

**Memorandum**

JUN 30 1992

Date

From

Richard P. Kusserow
Inspector General

Subject

Consolidated Report - Audits of Migrant and Seasonal
Farmworker Program Discretionary Grants Awarded by
Office of Community Services (A-09-91-00086)

To

Jo Anne B. Barnhart
Assistant Secretary for
Children and Families

The attached final audit report summarizes the results of our audits of Migrant and Seasonal Farmworker (MSF) program discretionary grants awarded by the Office of Community Services (OCS). Audits were performed and individual audit reports issued at 8 MSF program grantees that had 10 grants totaling \$1,763,525. Copies of these reports, issued during the period March 1991 through February 1992, have previously been provided to the Administration for Children and Families (ACF).

The principal emphasis of these audits was to determine whether project objectives were accomplished and grant funds were properly expended. Our audits of 8 grantees involving 10 grants disclosed that:

- o Seven of the eight grantees did not fully accomplish one or more of their program objectives. In addition, the records of two grantees that support the attainment of grant objectives were not auditable or sufficient to determine whether the objectives were met.
- o Six grantees either: (i) claimed costs that were not allowable for reimbursement, (ii) could not document compliance with the matching requirements of the grants, (iii) did not report grant related income, or (iv) did not return unexpended grant funds.
- o Three grantees did not comply with reporting requirements. The financial status and program accomplishment reports were not submitted to OCS in a timely manner.
- o Seven grantees had other management or operating deficiencies. For example, one grantee needed to establish an adequate accounting system for allocating costs.

We are recommending that ACF require OCS to: (1) collect unallowable costs claimed by grantees; (2) monitor progress reports submitted by grantees to ensure that they address major objectives of the grants; (3) require project officers to take appropriate action when satisfactory progress is not being made to accomplish project objectives; and (4) monitor financial reporting to ensure that required reports are submitted in a timely manner, and unexpended funds are returned.

In response to our draft report, your office agreed with our findings and recommendations. The ACF has initiated actions on the four recommendations. The corrective actions have been completed on two of these recommendations. The OCS has implemented a corrective action plan which tracks all grantee progress reports and provides OCS management with critiques of all reports, noncompliance issues, and other problem areas. The Office of Financial Management has developed a progress report form to monitor incoming reports and a grant award report schedule which indicates reporting cycles, due dates and receipt of all financial and progress reports.

The conditions disclosed by our MSF audits were similar to those reported in the management advisory report entitled, "Management of Community Services Discretionary Grants, Family Support Administration," issued on August 16, 1990 (A-12-90-00022). In that report, recommendations were made to strengthen the management of the OCS discretionary grant programs. A corrective action plan was developed which projected completion of actions by 1990. Efforts have been initiated to address the items in the corrective action plan; however, the dates have been revised several times and the most recent projection for completing actions is Fiscal Year 1993. The remaining tasks involve completing and publishing sections of the ACF grants administration manual which also pertains to MSF grants.

We would appreciate receiving your comments within 60 days on any additional actions you take on this report. If you have any questions, please call me or have your staff contact John A. Ferris, Assistant Inspector General for Human, Family and Departmental Services Audits, at (202) 619-1175.

Attachment

Department of Health and Human Services

OFFICE OF
INSPECTOR GENERAL

AUDITS OF MIGRANT AND SEASONAL
FARMWORKER PROGRAM
DISCRETIONARY GRANTS AWARDED BY
OFFICE OF COMMUNITY SERVICES



Richard P. Kusserow
INSPECTOR GENERAL

A-09-91-00086

SUMMARY

This final audit report presents the results of our audits of Migrant and Seasonal Farmworker (MSF) program discretionary grants awarded by the Office of Community Services (OCS). Audits were performed at eight MSF program grantees located throughout the Nation. Copies of these reports, issued during the period March 1991 through February 1992, have previously been provided to the Administration for Children and Families (ACF).

The principal emphasis of these audits was to determine whether project objectives were accomplished and grant funds were properly expended. Our audits of 8 grantees involving 10 grants disclosed that:

- o Seven of the eight grantees did not fully accomplish one or more of their program objectives. In addition, for two grantees, records to support the attainment of grant objectives were not auditable or sufficient to determine whether the objectives were met.
- o Six grantees either: (i) claimed costs that were not allowable for reimbursement, (ii) could not document compliance with the matching requirements of the grants, or (iii) did not return unexpended grant funds. As a result, of the \$1,763,525 reported by grantees as expended under the grants, \$110,263 was recommended for disallowance and no opinion was expressed on the allocability of \$36,068 in salaries and fringe benefit charges.
- o Three grantees did not comply with reporting requirements. The financial status and program accomplishment reports were not submitted to OCS in a timely manner.
- o Seven grantees had other accounting and internal control deficiencies. For example, one grantee needed to establish an adequate accounting system for allocating costs.

In the individual audit reports, we made recommendations for the grantees to return \$110,263 of costs questioned and correct the procedural deficiencies identified. A schedule of the grants audited is included as APPENDIX I. A summary of the audit results, by grantee, is included as APPENDIX II.

We are recommending that ACF: (i) recover from the grantees unallowable costs totaling \$110,263, (ii) make a determination on the acceptability of the \$36,068 in salaries and fringe benefits, on which no opinion was expressed, and request refunds as appropriate, (iii) monitor progress reports submitted by grantees to ensure that they address major objectives of the grants, (iv) require project officers to take appropriate action when satisfactory progress is not being made to accomplish project objectives, and (v) monitor financial reporting to ensure that required reports are submitted in a timely manner, and unexpended grant funds are returned.

The ACF agreed with our findings and recommendations. The ACF responded that it will take action on the Office of Inspector General recommendations. The ACF had taken corrective actions on two of these recommendations at the time of the response.

- The OCS has implemented a corrective action plan designed to track all grantee progress reports and provides OCS management with a critique of all reports, identification of noncompliance issues and other problem areas.
- Office of Financial Management has developed a grant financial and progress report form and a grant award report schedule. The grant financial and progress report forms to monitor incoming reports before the information is entered into the Grants Management Tracking System. The grant award report schedule will be attached to the standard terms and conditions for grants. This schedule indicates the reporting cycle, the respective due dates, and the date of receipt of all financial and progress reports.

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INTRODUCTION

Background

The Migrant and Seasonal Farmworker (MSF) program is one of several discretionary grant programs authorized under the Community Services Block Grant Act. Section 681(a)(2)(E) of the Act authorizes the awarding of discretionary grants to public and private nonprofit agencies for the purpose of providing assistance to migrant and seasonal farmworkers.

Funds are provided to eligible organizations that propose to meet farmworker needs in such areas as: (i) crisis nutritional relief, (ii) emergency health and social services referral assistance, (iii) acquisition of better housing, (iv) development of self-help systems of food production, and (v) improvement of job skills to qualify for longer term and permanent employment.

Grantees were required to provide a match of one private or public sector dollar to each Office of Community Services (OCS) dollar awarded under the grant. Also, the grantee must clearly target the specific outcomes and benefits of the project to low-income participants and beneficiaries eligible under the Department of Health and Human Services poverty income guidelines issued annually.

Responsibility for the community services grants process is divided within the Administration for Children and Families (ACF) between the OCS program office and the Division of Grants Management (DGM). The OCS is responsible for the programmatic aspects of grants administration while DGM is responsible for the financial aspects.

We found problems with OCS grant management in a previous review. A management advisory report titled, "Management of Community Services Discretionary Grants, Family Support Administration," was issued on August 16, 1990 (A-12-90-00022). The most significant findings and recommendations related to OCS monitoring of grantee performance. A corrective action plan was developed by ACF to address the deficiencies.

Scope of Audits

Our reviews were made in accordance with generally accepted government auditing standards. The principal emphasis of our audits was to determine whether project objectives were accomplished and grant funds were properly expended. The

field work was performed at eight MSF program grantees located throughout the Nation. The 8 grantees were selected from 25 grantees which were awarded MSF program funds totaling \$8,562,450 during Fiscal Years 1987, 1988, and 1989. The 8 grantees claimed a total of \$1,763,525 for the 10 grants audited. A separate report was issued on each of the eight grantees reviewed. See APPENDIX I for a listing of the grants.

We evaluated selected aspects of the grantees' systems of internal control, including reviewing independent auditors' reports and applicable working papers. Our review also included tests that we considered necessary to evaluate the organizations' internal control structure policies and procedures relevant to our audit objectives.

We reviewed documentation to support costs claimed and researched criteria contained in applicable Federal laws and regulations to determine the allowability of costs. In addition, we interviewed officials responsible for accomplishing the projects' objectives, reviewed the grant applications, final progress reports, and other supporting documentation to determine if the objectives were met.

Other than for the issues noted in the RESULTS OF AUDITS section of those reports, we found no instances of non-compliance for the items we tested. For the items that we did not test nothing came to our attention to indicate that the grantees were not in compliance with the aforementioned terms and applicable criteria.

Final audit reports on each of the eight grantees included in this report were issued during the period March 1991 through February 1992. This report summarizes the significant issues identified.

RESULTS OF AUDITS

Project Objectives

Our audits disclosed that project objectives were not fully accomplished for seven of the eight grantees. In addition, for two grantees, documentation was not maintained to support the actual number of farmworkers who were reported as receiving training under the approved grant objectives.

The following summarizes some of the conditions noted at three of the seven grantees which did not fully accomplish project objectives.

Grants No. 87-1-MS-PA-096 and 88-1-MS-PA-93, Harrisburg, Pennsylvania

This grantee did not meet the objectives funded under these two grant awards of \$97,295 and \$129,958, respectively.

The objective for both grants was to provide customized skills training and formal apprenticeship for migrant and seasonal farmworkers, who were unemployed or underemployed, in order to place them in full-time, unsubsidized employment as skilled agricultural workers. The grantee proposed to train 25 workers under the initial grant and an additional 45 workers under the second grant. Our review disclosed that the grantee was only able to provide training for 18 and 33 farmworkers, respectively, under the grants.

In addition, we were unable to determine from the training records exactly what instruction the farmworkers received during the training classes. We reported that the grantee's records should contain course information so the farmworkers' progress can be evaluated. This would help in determining the need for additional training to be provided to the farmworkers.

Grant No. 89-1-MS-NY-290, Rochester, New York

Our audit of this \$205,218 grant reported that the grantee apparently accomplished 7 of 10 objectives of this project, but documentation was inadequate or not available to support that it fully attained the 7 objectives.

The three unmet objectives pertained to: (i) identifying clients' interests and abilities and program appropriateness through an evaluative process using talent assessment programs, oral interviews and adult basic learning exams for 180 farmworkers, (ii) conducting 1-week workshops for 134 farmworkers to determine their needs and provide job search information, and (iii) monitoring training activities for compliance and progress, and providing 90-day follow-up services to those placed in employment.

The first semiannual grant progress report indicated that: (i) 26 farmworkers participated in the training evaluation process out of 180 planned, and (ii) 70 farmworkers received assistance in workshops out of the 134 planned. No information was provided in the report on accomplishments in monitoring training activities and performing 90-day follow-up employment reviews.

The second semiannual and final grant progress reports did not include additional data for any of the above three objectives. Furthermore, the grantee had no documentation available to support the actual number of farmworker participants. Accordingly, we were unable to determine if the grantee met these objectives.

In our audit report, we recommended that the grantee maintain auditable records to document that program objectives are met on Federal awards.

Grant No. 88-1-MS-CA-089, Merced, California

We found that the grantee did not accomplish all of the approved objectives of this \$148,554 grant.

The objectives of the grant as approved were to: (i) prepare and serve 72,000 meals to farmworkers and their families from 9 distribution sites, (ii) train 250 farmworkers in new vocational skills and place 193 program participants into private sector employment, with 50 trained in food service occupations, (iii) coordinate efforts with existing programs to conduct workshops in food nutrition education and preservation techniques, (iv) develop food bank cooperatives, and (v) organize garden projects for farmworkers.

In its grant application, the grantee stated it "...operates an institutional catering center which is capable of preparing and distributing 8,000 meals per day. Utilizing this facility...[the grantee] proposes to provide an estimated 72,000 meals to farmworkers and their families." The meals program was described as a key emergency service for the many previously illegal aliens who became eligible for "legal" status under the Immigration Reform Act of 1986. The grant application stated that this program would provide "[f]or many farmworkers...the only balanced meal they will have in a day."

During our review, we were informed by grantee officials that the lack of private funding to complete a food preparation facility seriously affected the grantee's ability to prepare large numbers of meals on a daily basis. In contrast to the application, we noted the grantee provided 6,504 meals. In progress reports, the grantee indicated that the California health and building departments withheld approval of the grantee's "new bulk catering kitchen." The grantee indicated the food preparation facility was essential for the grantee to meet its originally stated objective of 72,000 meals. In our opinion, the grantee overstated its ability to carry out the planned program. Also, the grantee provided food service

training for only 14 of 50 farmworkers as indicated in the application.

The grantee reduced its planned feeding goals from 72,000 to 21,000; however, we found no evidence of prior OCS program management approval as required by 45 Code of Federal Regulations 74.103b. The grant provided \$39,830 for costs related to meals and delivery. Regardless, since the grantee provided only about 31 percent of the adjusted objective (6,504/21,000 meals), we believe \$27,494 should have been refunded or applied to other approved objectives.

The grantee exceeded the objective of training 250 farmworkers, but only placed 141 participants into private sector employment. Officials told us that this objective was not met because of the long time period required by participants to learn both new job skills and basic educational abilities such as reading and writing. The grantee did not accomplish any of the remaining approved objectives of this \$148,554 grant. Those objectives related to workshops, the development of food banks, and the organization of garden projects. According to the grantee, such activities would have required a full-time staff person, and the grantee indicated the grant application did not specify funding for this type position.

At the time of our audit field work, this project was no longer being federally-funded. Accordingly, we did not make recommendations for management improvements regarding the deficiencies reported.

Grant Expenditures

In our individual grantee audit reports, we determined that six of the eight grantees either: (i) claimed costs that were not allowable or properly documented as to reasonableness or acceptability, (ii) did not meet grant matching requirements, or (iii) did not return unexpended grant funds.

Of \$1,763,525 in reported expenditures, we questioned and recommended refunds of \$110,263. This consisted of the following, as explained in subsequent paragraphs:

- o \$12,268 for rent, utilities and travel,
- o \$8,389 for supplies and equipment,
- o \$3,681 for personnel,
- o \$3,151 in payments to ineligible recipients,

- o \$26,936 in other direct costs,
- o \$21,050 of unexpended grant funds that were not returned,
- o \$32,122 for direct costs claimed which were not matched by the grantee per grant requirements, and
- o \$2,666 for indirect costs.

We also disclaimed an opinion on the allocability of \$36,068 in salaries and fringe benefit charges because of inadequate records. The following paragraphs highlight some of the types of problems found.

Rent, Utilities and Travel

Our reviews of grant expenditures disclosed that three grantees claimed \$12,268 for unallowable rent, utility and travel costs. The majority of the costs questioned related to a project in which the grantee claimed rental charges for space which was under renovation during the grant period and thus was unavailable for use. Also, another grantee did not charge utility and travel costs on an equitable basis. The following examples represent \$9,652 of the \$12,268 in questioned costs.

Grant No. 88-1-MS-CA-089, Merced, California

Of the \$26,974 claimed for building rental charges, we determined that \$6,744 was unallowable for reimbursement. At the time of our site visit, we found that a institutional food catering center to be used for preparing and distributing meals for farmworkers, which represented approximately 25 percent of the building space, was not completed. Our review disclosed that the grantee charged the grant rent for the entire building even though the plans for the catering center had not been implemented. We recommended that \$6,744 (25 percent of \$26,974) in claimed building rental costs be disallowed as not allocable to the grant.

Grant No. 89-1-MS-NC-295, Raleigh, North Carolina

The grantee charged \$2,908 for office rent, utilities and travel which was not allocated in accordance with Office of Management and Budget (OMB) Circular A-122 which requires that costs be allocated in accordance with relative benefits received.

For example, the grantee charged the rent and utility costs for one office entirely to the grant, even though employees

at this office worked on other activities. Also, an error was made at another office in determining the space cost allocation percentage which resulted in an overcharge to the grant.

In another instance, the travel costs of an employee attending a housing conference were charged entirely to the OCS grant. However, our review of the employee's time distribution records disclosed that more than one activity was charged during the time period of the conference. The grantee should allocate costs based on benefits received.

In our report, we recommended a recovery of \$2,908.

Supplies and Equipment

Two of the eight grantees claimed unallowable supplies and equipment costs totaling \$8,389. Of this amount, \$7,597 represented misclassified costs that were actually incurred in connection with renovation of a building and did not require prior approval as noted in the following paragraph.

Grant No. 88-1-MS-CA-089, Merced, California

Of the \$19,171 claimed for instructional supplies and equipment lease costs, we determined that \$7,597 was misclassified and actually represented costs incurred by the grantee for building improvements and purchases of kitchen equipment. The costs would not be allowable charges under the grant because they represented capital improvements which, under the provisions of OMB Circular A-122, require the prior approval of the awarding agency. The grantee did not request or obtain the required approval. Furthermore, no benefit accrued to the project because the kitchen facility was not completed and operational during the grant performance period.

In our report, we recommended a recovery of \$7,597.

Personnel Costs

Our reviews of grant expenditures disclosed that one grantee claimed \$3,681 for unallowable salaries and related fringe benefits. Of this amount, \$2,400 was considered unallowable because the expenses represented a duplication of costs claimed under a monthly rate charge and \$1,281 represented salaries not applicable to this project as discussed below.

Grant No. 88-1-MS-CA-095, San Jose, California

Of the \$26,282 claimed for personnel expenditures, we determined that \$3,681 was unallowable for reimbursement. The costs included \$2,400 in salaries related to the management of housing for project participants, and these costs were already recovered through a monthly rental rate charged to the project. In effect, the grantee recovered the costs twice.

The remaining \$1,281 represented approximately 3 weeks of a counselor's salary and related fringe benefit costs. The charges were made retroactively to the project based on personnel documents prepared subsequent to the termination of the grant. The grantee was not able to provide documentation to support the retroactive charges.

In addition to a recovery of \$3,681, we recommended that the grantee implement an after-the-fact time and effort reporting system to support salary and wage charges to Federal awards.

Financial Assistance to Ineligible Recipients

Federal guidelines require that before an individual can be considered eligible to receive assistance under the MSF program, the person must be a farmworker or a dependent of one. In addition, the recipient's income must be below a certain level.

Grant No. 88-1-MS-CA-095, San Jose, California

Our review of recipient files maintained by the grantee disclosed that assistance payments of \$3,151 were made to individuals who did not meet the Federal eligibility criteria. In one example, payments were made to an individual on the basis that the person was a family member of a farmworker. Our review disclosed that the person was residing in the same house as a farmworker, but was not related to him.

In our report, we recommended a recovery of \$3,151.

Other Direct Costs

On two of the grants audited, we recommended refunds of \$26,936 for miscellaneous costs such as housing costs, unrecovered deposits, returned uncashed checks, and interest charges. The costs pertained to the following projects.

Grant No. 88-1-MS-CA-095, San Jose, California

The grantee charged \$25,444 for housing provided to farmworkers who were undergoing training. Our review of grantee maintained occupancy logs disclosed that the housing was vacant and undergoing renovation for the majority of the time that the housing charges were claimed under the grant. Accordingly, it could not have been used to house farmworkers during the entire period as claimed by the grantee. We accepted \$5,618 and questioned the remaining \$19,826; the prorated time the housing facility was unoccupied.

The grantee routinely assisted farmworkers to locate housing, and on occasion, provided financial assistance by paying required rental deposits and the first month's rent. Our review disclosed that the grantee had no procedures in effect to keep track of rental deposits. We determined that a total of \$4,591 in rental deposits was expensed under the OCS grant and was not properly accounted for as a refundable deposit. We were informed by the grantee that maintaining a record of each deposit and its final disposition was not considered to be a productive use of its staff. We recommended that the \$4,591 be recovered.

Our review disclosed the return of three uncashed assistance checks to the grantee, plus one duplicate assistance payment. None of the four transactions totaling \$1,555 was credited to the OCS grant.

In addition to recommending a refund of \$25,972, we recommended that the grantee establish procedures to maintain accountability of rental deposits.

Grant No. 88-1-MS-FL-090, Florida City, Florida

The grantee charged approximately \$150,000 for land acquisition and development in conjunction with providing affordable homes for low-income farmworkers. Our review disclosed a total of \$964 in interest was included in the charges. Interest is an unallowable expense according to OMB Circular A-122.

In our report, we recommended a recovery of \$964.

Unexpended Grant Funds

Three grantees did not return unexpended grant funds totaling \$21,050. Of this amount, \$20,000 applied to the following grantee.

Grant No. 88-1-MS-FL-090, Florida City, Florida

Our review disclosed that \$20,000 in subsidies, which were designated to assist in providing affordable homes for low-income farmworkers, was still unexpended at the end of the grant performance period. The \$20,000 was comprised of a \$10,000 subsidy that was not distributed because of a reduction in the amount the grantee planned to provide to each participating farmworker family and another \$10,000 subsidy designated for a family that subsequently became ineligible for assistance. Our review disclosed no evidence that the grantee notified OCS officials of the change in the grant objective or scope regarding the reduction in the subsidy to each farmworker family as required under the grant terms and conditions.

We recommended that the grantee refund the \$20,000 in unexpended funds. As an alternative, the grantee would need to obtain approval to select two new eligible families for \$10,000 subsidies each. We further recommended that the grantee ensure, for future Federal projects, that changes to grant objectives and scope are approved by the granting agency.

Matching Requirements

One of the grantees audited was unable to document that it had met the cost matching requirement for either of two grants reviewed as discussed below:

Grants No. 87-1-MS-PA-096 and 88-1-MS-PA-093, Harrisburg, Pennsylvania

The terms of the grant awards required the grantee to match dollar-for-dollar the Federal approved budgets of \$97,295 and \$129,958, respectively. However, the grantee was unable to document that it had met all its cost matching requirements for Grant No. 87-1-MS-PA-096. As a result, we recommended a recovery of \$32,122.

Indirect Costs

Recommended disallowances of direct costs also affect indirect cost recovery when these types of charges are authorized under the grant. A reduction was recommended for one grantee, as follows:

Grant No. 88-1-MS-CA-089, Merced, California

The grantee charged 16.87 percent of total direct costs for recovery of indirect costs. This was the rate used by the grantee in the grant application and authorized in the grant award and amendments. The \$2,666 in unallowable indirect costs represents application of the 16.87 percent rate to the direct costs recommended for disallowance.

Charges Based on Budget Estimates

One of the grantees charged salaries and related fringe benefits based on budgeted estimates as discussed below:

Grant No. 88-1-MS-FL-090, Florida City, Florida

Our review disclosed that \$36,068 in salaries and fringe benefits charged to the grant was based on budgeted time estimates and did not necessarily reflect the time employees spent on the grant. The OMB Circular A-122 provides that salaries and wages charged to grant awards must be supported by personnel activity reports. The reports must reflect an after-the-fact determination of employees' actual activity. Budget estimates do not qualify as support for charges to a grant.

In the audit report, we stated that we could not express an opinion on the allocability of \$36,068 in salaries and fringe benefits charged to the grant. We recommended the grantee ensure that, for future Federal projects, salaries and wages are charged based on employees' actual time and are supported by personnel activity reports.

Reporting

We found that three grantees did not submit the required financial status and program reports to OCS in a timely manner. The following example illustrates the problem.

Grant No. 87-1-MS-PA-096, Harrisburg, Pennsylvania

The OMB Circular A-110 requires that a final financial status report and final program report be submitted within 90 days of the end of the grant period. Our review disclosed that the grantee submitted the final financial status report 105 days after the expiration of the grant performance period, or 15 days late. Also, the final program report was submitted 162 days after the completion date of the grant or 72 days late.

In all three of our audit reports, we recommended that the grantees improve procedures for filing required Federal reports in a timely manner.

Accounting and Internal Control Procedures

For seven of the eight grantees, we made recommendations for improvements in various accounting and internal control procedures. The following example provides a brief description of an operating deficiency encountered during one of our audits.

Grant No. 89-1-MS-NC-295, Raleigh, North Carolina

Our review disclosed that the grantee did not consistently identify and allocate costs to the OCS grant. The grantee allocated a percentage of the space, utilities, and communications costs for its central office to the grant, which we considered to be acceptable. However, similar costs for one of its field offices were charged entirely to the grant, even though staff worked on multiple non-grant related activities. This resulted in an overcharge to the OCS award which was discussed previously in this report. Also, the grantee did not allocate travel costs between various activities because, according to a grantee official, it had not established written policies for allocating travel costs to benefiting grants.

We recommended in our report that the grantee develop and use an adequate cost accounting system to allocate costs which benefit more than one program.

CONCLUSIONS AND RECOMMENDATIONS

Our audits of 10 MSF program grants awarded to 8 grantees showed that improvements were needed for meeting project objectives, using funds for allowable or intended purposes, meeting reporting requirements, and strengthening accounting and internal control procedures.

Objectives were not fully met for seven of the eight grantees. Also, for six of the grantees, funds were not always used for allowable or intended purposes. Further, three of the grantees did not comply with Federal financial and technical reporting requirements and seven had other accounting and internal control deficiencies.

In the eight individual audit reports, we made recommendations for the grantees to refund \$110,263 in questioned costs and to correct the procedural deficiencies identified.

We are recommending that ACF:

- (1) Recover from the grantees unallowable costs totaling \$110,263.
- (2) Make a determination on the acceptability of the \$36,068 in salaries and fringe benefits, on which no opinion was expressed, and request refunds as appropriate.
- (3) Monitor progress reports submitted by grantees to ensure that they address major objectives of the grants.
- (4) Require project officers to take appropriate action when satisfactory progress is not being achieved in meeting project objectives.
- (5) Monitor financial reporting to ensure that required reports are submitted in a timely manner and unexpended grant funds are returned.

ACF Comments

In the written response to our draft report, ACF officials agreed with our findings and recommendations. The response stated that ACF will comply with our recommendations to recover \$110,263 in unallowable costs and to make a determination on the acceptability of \$36,068 in salaries and fringe benefits and request refunds as appropriate. The ACF has initiated corrective actions on our recommendation to monitor progress reports submitted by grantees to ensure they address objectives of the grants.

The OCS has implemented a corrective action plan which tracks all grantee progress reports and provides OCS management with a critique of all reports, identifying non-compliance issues and other problem areas.

The Office of Financial Management has developed both a grant financial and progress report form to monitor incoming reports and a grant award report schedule to indicate reporting cycle, respective due dates, and receipt of all financial and progress reports.

We would appreciate receiving your comments within 60 days on any additional actions you take on this report. If you have any questions, please call me or have your staff contact John A. Ferris, Assistant Inspector General for Human, Family and Departmental Services Audits, at (202) 619-1175.

APPENDIX I

OFFICE OF COMMUNITY SERVICES MIGRANT AND SEASONAL FARMWORKER PROGRAM SCHEDULE OF GRANTS AUDITED					
AUDIT REPORT NO.	REPORT ISSUED	GRANT NO. & LOCATION	GRANT PERIOD	AMOUNT AWARDED	AMOUNT EXPENDED
A-02-91-02011	02/12/92	87-1-MS-PA-096 HARRISBURG, PA	09/30/87 - 09/29/88	\$97,295	\$97,295
		88-1-MS-PA-093 HARRISBURG, PA	09/30/88 - 09/29/90	\$129,958	\$124,937
A-02-91-02012	02/12/92	89-1-MS-NY-290 ROCHESTER, NY	09/01/89 - 02/28/91	\$205,218	\$205,218
A-03-91-03320	07/31/91	88-1-MS-DE-104 DOVER, DE	09/30/88 - 12/29/89	\$310,000	\$310,000
		89-1-MS-DE-297 DOVER, DE	09/30/89 - 12/29/90	\$218,000	\$218,000
A-04-91-00020	08/28/91	88-1-MS-FL-090 FLORIDA CITY, FL	09/30/88 - 09/29/90	\$187,500	\$187,500
A-04-91-00026	01/09/92	89-1-MS-NC-295 RALEIGH, NC	09/30/89 - 09/29/90	\$300,000	\$299,108
A-05-91-00089	07/18/91	88-1-MS-MN-099 ST. CLOUD, MN	09/30/88 - 09/29/89	\$16,335	\$14,680
A-09-90-00118	03/08/91	88-1-MS-CA-095 SAN JOSE, CA	09/30/88 - 01/29/90	\$158,391	\$158,391
A-09-91-00087	11/15/91	88-1-MS-CA-089 MERCED, CA	09/30/88 - 03/29/90	\$148,554	\$148,396
				<u>\$1,771,251</u>	<u>\$1,763,525</u>

APPENDIX II

**OFFICE OF COMMUNITY SERVICES
MIGRANT AND SEASONAL FARMWORKER PROGRAM
SUMMARY OF AUDIT RESULTS BY GRANTEE**

GRANT NO. & LOCATION	OBJECTIVES FULLY MET?	OPERATING DEFICIENCIES?	REPORTING PROBLEMS?	AMOUNT QUESTIONED	AMOUNT SET-ASIDE
87-1-MS-PA-096 HARRISBURG, PA	NO	YES	YES	\$32,122	\$0
88-1-MS-PA-093 HARRISBURG, PA	NO	YES	NO	\$0	\$0
89-1-MS-NY-290 ROCHESTER, NY	NO	YES	YES	\$1,154	\$0
88-1-MS-DE-104 DOVER, DE	NO	YES	NO	\$0	\$0
89-1-MS-DE-297 DOVER, DE	NO	YES	NO	\$0	\$0
88-1-MS-FL-090 FLORIDA CITY, FL	NO	YES	NO	\$20,964	\$36,068
89-1-MS-NC-295 RALEIGH, NC	NO	YES	NO	\$3,800	\$0
88-1-MS-MN-099 ST. CLOUD, MN	YES	NO	NO	\$0	\$0
88-1-MS-CA-095 SAN JOSE, CA	NO	YES	YES	\$33,596	\$0
88-1-MS-CA-089 MERCED, CA	NO	YES	NO	\$18,627	\$0
				<u>\$110,263</u>	<u>\$36,068</u>



ADMINISTRATION FOR CHILDREN AND FAMILIES
Office of the Assistant Secretary, Suite 600
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447

MEMORANDUM

DATE : June 12, 1992

TO : Richard P. Kusserow
Inspector General

FROM : *[Signature]*
Jo Anne B. Barnhart
Assistant Secretary
for Children and Families

SUBJECT : Consolidated Report - Audits of Migrant and
Seasonal Farmworker Program (A-09-91-00086)

We have reviewed the subject report and we agree with your findings as they relate to the grants which you reviewed. The Administration for Children and Families (ACF) will take appropriate action, as relates to your specific findings, as follows:

Recommendation No. 1

That ACF recover from the grantees unallowable costs totaling \$110,263.

ACF Response

We will comply with the OIG recommendation.

Recommendation No. 2

That ACF make a determination on the acceptability of the \$36,068 in salaries and fringe benefits, on which no opinion was expressed, and request refunds as appropriate.

ACF Response

We will comply with the OIG recommendation.

Recommendation No. 3

That ACF monitor progress reports submitted by grantees to ensure that they address major objectives of the grants.

ACF Response

We will comply with the OIG recommendation. The Office of Community Services (OCS) has implemented a corrective action plan which tracks all grantee progress reports and provides OCS management with a critique of all reports, identifying non-compliance issues and other problem areas.

Recommendation No. 4

That ACF monitor financial reporting to ensure that required reports are submitted in a timely manner, and unexpended grant funds are returned.

ACF Response

We will comply with the OIG recommendation. The Office of Financial Management (OFM) has developed a grant financial and progress report form (attached) to monitor incoming reports before the information is entered into the Grants management Tracking System. OFM has also developed a Grant Award Report Schedule (attached) to be attached to the Standard Terms and Conditions. The Schedule indicates the reporting cycle, the respective due dates, and the date of receipt of all financial and progress reports. We believe these improvements will greatly enhance the recipients' knowledge of reports due, our ability to track reports, and our ability to resolve issues that are overdue.

If you need further information, please do not hesitate to call.

Attachments

ADMINISTRATION FOR CHILDREN AND FAMILIES
ATTACHMENT TO GRANT AWARD
REPORT CYCLES

RECIPIENT: Knox County Association
for Retarded Citizens, Inc.

GRANT NUMBER: 91-1-UR-IN-133 CURRENT GRANT PERIOD 01/01/92 - 12/31/92

GRANTS REPORTS SCHEDULE PROGRAMMATIC REPORT				<u>REPORTING CYCLE</u> Quarterly
REPORT NO	START DATE	END DATE	DUE DATE	
1.	<u>01/01/92</u>	<u>03/31/92</u>	<u>04/30/92</u>	
2.	<u>04/01/92</u>	<u>06/30/92</u>	<u>07/30/92</u>	
3.	<u>07/01/92</u>	<u>09/29/92</u>	<u>10/29/92</u>	
4.	<u>09/30/92</u>	<u>12/29/92</u>	<u>01/28/93</u>	
5.	<u>12/30/92</u>	<u>12/31/92</u>	<u>01/30/93</u>	
6.	<u>01/01/92</u>	<u>12/31/92</u>	<u>03/31/93</u>	

GRANTS REPORTS SCHEDULE FINANCIAL REPORT				<u>REPORTING CYCLE</u> Quarterly
REPORT NO	START DATE	END DATE	DUE DATE	
1.	<u>01/01/92</u>	<u>03/31/92</u>	<u>04/30/92</u>	
2.	<u>04/01/92</u>	<u>06/30/92</u>	<u>07/30/92</u>	
3.	<u>07/01/92</u>	<u>09/29/92</u>	<u>10/29/92</u>	
4.	<u>09/30/92</u>	<u>12/29/92</u>	<u>01/28/93</u>	
5.	<u>12/30/92</u>	<u>12/31/92</u>	<u>01/30/93</u>	
6.	<u>01/01/92</u>	<u>12/31/92</u>	<u>03/31/93</u>	

Each report should identify the reporting period start and end date. An original and one copy must be mailed with sufficient lead time to be received by the due date at:

Administration for Children and Families
Division of Discretionary Grants
Aerospace Building, 6th Floor, OFM/DDG
370 L'Enfant Promenade, SW
Washington, DC 20447

**GRANTS REPORTS SCHEDULE
FINANCIAL REPORT**

REPORTING CYCLE:
Quarterly

RECIPIENT: Knox County Association
for Retarded Citizens, Inc.

GRANT NUMBER: 91-1-UR-IN-133 **CURRENT GRANT PERIOD** 01/01/92 - 12/31/92

REPORT NO	START DATE	END DATE	DUE DATE	REC DATE	REPORT CORRECT	TOTAL FEDERAL FUNDS OBLIGATED
1.	<u>01/01/92</u>	<u>03/31/92</u>	<u>04/30/92</u>	_____	_____	_____
2.	<u>04/01/92</u>	<u>06/30/92</u>	<u>07/30/92</u>	_____	_____	_____
3.	<u>07/01/92</u>	<u>09/29/92</u>	<u>10/29/92</u>	_____	_____	_____
4.	<u>09/30/92</u>	<u>12/29/92</u>	<u>01/28/93</u>	_____	_____	_____
5.	<u>12/30/92</u>	<u>12/31/92</u>	<u>01/30/93</u>	_____	_____	_____
6.	<u>01/01/92</u>	<u>12/31/92</u>	<u>03/31/93</u>	_____	_____	_____

GRANTS REPORTS SCHEDULE
PROGRAMMATIC REPORTREPORTING CYCLE:
QuarterlyRECIPIENT: Knox County Association
for Retarded Citizens, Inc.GRANT NUMBER: 91-1-UR-IN-133 CURRENT GRANT PERIOD 01/01/92 - 12/31/92

REPORT NO	START DATE	END DATE	DUE DATE	REC DATE	REPORT CORRECT
1.	<u>01/01/92</u>	<u>03/31/92</u>	<u>04/30/92</u>	_____	_____
2.	<u>04/01/92</u>	<u>06/30/92</u>	<u>07/30/92</u>	_____	_____
3.	<u>07/01/92</u>	<u>09/29/92</u>	<u>10/29/92</u>	_____	_____
4.	<u>09/30/92</u>	<u>12/29/92</u>	<u>01/28/93</u>	_____	_____
5.	<u>12/30/92</u>	<u>12/31/92</u>	<u>01/30/93</u>	_____	_____
6.	<u>01/01/92</u>	<u>12/31/92</u>	<u>03/31/93</u>	_____	_____