

## EXECUTIVE SUMMARY

The objectives of our agreed-upon procedures engagement were to determine if claimed costs reported to the Corporation by the Kansas Big Brothers Big Sisters, Inc. (KBBBS) were allocable and allowable, and whether KBBBS complied with applicable Federal laws and regulations, and the terms and conditions set forth in its grant. We are questioning \$97,957 of the \$323,231, or 30.3 percent, of expenditures incurred under the grant agreements due to noncompliance with grant terms and conditions.

Summary of Questioned Costs			
Grant	Grant Period	Claimed	Questioned
01SRWK004	09/30/01 to 5/31/05	<u>\$323,231</u>	<u>\$97,957</u>

As a result of applying our procedures, we questioned costs of \$63,235 due to the project director's lack of timesheets. The questioned cost represents only the Federal share of the project director's salary. We also questioned \$34,722 for unsupported transfers of claimed costs from the grantee share to Federal share.

The following internal control findings are addressed in this report:

- The grantee did not record labor hours and salary costs according to the grant provisions and OMB Circular A-122.
- The grantee's Financial Status Reports (FSRs) were not reconciled to costs recorded in the general ledger.
- The grantee's policies and procedures did not address its drawdown and financial status reporting practices.
- The grantee's financial management system was inadequate and should be strengthened.
- The grantee did not maintain timesheets for volunteers.

KBBBS currently does not have a Corporation grant. The Corporation should review KBBBS' reconciliation that was provided and close out the grant during the audit resolution period. KBBBS' response is included as Appendix A. The Corporation did not respond to the draft report.

## **BACKGROUND**

The National and Community Service Trust Act of 1993 established the Corporation for National and Community Service (Corporation). The Corporation funds opportunities for Americans to engage in service that fosters civic responsibility, strengthens communities, and provides educational opportunities for those who make a substantial commitment to service.

The Corporation awards grants and cooperative agreements to State commissions, nonprofit entities, tribes, and territories to assist in creating full-time and part-time national and community service programs. The Retired Seniors Volunteer Program (RSVP) provides grants for the dual purpose of engaging persons 50 years and older in volunteer service to help at-risk children and youth with special needs, and of providing a high-quality experience that will enrich the lives of the volunteers. Program funds are also used to support the Foster Grandparent Program, which provides person-to-person service to children with exceptional or special needs.

RSVP is part of Senior Corps, a Corporation program that provides older Americans the opportunity to put their life experiences to work for local communities. RSVP volunteers may be reimbursed for certain out-of-pocket costs associated with their service activities. In addition, RSVP volunteers receive accident, personal liability, and added automobile insurance coverage, as well as community recognition.

RSVP programs work to:

- (1) Develop a variety of opportunities for community service for older people.
- (2) Ensure that volunteer assignments are made consistent with the interests and abilities of the volunteers and the needs of the community served.
- (3) Ensure that volunteers are provided needed orientation, in-service instruction, individual support and supervision, and recognition.
- (4) Develop local support to supplement available Federal sources and ensure that program expenditures are incurred at the lowest possible cost.
- (5) Cooperate with local agencies and organizations involved in the fields of aging and voluntarism to develop a sound, locally controlled senior volunteer program.

RSVP volunteers provide services, such as:

- Tutoring children in reading and math;
- Building houses;
- Helping get children immunized;
- Modeling parenting skills to teen parents;
- Participating in Neighborhood Watch programs;
- Planting community gardens;
- Providing counsel to new business owners;
- Offering relief services to victims of natural disasters; and
- Helping community organizations operate more efficiently.

Kansas Big Brothers Big Sisters, Inc. (KBBBS) is a not-for-profit organization that recruits, screens, and monitors adult volunteers that serve as role models for school-aged children predominantly from single-parent families. KBBBS is supported by private contributions and Federal and state grants. In calendar year 2004, KBBBS had 34 affiliates across the State of Kansas. Each affiliate operates under the direction of a board of directors comprised primarily of local residents, with input and guidance from KBBBS. KBBBS changed its name from Big Brothers – Big Sisters of Sedgwick County, Inc., to Kansas Big Brothers Big Sisters, Inc. during the year ended December 31, 2001.

### **OBJECTIVES, SCOPE, AND METHODOLOGY**

We performed an agreed-upon procedures engagement of the following Corporation award:

<b>Grant No.</b>	<b>Grant Period</b>
<b>01SRWK004</b>	09/30/01 to 5/31/05

Our objectives were to determine if claimed costs reported to the Corporation were allocable and allowable, and whether KBBBS complied with applicable Federal laws and regulations, and the terms and conditions set forth in the grant. To accomplish our objectives, we took the following steps:

- Interviewed the Corporation program officers responsible for this grant;
- Reviewed Corporation grant files;
- Interviewed KBBBS personnel;
- Reviewed KBBBS employee personnel files, timesheets, and payroll records;
- Reviewed volunteer files;

- Reviewed selected KBBBS policies and procedures;
- Reconciled KBBBS' Financial Status Reports (FSRs) to its drawdowns;
- Compared KBBBS expenses to the approved budgets; and
- Analyzed KBBBS financial records for unallowable costs.

Our fieldwork was performed in November 2005. The agreed-upon procedures were delayed several months due to the heavy workload in our office. Our agreed-upon procedures engagement covered grant activity from the date of the award through May 31, 2005. We conducted exit conferences with KBBBS and the Corporation on May 19, 2006. We conducted our agreed-upon procedures engagement in accordance with generally accepted government auditing standards, issued by the Comptroller General of the United States.

## **FINDINGS AND RECOMMENDATIONS**

This report pertains only to the performance of agreed-upon procedures to determine if claimed costs reported to the Corporation were allocable and allowable, and whether KBBBS complied with applicable Federal laws, regulations, and the terms and conditions set forth in the RSVP grant. We did not perform an examination on the subject matter of this report, the objective of which would be to express an opinion. Accordingly, we do not express such an opinion. Had we performed additional procedures, other reportable matters might have come to our attention.

We determined that KBBBS drew down \$290,764 through October 4, 2005.<sup>1</sup> The cumulative FSRs, Federal Share, amounted to 323,231 through September 29, 2004. This amount includes two hardcopy FSRs that we located for Program Year 01/02, that the Service Center was unaware existed. We recommend that the Corporation use this information to close out the grant.<sup>2</sup>

Agreed-upon procedure results are detailed in Schedules A through B and the related notes.

---

<sup>1</sup> The OIG confirmed that no additional drawdowns took place through May 22, 2006.

<sup>2</sup> KBBBS submitted another FSR, dated September 19, 2005. We did not review this FSR because it was submitted after our fieldwork was complete.

**SCHEDULE OF CLAIMED AND QUESTIONED COSTS  
CORPORATION GRANT NO. 01SRWK004  
SEPTEMBER 30, 2001, TO May 31, 2005**

<b>Cost Category</b>	<b>Claimed Costs</b>	<b>Questioned Costs</b>	<b>Notes</b>
Project Director's Salary	76,232	\$ 63,235	1
FSR Reconciliation	\$ <u>323,231</u>	<u>34,722</u>	2
<b>Total</b>	\$ <u>323,231</u>	\$ <u>97,957</u>	

**NOTES TO THE SCHEDULE OF  
CLAIMED AND QUESTIONED COSTS**

- Project Director's Salary.** The KBBBS project director did not maintain timesheets for her effort. We question the Federal Share of these costs because KBBBS is unable to support the costs with documentation. We do not question the portion of her salary charged to match because KBBBS has additional replacement match. See internal control finding Number 1 for more details.
- FSR Reconciliation.** KBBBS utilized reimbursable worksheets to prepare its FSRs and segregate the RSVP grant costs between Federal Share and Match. KBBBS moved \$34,722 from match (grantee share) to Federal share and was unable to provide an explanation for moving these costs. We question the following costs:

<b>Program Year</b>	<b>FSR Federal Share</b>	<b>Reimbursable Worksheet</b>	<b>Questioned</b>
02/03	\$ <u>115,366</u>	\$ <u>97,791</u>	\$ <u>17,575</u>
03/04	<u>113,055</u>	<u>95,908</u>	<u>17,147</u>
TOTAL			\$ <u>34,722</u>

**KANSAS BIG BROTHERS BIG SISTERS, INC.  
INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS**

During the course of our agreed-upon procedures, the following conditions came to our attention:

**1. The grantee did not record labor hours and salary costs according to the grant provisions and OMB Circular A-122.**

Salaries of KBBBS employees charging time to the RSVP grant were not supported by timesheets in accordance with grant provisions and OMB Circular A-122, *Cost Principles for Non-Profit Organizations*. The timesheets did not specify or distribute, by program, the employee labor hours attributable to different grants. The timesheets only captured the total hours worked each day and did not contain any details as to how the time should be charged to specific Federal programs. Also, KBBBS did not require its Project Director to complete a timesheet of any kind. KBBBS believed that, because the Project Director worked exclusively on the RSVP grant, she was not required to maintain timesheets.

We did not question the costs for the improper charging of KBBBS employees because we were able to perform alternative procedures to accept the labor charges. However, we were unable to perform any alternative procedures to evaluate the reasonableness of the project director's salary charges and questioned \$63,235 in Schedule A.

KBBBS representatives stated that their accounting system would not permit them to charge separate grants or other activities. The effect of this condition is that unallowable or unallocable charges could be claimed on the RSVP grant.

OMB Circular A-122 Attachment B, *Selected Items of Cost*, Section 8. m. (1) and (2) states:

(1) Charges to awards for salaries and wages, whether treated as direct costs or indirect costs, will be based on documented payrolls approved by a responsible official(s) of the organization. The distribution of salaries and wages to awards must be supported by personnel activity reports, as prescribed in subparagraph 2, except when a substitute system has been approved in writing by the cognizant agency. (See subparagraph E.2 of Attachment A).

(2) Reports reflecting the distribution of activity of each employee must be maintained for all staff members (professionals and nonprofessionals) whose compensation is charged, in whole or in part, directly to awards. .... Reports



maintained by non-profit organizations to satisfy these requirements must meet the following standards:

(a) The reports must reflect an after-the-fact determination of the actual activity of each employee. Budget estimates (i.e., estimates determined before the services are performed) do not qualify as support for charges to awards.

(b) Each report must account for the total activity for which employees are compensated and which is required in fulfillment of their obligations to the organization.

(c) The reports must be signed by the individual employee, or by a responsible supervisory official having first hand knowledge of the activities performed by the employee, that the distribution of activity represents a reasonable estimate of the actual work performed by the employee during the periods covered by the reports.

(d) The reports must be prepared at least monthly and must coincide with one or more pay periods.

(3) Charges for the salaries and wages of nonprofessional employees, in addition to the supporting documentation described in subparagraphs (1) and (2), must also be supported by records indicating the total number of hours worked each day maintained in conformance with Department of Labor regulations implementing the Fair Labor Standards Act (FLSA) (29 CFR Part 516). For this purpose, the term "nonprofessional employee" shall have the same meaning as "nonexempt employee," under FLSA.

(4) Salaries and wages of employees used in meeting cost sharing or matching requirements on awards must be supported in the same manner as salaries and wages claimed for reimbursement from awarding agencies.

### *Recommendation*

The Corporation should require KBBBS to:

- A. Complete timesheets for all employees in accordance with the OMB Circular A-122.
- B. Resolve the questioned costs of \$63,235.

### *KBBBS' Response*

KBBBS provided an affidavit from the project director who states, "I was a full-time employee of KBBBS, and I devoted 100% of my time during this period to planning, organizing, recruiting, and enrolling senior volunteers and supervising and training of the RSVP project staff, along with reporting, record keeping, and other various duties relating to RSVP."

KBBBS also provided an October 2006 letter from the Corporation's Pacific Area Manager, who reviewed a revised timesheet and stated that it seemed to be a reasonable document and that it accounted for her time as an RSVP director.

Auditors' Additional Comments

We acknowledge that the project director was heavily involved with RSVP. However, we have no documentary evidence that she dedicated 100 percent of her effort and time to the RSVP program.

We are also unable to accept the Corporation Pacific Area Manager's prior assessment of one timesheet as evidence that the project director performed 100 percent of her effort on the RSVP program during the period that was reviewed.

**2. The grantee's financial reports were not reconciled to costs recorded in the general ledger.**

KBBBS did not perform reconciliations between the financial information maintained in its accounting system and the FSRs submitted to the Corporation. KBBBS has experienced significant turnover of personnel and did not have a Chief Financial Officer over several periods and at the time of our review. Without periodic reconciliations, KBBBS may report inaccurate information to the Corporation.

OMB Circular A-110, *Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*, Subpart C - Post-Award Requirements, 21. *Standards for financial management systems*, b. 2. states:

Recipient financial management systems shall provide... [r]ecords that identify adequately the source and application of funds for Federally-sponsored activities. These records shall contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, income, and interest.

*Recommendation*

The Corporation should direct KBBBS to establish procedures to reconcile its financial information to its FSRs. The Corporation should also resolve the costs claimed that have not been supported by the accounting records.

KBBBS' Response

KBBBS presented a different reconciliation that was based on independent sources of information and not on the FSRs, which it acknowledges were incorrect. KBBBS also states that it reported match share expenses in excess of what was required by \$78,477, thus making the unsupported transfer of \$34,722 a non-issue.

Auditors' Additional Comments

We relied on the FSRs during our agreed-upon procedures and not the drawdown amounts. During the audit resolution period, the Corporation should review the reconciliation and any additional information provided and, when completed, close out the grant. The OIG will provide assistance to the Corporation, if requested.

**3. The grantee does not have policies and procedures addressing its drawdown and financial status reporting practices.**

- a. KBBBS policies and procedures do not address practices for withdrawing funds from the Department of Health and Human Services' payment management system (PMS). KSBBS personnel stated that the agency had no written policies and procedures for withdrawing funds. Without policies and procedures, KSBBS drawdowns may be improperly performed.
- b. KBBBS policies and procedures do not address practices for determining what costs are reported on the FSRs. KSBBS personnel stated that there were no written policies and procedures in place that provided guidance on how they should develop their FSRs. Without policies and procedures in place, KSBBS may inaccurately report costs associated with the grant.

OMB Circular A-110, Subpart C - Post-Award Requirements, 21. *Standards for financial management systems*, b. 5. states recipients shall provide, "[w]ritten procedures to minimize the time elapsing between the transfer of funds to the recipient from the U.S. Treasury and the issuance or redemption of checks, warrants or payments by other means for program purposes by the recipient."

OMB Circular A-110, Subpart C - Post-Award Requirements, 21. *Standards for financial management systems*, b. 6. states recipients shall provide, "[w]ritten procedures for determining the reasonableness, allocability and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award."

### *Recommendations*

The Corporation should direct KBBBS to establish policies and procedures to document its drawdown process and describe how its financial status reports are developed.

### *KBBBS' Response*

KBBBS acknowledges that the financial management system was inadequate and should be strengthened. Policies and procedures have been written to ensure OMB Circular A-110 is followed.

### *Auditor's Comment*

The grantee's corrective actions, as described in its comments, are responsive to our recommendations.

#### **4. The grantee's financial management system is inadequate and should be strengthened.**

a. KBBBS did not have adequate written accounting procedures to ensure the reasonableness, allowability, and allocability of costs in accordance with applicable Federal cost principles and award terms and conditions. KBBBS was unaware that its written procedures were inadequate. Without written procedures, costs may not be consistently treated in KBBBS's accounting system.

b. KBBBS claimed unallowable Federal costs and costs for which insufficient documentation was provided. The notes to Schedules A describe questioned Federal costs.

c. KBBBS also did not properly allocate Other Direct Costs (ODCs) to the RSVP grant. It appears that KBBBS used arbitrary decision-making to determine the amount of various expenses that were allocated to the RSVP grant. KBBBS' policies did not address the allocation, and in many cases KBBBS could not provide information on how the ODC allocations to the RSVP grant were made.

OMB Circular A-110, Subpart C – Post-Award Requirements, 21. *Standards for financial management systems*, b.6, states:

Recipients' financial management systems shall provide for written procedures for determining the reasonableness, allocability and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award.”

OMB Circular A-122, Attachment A, Paragraph A (2), *Basic Considerations, Factors affecting allowability of costs*, states that to be allowable under an award, costs must be adequately documented.

#### *Recommendation*

We recommend that KBBBS strengthen its financial management system to be in compliance with the applicable OMB Circular requirements. Specifically, we recommend that KBBBS:

- Develop adequate written procedures for the allowability, and allocability of ODCs.
- Ensure that costs claimed meet all OMB circular requirements for allowability and allocability, including claimed match costs.
- Resolve the questioned costs of \$34,722.

#### *KBBBS' Response*

KBBBS acknowledges that the financial management system was inadequate and should be strengthened. Policies and procedures have been written to ensure OMB Circular A-110 is followed.

#### *Auditor's Comment*

The grantee's corrective actions, as described in its comments, are responsive to our recommendations.

#### **5. KBBBS did not require volunteers to maintain timesheets.**

a. KSBBS did not require RSVP volunteers to maintain timesheets, as stipulated in the Corporation RSVP Handbook. Without timesheets, KSBBS will not be able to determine how much time each RSVP volunteer spent on the program.

The Corporation RSVP Operations Handbook, dated April 2000 Chapter 11, Sec. 46, Recordkeeping, states that sponsors are required to ensure that timesheets are maintained that display the actual hours served by each volunteer. The timesheets must be signed by the individual volunteer and the responsible volunteer station supervisor. Timesheets may be individual or group (such as a volunteer station's sign-in/sign-out sheet) and may be maintained by the project in its volunteer records or by volunteer stations. If timesheets are not maintained by the project, the individual volunteer's project record must contain a notation indicating the location of the volunteer's timesheet.

The Corporation also issued a memorandum on October 8, 2003, to Area Managers, State Program Directors, and Service Center Directors clarifying the requirement for RSVP timesheets. In the memorandum, the Corporation stated that maintaining volunteer timesheets is a good management practice that allows projects to keep track of hours served by volunteers and

to accurately report the hours to funders and other stakeholders, including the Corporation. In addition, the Corporation's memorandum noted that an additional benefit of tracking volunteer hours is maintenance of documentation for the grantee's insurance company should a claim be filed for an accident that occurs in the course of a volunteer's service.

*Recommendation*

The Corporation should direct KBBBS to establish policies and procedures to ensure that volunteers create timesheets to demonstrate the allocation of effort for the RSVP program.

*KBBBS' Response*

The grantee acknowledges that it did not require or track timesheets on volunteers. However, it has not received RSVP funds since FY 2004.

*Auditor's Comment*

Prior to making any future grant awards to KBBBS, the Corporation should ensure that KBBBS has implemented a timekeeping system for volunteers.

## **Appendix A**

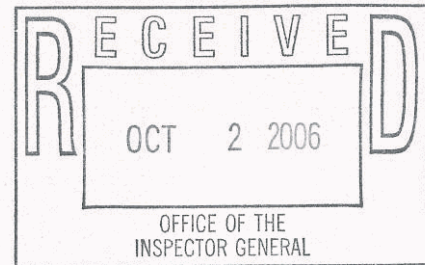
**Response of the Kansas Big Brothers Big Sisters, Inc.**



Kansas  
Big Brothers Big Sisters

September 8, 2006

Ms. Carol Bates  
Assistant Inspector General for Audit  
Corporation for National & Community Service  
1201 New York Avenue, NW  
Suite 830  
Washington, DC 20525



Dear Ms. Bates,

Attached is the Kansas Big Brothers Big Sisters, Inc. response to grant number 01SRWK004 findings and recommendations. As you can see in our response we have had a change in leadership within the organization since August of 2005. We believe our responses to the findings to be accurate and honest. We have developed better communication with the program director and staff of the RSVP grant and have not been involved with the program since September 2004.

I am requesting that these responses satisfy the draft audit report and have corrected any findings of error.

If any further information is needed, please feel free to contact myself or our controller, Joni Knab at 316-263-3300.

Sincerely,

Dawn DeArmond  
President/CEO

Encl.



## Appendix A

### Response of the Kansas Big Brothers Big Sisters, Inc.

**1. The grantee did not record labor hours and salary costs according to the grant provisions and OMB Circular A-122.**

At question are the project director's salary charges and questioned \$63,235 in Schedule A.

KSBBBS agrees that in the past, management did not follow the requirements of OMB Circular A-122. Within the past 18 months the Board of Directors took the organization through some structural changes including accepting the resignation of the CEO and other key members of Management. The Kansas Board of Directors and the Audit Committee have been actively involved in helping KSBBBS restructure the financial department and in developing policies and procedures. New reporting processes due to reorganizing of the financial department have and are continuing to be established to provide adequate documentation and reporting to grantors in the future.

All personnel are required to complete timesheets in accordance with OMB Circular A-122 for all work done on grants. Charges to the grant for wages and salaries are based on documented payrolls approved by management of our organization.

Provided with our response is a signed affidavit (Enclosure 1) from Jane Knight, the Project Director who worked exclusively on the RSVP grant, stating that she devoted 100% of her time to this grant. Also enclosed (Enclosure 2) is a copy of a letter, dated October 26, 2004, signed by Rick Crawford, the Pacific Area Manager, to our organization. He stated: "During our meeting, you provided a copy of the revised time sheet reflecting the hours of Ms. Knight along with the daily log of areas of work in which she is engaged. This seemed to me a reasonable document accounting for her time spent as an RSVP Director."

At one time the Corporation did possess documentation that they considered "reasonable" for us to document the project director's salary.

Because of leadership (CEO and CFO) turnover and moving of our organizations headquarters in October 2005, we have been unable to locate such documentation. We consider the affidavit provided from Ms. Knight to be a reasonable document to resolve the questioned costs of \$63,235 for her time.

**2. The grantee's financial reports were not reconciled to costs recorded in the general ledger.**

KSBBBS acknowledges that in the past the financial management system was inadequate and should be strengthened. Policies and procedures have been written to ensure OMB Circular A-110 is followed.

The OIG Draft Report questioned \$34,722 for unsupported transfers of claimed costs from the grantee share to the Federal share. The following table and comments were provided to us concerning these questioned costs:

*"We were able to reconcile 01/02. In PY 02/03, you can see that \$17,575 was moved from Grantee Share to Federal Share. We had a similar reconciliation problem in 03/04 as follows:"*

PY 01/02				
Federal Share	Grantee Match	Total Outlays		
\$94,808	\$67,891	\$162,699	FSR	
\$94,808	\$67,891	\$162,699	Spreadsheet	
0	0		Difference	
PY 02/03				
Federal Share	Grantee Match	Total Outlays		
\$115,366	\$64,620	\$179,986	FSR	
\$97,791	\$82,194	\$179,985	Spreadsheet	
\$17,575	-\$17,574		Difference	
PY 03/04				
Federal Share	Grantee Match	Total Outlays		
\$54,955	\$26,804	\$82,130		
\$185	\$185	\$101,505		
\$55,846	\$41,519			
\$2,068	\$2,070			
\$113,055	\$70,579	\$183,635	FSR Total	
\$95,908	\$89,019	\$184,927	Spreadsheet	
\$17,147	-\$18,440	-\$1,291	Difference	

KSBBBS Response:

Total costs on this spreadsheet equal \$527,612. These costs were not in dispute to our knowledge, except for the \$63,235 questioned in response number 1, and for the transfer of costs from grantee share to Federal share.

KSBBS would like to present a different reconciliation of this spreadsheet based on independent sources of information, and not on the Financial Status Reports that were sent to you and were acknowledged to be incorrect.

From the Grant Award letters (see Enclosure 3), KSBBS was awarded the following amounts: YR 01/02 \$94,808, YR 02/03 \$97,791, YR 03/04 \$101,703. Per PSC 272 reports that reconciled to our general ledger, we received the following amounts: YR 01/02 \$94,808, YR 02/03 \$97,791, YR 03/04 \$98,165. We did not receive funds in excess of what was awarded, as stated in OIG's spreadsheet as presented above.

From OMB Control No. 3045-0035, National Senior Services Corps Grant Application (see Enclosure 4), for RSVP the required non-Corporation share is 10% of the total project cost in Year 1, 20% in Year 2, and 30% in subsequent years. This means our required grantee match share is 30% for all of the years in question, not as stated in the above spreadsheet.

PY 01/02				
Federal Share	Grantee Match	Total		
\$94,808	\$40,632	\$135,440	Revenue & Req'd Match	
\$94,808	\$67,891	\$162,699	Costs	
0	27,259	27,259	Difference	Excess reported.
PY 02/03				
Federal Share	Grantee Match	Total		
\$97,791	\$41,910	\$139,701	Revenue & Req'd Match	
\$97,791	\$64,620	\$162,411	Costs	
0	22,710	22,710	Difference	Excess reported.
PY 03/04				
Federal Share	Grantee Match	Total		
\$98,165	\$42,071	\$140,236	Revenue & Req'd Match	
\$98,165	\$70,579	\$168,744	Costs	
0	28,508	28,508	Difference	Excess Reported.

Previous management reported matching share and thus costs at a percentage greater than what was required. We received total funds of \$290,764 for the three years of this grant period. Our match share at 30% of total project cost was only \$124,613 making the total project cost equal \$415,377. We reported match share expenses in excess of what we were required to expense by over \$78,477, thus making the transfer of \$34,722 for unsupported transfers of claimed costs from the grantee share to Federal share a non-issue.

**3. The grantee does not have policies and procedures addressing its drawdown and financial status reporting practices.**

KSBBBS acknowledges that in the past the financial management system was inadequate and should be strengthened. Policies and procedures have been written to ensure OMB Circular A-110 is followed.

**4. The grantee's financial management system is inadequate and should be strengthened.**

KSBBBS acknowledges that in the past the financial management system was inadequate and should be strengthened. Policies and procedures have been written to ensure OMB Circular A-110 is followed.

See response number 2 regarding questioned costs of \$34,722.

**5. KSBBBS did not require volunteers to maintain timesheets.**

KSBBBS acknowledges that past management did not require or track timesheets on volunteers. However, it has never been a practice of BBBS to have timesheets for volunteers and this was discussed with the RSVP program director and verbally agreed upon. BBBS does document and track all volunteers. Each volunteer is assigned to a case manager who contacts the volunteer monthly and documents the number of times the volunteer has seen the child and the activities they have done together. Also any problems or concerns can be addressed at that time. (The CM does not document the exact number of hours the volunteer spends with the child.)

All of our files have been open to RSVP for review. None of the current leadership was ever involved in the RSVP grant. The current leadership has implemented controls in order to track all grants and follow policies required by the grantor. KSBBBS has not received RSVP funds since 2004. Leadership changed in August 2005.