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**Office of the Inspector General**

**Summary of the Results of  
Audits and Reviews of Grants  
Fiscal Years 1995 through 1997**

**Report Number 98-22  
March 20, 1998**

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Corporation for National and Community Service  
Office of the Inspector General  
Summary of the Results of Audits and Reviews of Grants  
Fiscal Years 1995 through 1997

To assist the Corporation in its efforts to improve its monitoring and oversight of grantees, we have summarized the results of Office of the Inspector General (OIG) audits and reviews of Corporation grants conducted in fiscal years 1995 through 1997. During this period, OIG issued 60 reports<sup>1</sup> on Corporation grants,<sup>2</sup> concentrating our efforts on AmeriCorps programs because these programs represented the largest percentage of grant dollars awarded by the Corporation. Furthermore, because AmeriCorps was a new service program, we identified it as higher risk than service programs carried out under the Domestic Volunteer Service Act (DVSA), which have been in place a number of years.

Overall, our audits and reviews show that many of the new programs experienced difficulty in administering Corporation funds. For example, we identified questioned costs or other findings at 89 percent of the AmeriCorps grantees we examined (39 of 44). Further, when we classified the findings for AmeriCorps grantees by categories, we found that 64 percent of the grantees (28 of 44) had findings in three or more categories. The problems we found ranged from specific instances of noncompliance with grant provisions (e.g., the requirement to pay living allowances in uniform increments) to more general conditions, such as failure to maintain adequate financial systems or management controls to properly administer Corporation grant funds.

The following is a synopsis of the findings by the 12 categories we identified for all 60 of the reports on grantees. We have also included, as an Appendix to this report, a matrix identifying the findings at each grantee.

### **Overall Summary**

***Questioned costs*** — We questioned costs at 61 percent (37 of the 60) of the grantees. Federal costs questioned totaled \$4.6 million (about 6 percent of the funds awarded to these grantees).

***Systems and controls*** — We concluded that accounting systems and management controls were inadequate to report grant expenditures and safeguard Federal funds at 53 percent of

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<sup>1</sup>Forty-four of these reports relate to AmeriCorps programs (primarily national direct grants); 13 to grants awarded by the former Commission on National and Community Service; and three to grants awarded under the DVSA.

<sup>2</sup>Most of the Corporation's grants take the form of cooperative agreements because the Corporation expects to have substantial involvement in the operation of the programs.

the grantees (32 of the 60). We also found that segregation of duties was inadequate among those who perform accounting procedures and handle assets at five of the 60 grantees.

***Inaccurate/delinquent Financial Status Reports (FSR)*** — One-third of the grantees (21 of the 60) experienced problems with their FSRs. Specifically, three grantees (five percent) did not submit one or more of the required FSRs, 10 grantees (17 percent) submitted their FSRs late, and 12 grantees (20 percent) submitted FSRs which contained errors.<sup>3</sup>

***Inadequate timekeeping*** — We found that 51 percent (31 of the 60) of the grantees had an inadequate system for recording staff and/or AmeriCorps Members' time, or that the grantees' systems did not have the capacity to allocate staff time between different programs and activities.

***Subrecipient monitoring*** — We reported that over one-third of our grantees did not provide adequate oversight of subrecipients (22 of the 60).

***Match not met/not tracked/unsupported*** — One-third of the grantees (21 of the 60), had not met the minimum match requirement, or the grantee, due to inadequate supporting documentation, was unable to demonstrate that the match had been met .

***Administrative cost issues/outdated indirect cost rates*** — Over one-third of our grantees charged administrative costs to the grant as program costs, or charged administrative costs to the grant based on an unapproved or outdated indirect cost rate (22 of the 60).

***Living allowance/stipend*** — At eight of the 60 grantees, we found that AmeriCorps Member stipends were not paid in accordance with Corporation requirements (e.g., the grantee paid Members an hourly wage based on number of hours served instead of a living allowance).

***No comparisons of budget to actual*** — At four of the 60 grantees, we found that the grantee did not perform a comparison of budgeted to actual expenditures, and expenditures were not recorded in accordance with budgeted line items.

***Improper drawdowns/interest not remitted*** — At four of the 60 grantees, we found that the grantees drew down Corporation funds in an amount which exceeded their immediate cash needs, and in some cases did not remit interest on excess grant funds they held as required.

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<sup>3</sup>The detail totals to more than 21 grantees because several grantees had multiple problems with their FSRs.

***Inappropriate service*** — At four of the 60 grantees, we found that an AmeriCorps Member performed a prohibited program activity (e.g., a Member performed advocacy work which violated the Corporation's prohibition on lobbying/advocacy).

***10 percent minimum training not met*** — At three of the 60 grantees, we found that the grantee did not spend the required minimum ten percent of funds for training and educational materials and services for participants.

### **Recommendations**

We recommend that the Corporation orient its training and technical assistance to address the problems identified in the summary that we have consistently found at grantees. Further, we recommend that the Corporation establish consistent requirements for monitoring its grantees and analyze the results so that grantees experiencing difficulties are provided appropriate training and technical assistance.

### **Corporation's Comments**

We provided a draft of this report to the Corporation for comment on February 10, 1998. The Corporation did not respond.

## **Appendix I**

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### **Results of OIG Audits and Reviews of Grants Fiscal Years 1995 through 1997**

Grantee	Award Amount	Federal Costs Questioned	Match Questioned	Inadequate systems & controls	Inaccurate/delinquent FSRs	No/poor timekeeping system	Inadequate subrecipient monitoring	Match not met/not tracked/unsupported	Admin cost/outdated indirect cost rate	Living allowance/stipend	No budget to actual comparison	Improper drawdowns/interest not remitted	Inappropriate service	10% min. training not met
<b>1997 Audits</b>														
PennSERVE (Pennsylvania Association of Colleges and Universities) (OIG Report 97-01) **	\$ 3,930,029	\$ 874,971	\$ 0	✓			✓		✓					
Oregon Youth Conservation Corps (OIG Report 97-02) **	782,000	280,147	0		✓		✓	✓	✓		✓			✓
Pennsylvania Association of Colleges and Universities (OIG Report 97-19)	1,316,185	64,132	0	✓	✓		✓		✓	✓	✓			
Greater Miami Service Corps (OIG Report 97-20) **	750,000	427,403	44,106	✓	✓	✓		✓	✓	✓				✓
American Youth and Conservation Corps (OIG Report 97-22) **	3,278,036	0	0		✓									
University of Texas at Austin (OIG Report 97-24)	940,948	5,711	0	✓	✓	✓	✓			✓				
Serve Houston (OIG Report 97-26)	2,517,356	0	0	No Findings										
RSVP Volunteer Center of Topeka (OIG Report 97-28) *	73,597	0	0	No Findings										
Council of State Governments/ March of Dimes (OIG Report 97-38)	659,925	80,287	0			✓		✓						
<b>1997 Reviews</b>														
YMCA of USA (OIG Report 97-03)	586,947	0	0		✓		✓							
Kansas City Consensus/YMCA of Greater Kansas City (OIG Report 97-04)	1,010,000	0	0			✓	✓							

\* Denotes a program funded under the Domestic Volunteer Service Act (e.g., Vista, RSVP, FGP, etc.)

\*\* Denotes a program funded by the former Commission on National and Community Service.

Grantee	Award Amount	Federal Costs Questioned	Match Questioned	Inadequate systems & controls	Inaccurate/delinquent FSRs	No/poor timekeeping system	Inadequate subrecipient monitoring	Match not met/not tracked/unsupported	Admin cost/outdated indirect cost rate	Living allowance/stipend	No budget to actual comparison	Improper drawdowns/interest not remitted	Inappropriate service	10% min. training not met
YouthNet of Greater Kansas City (OIG Report 97-05)	\$ 317,906	\$ 0	\$ 0	✓		✓	✓		✓			✓	✓	
Legal Services Corporation (OIG Report 97-06)	752,000	82,114	0	✓		✓	✓		✓					
National Council of Churches of Christ in the USA (OIG Report 97-07)	850,000	0	0		✓			✓			✓			
University of Maryland at Baltimore County; Shriver Center (OIG Report 97-08)	625,337	58,531	0	✓	✓	✓	✓		✓					
National Organization for Victim Assistance (OIG Report 97-11)	700,800	15,656	0	✓	✓	✓	✓		✓					
National Alliance of Veterans Family Service Organizations (OIG Report 97-12)	350,005	10,653	0	✓	✓	✓	✓				✓			
United States Catholic Conference (OIG Report 97-16)	926,925	62,630	(7,640)	✓	✓	✓	✓		✓					
Enterprise Foundation (OIG Report 97-21)	2,180,176	61,626	5,929	✓			✓		✓					
Habitat for Humanity International, Inc. (OIG Report 97-25)	2,282,165	0	0	No Findings										

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<b>1996 Audits</b>														
Northwest Service Academy (OIG Report 96-12) **	\$ 2,404,676	\$ 89,806	\$ 94,756	✓	✓	✓		✓	✓					
Greater Miami Service Corps (OIG Report 96-16) **	625,000	625,000	223,836	✓		✓		✓		✓			✓	✓
Public Allies (OIG Report 96-20)	689,000	12,806	92,577	✓				✓						
ACORN Housing Corporation (OIG Report 96-21)	816,843	87,556	0	✓		✓								
East Bay Conservation Corps (OIG Report 96-33) **	1,096,439	0	0					✓						
Georgia Department of Community Affairs (OIG Report 96-34) **	4,824,949	47,789	0						✓					
Los Angeles Conservation Corps (OIG Report 96-39) **	1,000,000	26,996	31,276		✓									
Bowie State University (OIG Report 96-51)	283,445	6,110	0	✓			✓	✓	✓	✓				
<b>1996 Reviews</b>														
New Orleans Youth Action Corps (OIG Report 96-01)	1,059,973	45,484	0	✓		✓				✓				
Woodrow Wilson National Fellowship Foundation (OIG Report 96-02)	1,479,206	446,898	41,400		✓	✓			✓					
YouthBuild USA (OIG Report 96-03)	1,510,428	0	0	No Findings										

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Arizona-Mexico Commission/ Border Volunteer Corps (OIG Report 96-04) **	\$ 2,481,124	\$ 189,458	\$ 0			✓							✓	
National AIDS Fund (OIG Report 96-05)	504,600	0	0					✓						
National Center for Family Literacy (OIG Report 96-06)	583,393	227,147	286,859	✓		✓	✓		✓	✓			✓	
The Arc of the United States (OIG Report 96-07)	769,426	11,571	16,569	✓		✓	✓	✓	✓					
National Association of Community Health Centers, Inc. (OIG Report 96-08)	1,443,061	0	18,759	✓		✓		✓	✓					
Home Instruction Program for Preschool Youngsters (OIG Report 96-11)	361,947	0	0			✓			✓	✓				
The Council of Great City Schools (OIG Report 96-14)	200,000	0	0	✓		✓	✓							
Blackfeet Nation (OIG Report 96-17)	568,744	3,613	6,678	✓	✓			✓						
Fort Belknap Community Council (OIG Report 96-19)	350,000	0	0	✓				✓						
Summerbridge National (OIG Report 96-24)	500,000	0	0	✓		✓	✓	✓						
New York University (OIG Report 96-25)	795,523	0	0	No Findings										
Local Initiatives Support Corporation (OIG Report 96-28)	998,247	75,693	0		✓	✓			✓					

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National Council of Educational Opportunity Association (OIG Report 96-29)	\$ 1,000,299	\$ 35,979	\$ 0			✓		✓	✓					
Montana Conservation Corps (OIG Report 96-35) **	975,715	0	0	No Findings										
I Have a Dream Foundation (OIG Report 96-37)	710,000	3,631	0	✓		✓	✓	✓						
Oneida Indian Nation of New York (OIG Report 96-41)	557,098	11,946	0					✓						
Mid-Atlantic Network of Youth and Family Services (OIG Report 96-43)	459,705	5,261	0	✓	✓	✓	✓							

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<b>1995 Audits</b>														
City Year of Boston (OIG Report 95-02) **	\$ 8,371,472	\$ 51,040	\$ 0	✓	✓	✓	✓					✓		
Delta Service Corps (OIG Report 95-03) **	8,685,000	2,137	0	✓	✓	✓		✓				✓		
American Institute for Public Service (OIG Report 95-04)	200,000	464,774 <sup>1</sup>	0	✓		✓		✓	✓					
Multi-County Community Action Against Poverty, Inc. (OIG Report 95-16)*	62,833	822	0		✓							✓		
ACORN Housing Corporation (OIG Report 95-17)	822,596	95,344	0	✓										
<b>1995 Reviews</b>														
National Association of Child Care and Resource Referral Agencies (OIG Report 95-01)	5,898,218	0	0	✓										
Magic Me, Inc. (OIG Report 95-07)	750,000	0	0				✓							
ASPIRA, Association, Inc. (OIG Report 95-08)	663,233	0	0	No Findings										
Public Education Fund Network (OIG Report 95-09)	701,167	0	0	✓		✓								

<sup>1</sup> Amount exceeds award amount because audit also covered funding provided by the Points of Light Foundation.

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Neighborhood Green Corps (OIG Report 95-10)	\$ 805,000	\$ 0	\$ 0			✓		✓						
Association of Farmworkers Opportunity Programs (OIG Report 95-11)	1,120,441	0	0		✓				✓					
Truth or Consequences Housing Authority (OIG Report 95-15) *	7,753 <sup>2</sup>	4,382	0											

<sup>2</sup>Review was limited to an examination of certain invoices and related documents; amount represents the total of the invoices reviewed.

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