

Office of Inspector General Corporation for National and Community Service

**AGREED-UPON PROCEDURES REVIEW OF GRANTS
AWARDED BY CORPORATION FOR NATIONAL AND
COMMUNITY SERVICE TO
MISSISSIPPI COMMISSION FOR VOLUNTEER SERVICE**

OIG REPORT NUMBER 07-14



Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

Prepared by:

Leon Snead & Company, P.C.
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Rockville, Maryland 20850

This report was issued to Corporation management on July 27, 2007. Under the laws and regulations governing audit follow-up, the Corporation is to make final management decisions on the report's findings and recommendations no later than January 27, 2008, and complete its corrective actions by July 27, 2008. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.



OFFICE OF INSPECTOR GENERAL

July 27, 2007

TO: Kristin McSwain
Director, AmeriCorps*State & National

Margaret Rosenberry
Director, Office of Grants Management

FROM: Carol Bates (signature on file)
Assistant Inspector General for Audit

SUBJECT: *OIG Report 07-14, Office of Inspector General Agreed-Upon Procedures for Corporation for National and Community Service Grants Awarded to the Mississippi Commission for Volunteer Service*

The Office of Inspector General (OIG) contracted with the independent certified public accounting firm of Leon Snead & Company, PC (Snead) to perform agreed-upon procedures in its review of Corporation for National and Community Service (Corporation) grants awarded to the Mississippi Commission for Volunteer Service (Commission). The contract required that Snead conduct its review in accordance with generally accepted government auditing standards.

In its review of the Commission, Snead questioned Federal costs of \$77,035, including \$36,311 in grant costs and \$13,691 in matching costs. The audit firm also questioned \$27,033 of costs related to AmeriCorps education awards, and identified five findings on internal controls and compliance with grant terms.

In connection with the contract, we reviewed Snead's report and related documentation and inquired 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 opinions on the conclusions expressed in the report. Snead is responsible for the attached report, dated February 16, 2007, and the conclusions expressed therein. However, our review disclosed no instances where Snead did not comply, in all material respects, with generally accepted government auditing standards.

Under the Corporation's audit resolution policy, a final management decision on the findings in this report is due by January 27, 2008. Notice of final action is due by July 27, 2008.



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Senior Corps ★ AmeriCorps ★ Learn and Serve America



If you have questions pertaining to this report, please call me at 202-606-9356.

Attachment

cc: Marsha Meeks Kelly, Executive Director, Mississippi
Commission for Volunteer Services
Phil Bryant, Mississippi State Auditor
Jerry Bridges, Chief Financial Officer
Elizabeth Seale, Chief Operating Officer
William Anderson, Deputy Chief Financial Officer
Sherry Blue, Audit Resolution Coordinator

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Leon Snead & Company, P.C. applied procedures, agreed upon by the Office of Inspector General (OIG), to the costs incurred by the Mississippi Commission for Volunteer Service (Commission) and its subgrantees from July 1, 2004, to September 30, 2006, under grants awarded by the Corporation for National and Community Service (Corporation). The results of the agreed-upon procedures include findings of questioned costs; instances of noncompliance with Federal laws, regulations or award conditions; and weaknesses in the internal control systems of the Commission and its subgrantees.

EXECUTIVE SUMMARY

Our application of agreed-upon procedures resulted in questioned costs amounting to \$77,035, including \$36,311 in grant costs, \$13,691 in matching costs, and \$27,033 in education awards. A questioned cost is: (1) an alleged violation of a provision of law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; (2) a finding that, at the time of the review, such cost was not supported by adequate documentation; or, (3) a finding that the expenditure of funds for the intended purpose was unnecessary or unreasonable. We questioned costs for the following reasons:

- Unsupported member eligibility (\$19,848)
- Ineligible education awards (\$27,033)
- Unsupported matching costs (\$13,691)
- Unallowable costs (\$16,463)

We used non-statistical sampling to test the costs claimed by the Commission for compliance with its award agreements with the Corporation and other Federal requirements. Based on this sampling, questioned costs detailed in this report may not represent total costs that may have been questioned had all expenditures been tested. In addition, we made no attempt to project such questioned costs to total costs claimed.

COMPLIANCE

Our review of the Commission's compliance with Federal laws, applicable regulations, and award conditions disclosed the following instances of noncompliance:

- The Commission did not submit 7 of 28 Financial Status Reports (FSRs) within the time frames required in Corporation grant provisions.
- Two of the AmeriCorps subgrantees reviewed had member files that did not contain all required documentation to support their members' eligibility for participation or to meet other program requirements.

INTERNAL CONTROLS

The findings included two areas of weakness in the Commission's internal control systems. The Commission:

- Did not have procedures in place to reconcile expenditures reported on FSRs to its accounting records.
- Did not have procedures in place for timely reconciliation of its expenditures, as reported on FSRs, with grant fund drawdowns, as shown in reports from the U.S. Department of Health and Human Services' Payment Management System.

OBJECTIVES AND SCOPE OF AGREED-UPON PROCEDURES APPLIED

The objective of the agreed-upon procedures was to determine whether the Commission expended Corporation-funded Federal assistance in accordance with applicable requirements and to report resulting findings on compliance, controls, and questioned costs.

Leon Snead & Company, P.C. performed the procedures in accordance with attestation standards contained in generally accepted government auditing standards and those established by the American Institute of Certified Public Accountants. The procedures included obtaining an understanding of the Commission and its policies, procedures, grants, and subgrantees. They also included reviewing documents at the Commission's offices and its subgrantees related to eligibility, claimed costs, matching costs, and compliance with laws, regulations, and the terms of grant agreements.

GRANT PROGRAMS COVERED BY THE PROCEDURES

During the period covered by this review, the Commission received just over \$13.8 million under 10 Corporation grant awards and distributed most of the funds to subgrantees. The majority of the subgrantees are nonprofit organizations. Approximately \$11.5 million of the amount awarded was claimed on Financial Status Reports. The grants funded the programs listed below.

<u>Program</u>	<u>Award No.</u>	<u>Funding Authorized</u>	<u>Claimed Costs</u>	<u>Drawdowns</u>
AmeriCorps - Competitive	03ACHMS001	\$9,950,183	\$9,166,911	\$8,851,673
AmeriCorps - Formula	03AFHMS001	1,741,608	1,351,274	1,435,581
Administrative	04CAHMS001	565,164	277,629	353,907
Program Development Assist. & Training	05PTHMS001	253,000	163,988	113,999
Learn and Serve America	03KCHMS001	968,261	313,705	421,149
Disability Placement	04CDHMS001	139,500	87,756	79,653
Volunteers in Service to America	05VSSMS173	45,000	44,890	41,491
Basic Innovative Programs	05BIHMS001	46,000	46,000	46,000
Basic Innovative Programs	06BIHMS001	100,000		
Basic Innovative Programs	06BIHMS002	34,114		
Totals Grants Administered		<u>\$13,842,830</u>	<u>\$11,452,153</u>	<u>\$11,343,453</u>

A summary of the funds awarded and claimed and the costs questioned is set forth below.

	<u>Amount</u>	<u>Percentage of Award/Claimed</u>
Award Budget	\$13,842,830	-
Claimed Costs	11,452,153	82.7
Questioned Costs	77,035	0.67
Questioned Education Awards	27,033	-

BACKGROUND

The Corporation, pursuant to the authority of the National and Community Service Trust Act, as amended, awards grants and cooperative agreements to State commissions and other entities to assist in the creation of full- and part-time national and community service opportunities and programs. The Mississippi Commission for Volunteer Service was established in 1994 to promote community service and volunteerism. With the enactment of State Senate Bill 2447 in the 1996 Mississippi legislative session, the Commission officially became the State Office of Volunteerism, whose mission is to engage and support Mississippians of all ages and backgrounds in service to their communities. As such, the Commission has the responsibility for administering the grant funds awarded by the Corporation to the State of Mississippi for AmeriCorps program activities.

The contents of this report were disclosed to and discussed with Commission management and the Corporation at an exit conference held on April 5, 2007. Commission and Corporation responses to this report are included as Appendices A and B, respectively.



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**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

We have performed the procedures, agreed to by the OIG, solely to assist the OIG in evaluating the Commission's compliance with applicable laws and regulations, and assessing the allowability of the costs incurred by the Commission for the award numbers listed below. These costs, as presented in the Consolidated Schedule of Award Costs, are the responsibility of Commission management.

<u>Program</u>	<u>Award No.</u>	<u>Award Period</u>
AmeriCorps - Competitive	03ACHMS001	08/06/2003 – 08/05/2006
AmeriCorps - Formula	03AFHMS001	09/05/2003 – 09/04/2006
Administrative	04CAHMS001	01/01/2004 – 12/31/2006
Program Develop. Assist. & Training	05PTHMS001	04/01/2005 – 03/31/2008
Learn and Serve America	03KCHMS001	10/01/2003 – 09/30/2006
Disability Placement	04CDHMS001	01/01/2004 – 12/31/2006
Volunteers in Service to America	05VSSMS173	09/29/2005 – 09/28/2006
Basic Innovative Programs	05BIHMS001	01/01/2005 – 12/31/2005
Basic Innovative Programs	06BIHMS001	10/01/2005 – 09/30/2006
Basic Innovative Programs	06BIHMS002	11/01/2005 – 10/31/2006

We performed the agreed-upon procedures in accordance with attestation standards contained in generally accepted government auditing standards and those established by the American Institute of Certified Public Accountants. The procedures included obtaining an understanding of the Commission and its policies, procedures, grants, and subgrantees. They also included reviewing documents at the Commission and its subgrantees related to eligibility, claimed costs, matching costs, and compliance with laws, regulations, and the terms of grant agreements. The sufficiency of the procedures is solely the responsibility of the OIG. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report was requested or for any other purpose.

The accompanying schedules were prepared to present the costs claimed by the Commission and its subgrantees between July 1, 2004, and September 30, 2006. The schedules were prepared from data submitted to the Corporation by the Commission on Financial Status Reports to comply with provisions of the grant agreements. The schedules are not intended to be a complete presentation of Commission finances in accordance with accounting principles generally accepted in the United States of America. We did not audit the schedules and, accordingly, we do not provide an opinion thereon.

As more fully described in the schedules, we have questioned costs amounting to \$77,035, including \$36,311 in grant costs, \$13,691 in matching costs, and \$27,033 in education awards. A questioned cost is: (1) an alleged violation of a provision of law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; (2) a finding that, at the time of the review, such cost was not supported by adequate documentation; or, (3) a finding that the expenditure of funds for the intended purpose was unnecessary or unreasonable. The terms of the grant agreements required that all specified supporting documents be retained in order to receive payment from the Corporation.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on internal controls or compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

This report is intended solely for the use of the management of the Corporation and the Commission, and should not be used by those who have not agreed to the procedures or have not taken responsibility for the sufficiency of the procedures for their purposes. However, the report is a matter of public record and its distribution is not limited.

(signature on file)

Leon Snead & Company, P.C.
Rockville, Maryland
February 16, 2007

**Corporation for National and Community Service
Mississippi Commission for Volunteer Service
Consolidated Schedule of Award Costs**

<u>Award No.</u>	<u>Program</u>	<u>Approved Budget</u>	<u>Claimed Costs</u>	<u>Questioned</u>			<u>Schedule</u>
				<u>Costs</u>	<u>Match</u>	<u>Education Awards</u>	
03ACHMS001	AmeriCorps Competitive	\$9,950,183	\$9,166,911	\$36,311	\$13,691	\$22,308	A
03AFHMS001	AmeriCorps Formula Administrative And All Others Grants Not Questioned	1,741,608	1,351,274	-0-	-0-	4,725	B
		<u>2,151,039</u>	<u>933,968</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	
Totals		<u>\$13,842,830</u>	<u>\$11,452,153</u>	<u>\$36,311</u>	<u>\$13,691</u>	<u>\$27,033</u>	

Schedule A

**Mississippi Commission for Volunteer Service
Schedule of Claimed and Questioned Costs
Award No. 03ACHMS001 (AmeriCorps Competitive)**

<u>Subgrantees</u>	<u>Budgeted Costs</u>	<u>Claimed Costs</u>	<u>Questioned</u>			<u>Notes</u>
			<u>Costs</u>	<u>Match</u>	<u>Education Awards</u>	
America Reads – Mississippi	\$6,475,789	\$6,118,323	\$14,123	\$12,095	-0-	1, 2
Center for Community Development, Delta State University	1,488,000	1,247,667	2,340	1,596	-0-	3
The Housing Authority of the City of Meridian	<u>1,346,544</u>	<u>888,595</u>	<u>19,848</u>	<u>-0-</u>	<u>\$22,308</u>	4, 5
Sub-Total	\$9,310,333	\$8,254,585	\$36,311	\$13,691	\$22,308	
Other Subgrantees	<u>639,850</u>	<u>912,326</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	
Total	<u>\$9,950,183</u>	<u>\$9,166,911</u>	<u>\$36,311</u>	<u>\$13,691</u>	<u>\$22,308</u>	

Categories of Questioned Costs

Unallowable costs	\$ 30,154
Eligibility requirement not supported by documentation	19,848
Education awards not supported by documentation	<u>22,308</u>
Total	<u>\$ 72,310</u>

NOTES:

1. America Reads – Mississippi (ARM) charged other direct costs to the grant totaling \$14,687 in Program Year 2005/2006 for the purchase of shirts and sweaters for its members. The shirts cost \$8,423 and the sweaters \$6,264. However, the required AmeriCorps logo was not displayed on either the shirts or the sweaters. As a result, we questioned \$14,123 of the expenditures charged to the grant and \$564 used as matching costs. The ARM program director stated that the program was unaware of the requirement that the AmeriCorps logo be displayed on service gear such as shirts and sweaters.

AmeriCorps Provisions (2005), B(2), *The AmeriCorps Name and Logo*, state that “The grantee must use the AmeriCorps name and logo on service gear....”

2. ARM claimed a total of \$11,531 as matching costs in Program Year 2005/2006 for the purchase of gifts, plaques, and awards for its members. However, ARM did not have supporting documentation to show that the items displayed the required AmeriCorps logo. In addition, two of the four purchases totaling \$5,856 were identified as gifts and memorabilia, which are considered unallowable costs under the Federal guidelines. As a result, we questioned the \$11,531 in expenditures claimed as matching costs. The purchases are briefly described below.
 - a. A June 28, 2006, purchase for \$3,403 was for 350 black lunch sacks and acrylic tumblers without AmeriCorps logos to be used as graduation gifts - questioned under both the logo and gift provisions.
 - b. A June 27, 2006, purchase for \$2,453 was for 100 genuine marble ARM logo apples for member recognition - questioned under both the AmeriCorps logo and gift provisions.
 - c. A June 30, 2005, purchase of \$3,496 was for graduation plaques - questioned under the logo provision.
 - d. A June 30, 2005, purchase of \$2,179 was for aluminum awards with ARM logos - questioned under the AmeriCorps logo provision.

The ARM program director stated that she was unaware of the AmeriCorps logo requirements. Although she did not consider the items gifts, she acknowledged that others could interpret some of the items as gifts.

AmeriCorps Provisions (2003), Section B.2.b., *The AmeriCorps Name and Logo*, state that the grantee must use the AmeriCorps name and logo on service gear and public materials. In addition, OMB Circular A-21, *Cost Principles for Educational Institutions, Paragraph J.1.f.(3), General Provisions for Selected Items of Cost*, states that costs of promotional items and memorabilia, including models, gifts and souvenirs are considered unallowable.

3. The Center for Community Development, Delta State University (Delta Reads), charged the grant a total of \$3,936 in other direct costs for the purchase of uniforms for its members. However, we have questioned the expenditures because:
 - a. The uniforms were purchased and/or received at the end of the program year;
 - b. The uniforms did not display the AmeriCorps logo; and/or
 - c. The uniforms were purchased from a local vendor.

The specific transactions are briefly described in the table below.

Program Year	Fund	Amount	Comments
2005/2006	Federal	\$1,072	Uniforms purchased/received at end of program year
2005/2006	Federal	530	Uniforms purchased locally and at end of program year
2005/2006	Match	942	Uniforms purchased without AmeriCorps logo
2004/2005	Federal	738	Uniforms received at end of program year
2004/2005	Match	654	Uniforms received at end of program year
	Total	\$3,936	

Because these uniforms were provided to members at the end of their term of service, we questioned the reasonableness of such purchases and whether the program intent for use of such uniforms was met. We questioned \$2,340 of the expenditures charged to the grant and \$1,596 used as matching costs. The program director acknowledged that she should have known the requirements and that she had no reason for not complying with them.

AmeriCorps Provisions (2003), Section B.2.c., *AmeriCorps Service Gear*, state that, “The grantees should direct members to wear their service gear at officially designated AmeriCorps events and may allow members to wear their service gear at other times consistent with Corporation guidelines.... The grantee may not use Corporation funds to purchase local Program service gear.” In addition, AmeriCorps Provisions (2003), Section B.2.b., *The AmeriCorps Name and Logo*, state that, “The grantee must use the AmeriCorps name and logo on service gear and public materials.”

4. A review of 32 member files at The Housing Authority of the City of Meridian (Meridian) disclosed that 14 members who served in Program Year 2005/2006 and received partial education awards were ineligible for the awards. The members were enrolled as either reduced part-time or part-time members; however, they did not serve the minimum 450 or 900 hours required to earn the awards. The member files included a notation that the members were awarded partial education awards because the AmeriCorps Rebuilds Mississippi Augmentation grant started late and the members did not have enough time to complete their membership obligations. In these 14 cases, Meridian granted partial education awards based on reasons that did not meet the compelling personal circumstances criteria outlined in the National and Community Service Trust Act of 1993 and in AmeriCorps regulations. As a result, we have questioned the partial education awards totaling \$22,308 made to the 14 members.

The National and Community Service Trust Act of 1993, Section 139 (c)(1)(A) and (B), and 45 C.F.R. § 2522.230(a), provides that an AmeriCorps Program may

release a participant from completing a term of service for compelling personal circumstances as demonstrated by the participant and documented by the program.

In this case, the members did not provide documentation to demonstrate that compelling personal circumstances prevented them from completing their terms of service.

5. A review of 24 member files at Meridian disclosed that three members were ineligible to serve during Program Year 2005/2006. The subgrantee did not obtain proper documentation from the members to show proof of U.S. citizenship or lawful permanent resident alien status. All three member files indicated that the members' birth certificates were lost in Hurricane Katrina and that at least two of the members were applying for new birth certificates; however, none of the files indicated that the birth certificates were ever received. As a result, we have questioned \$19,848 in member living allowances paid to the three members. One of the members received a partial education award, which we questioned in Note 4 above.

AmeriCorps Provisions (2003), Section A.14.b, *Definitions, Member*, state that a member must be an individual "who is a U.S. citizen, U.S. national or lawful permanent resident alien of the United States," and Section B.8.d, *Terms of Service, Member Enrollment, Member Enrollment Procedures*, state that a grantee may select as a member only those who are verified as eligible to enroll in AmeriCorps. In addition, 45 C.F.R. § 2522.200(c) states that a birth certificate or U.S. passport is the primary documentation of citizenship.

Schedule B

**Mississippi Commission for Volunteer Service
Schedule of Claimed and Questioned Costs
Award No. 03AFHMS001 (AmeriCorps Formula)**

<u>Subgrantees</u>	<u>Budgeted Costs</u>	<u>Claimed Costs</u>	<u>Questioned Education Awards</u>	<u>Note</u>
Living Independence for Everyone, Inc.	\$ 620,018	\$ 543,585	-0-	
Mississippi State University	<u>679,434</u>	<u>560,919</u>	<u>\$ 4,725</u>	6
Sub-Total	\$1,299,452	\$1,104,504	\$ 4,725	
Other Subgrantees	<u>442,156</u>	<u>246,770</u>	<u>-0-</u>	
Total	<u>\$1,741,608</u>	<u>\$1,351,274</u>	<u>\$ 4,725</u>	

Categories of Questioned Costs

- Education awards not supported by documentation \$4,725

NOTES:

6. A review of ten member files at Mississippi State University (MSU) disclosed that one member who served during Program Year 2005/2006 and received an education award was ineligible for the award. The member did not serve the minimum 1,700 hours required for full-time members to earn an education award. MSU credited the member with 1,722 hours served and notified the Corporation of the member's eligibility for a full education award of \$4,725. However, MSU had improperly credited the member with 144 hours for time spent on active duty with the National Guard. The member was given credit for 12 hours per day for 22 days (including seven Saturdays and Sundays) of Guard duty for a total of 264 hours, rather than the 120 hours that the member would have earned at her AmeriCorps site. As a result, we have questioned the member's education award of \$4,725.

AmeriCorps Provisions (2003), Section B.8.a, *Terms of Service, Program Requirements*, provide that a full-time member must serve at least 1,700 hours to receive a full education award. In addition, AmeriCorps Provisions (2003), Section B.7.1, *Training, Supervision and Support, Armed Forces Reserves*, state “Grantees should credit members for AmeriCorps service hours during their two weeks of active duty service if it occurs during their AmeriCorps service. The member would receive credit for the number of hours he or she would have served during that period had there been no interruption. For example, if a full-time member is signed up to serve 30 hours of AmeriCorps service one week and 40 hours of AmeriCorps service the following week, she or he would receive 70 hours of AmeriCorps service credit for the two weeks of active duty service regardless of the actual number of hours served in the Reserves.”

COMPLIANCE AND INTERNAL CONTROLS

We applied the agreed-upon procedures to the Consolidated Schedule of Award Costs that summarizes the costs incurred by the Commission for the Corporation award numbers listed on Page 4 of this report.

COMPLIANCE

Compliance with Federal laws, regulations, and the provisions of the grant awards is the responsibility of Commission management. As a part of our review, we performed procedures to test compliance with certain provisions of laws, regulations, and the terms and conditions of the grant awards. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion. The results of the application of the agreed-upon procedures disclosed the following instances of noncompliance that are required to be reported under generally accepted government auditing standards applicable to attestation engagements.

Finding No. 1 – Financial Status Reports (FSRs) Were Not Submitted in a Timely Manner.

The Commission did not have adequate financial management controls to ensure that FSRs were submitted to the Corporation in accordance with established timeframes. During the period from July 1, 2004, to September 30, 2006, the Commission submitted 7 of 28 FSRs late. The late FSR submissions were for the grants listed below.

<u>Grant Number</u>	<u>Grant Name</u>	<u>Due Date</u>	<u>Submission Date</u>	<u>Days Late</u>
04CDHMS001	Disability	07/31/2005	10/17/2005	78
04CAHMS001	Administrative	07/31/2005	10/17/2005	78
05PTHMS001	PDAT	07/31/2005	10/19/2005	80
05PTHMS001	PDAT	07/31/2006	09/05/2006	36
03KCHMS001	Learn and Serve	01/31/2005	04/15/2005	74
03KCHMS001	Learn and Serve	07/31/2005	10/17/2005	78
03ACHMS001	Competitive	10/31/2005	11/11/2005	11

Financial accountability controls and grant monitoring at both the Corporation and Commission levels are weakened when FSRs are not submitted in a timely manner. Prompt accounting is needed to ensure that grant funds are spent for the intended purposes and in accordance with grant provisions. When accounting controls are not followed, the potential for fraud, waste and abuse is increased.

AmeriCorps Provisions (2003), Section B.16.a.i, *Reporting Requirements, Financial Status Reports*, state that grantees shall submit semi-annual cumulative financial status reports that summarize expenditures during the reporting period by April 30 and October 31 using eGrants.

For the Administrative, PDAT and Disability grants, the Provisions for State Administrative, Program Development and Training, and Disability Placement Awards, Section B.5.a, *Reporting Requirements, Financial Status Reports*, state that the grantee shall submit semi-annual cumulative financial reports that summarize expenditures during the reporting period by July 31 and January 31.

Recommendation

We recommend that the Corporation ensure that the Commission submits FSRs to the Corporation by the required due dates.

Commission's Response

The Commission's response stated that, except for one report due in July 2006, all FSRs are now submitted by the due dates. This was made possible with the hiring of a new chief financial officer.

Corporation's Response

The Corporation acknowledged that the Commission had been late in submitting some of its FSRs; however, the Commission informed the Corporation of the circumstances and was provided extensions, although the extensions were requested after the due dates in some instances. In addition, the Corporation stated that the Commission had improved its systems and has submitted its reports on time over the last three reporting cycles.

Auditor's Comments

The corrective actions taken by the Commission are responsive to the recommendation.

Finding No. 2 - Subgrantee Files Did Not Always Comply With Program Requirements.

We reviewed 126 subgrantee member files and identified 21 exceptions, as described below:

- Education Awards – Two subgrantees improperly certified education awards for fifteen members. Fourteen of the members were granted partial education awards for reasons that were not demonstrated by the member or did not meet the compelling personal circumstances criteria outlined in the law and regulations. The member files included a notation that the members were awarded partial education awards because the AmeriCorps Rebuilds Mississippi Augmentation grant started late and the members did not have enough time to complete their membership obligations. Section 139 of the National and Community Service Trust Act of 1993 and 45 C.F.R. § 2522.230 state that an AmeriCorps program may release a participant from completing a term of service for compelling

personal circumstances as demonstrated by the participant and documented by the program.

One member was given a full education award even though she did not serve the minimum 1,700 hours required to earn the award. In this case, the subgrantee had misinterpreted the requirements and credited the member with excessive hours for the time spent on active duty with the National Guard. The member was given credit for 12 hours per day of Guard duty for 22 days (including seven Saturdays and Sundays) for a total of 264 hours, rather than 120 hours that the member would have earned at her AmeriCorps service site.

AmeriCorps Provisions (2003), Section B.8.a., *Terms of Service, Program Requirements*, provide that a full-time member must serve at least 1,700 hours to receive a full education award. In addition, AmeriCorps Provisions (2003), Section B.7.1., *Training, Supervision and Support, Armed Forces Reserves*, states “Grantees should credit members for AmeriCorps service hours during their two weeks of active duty service if it occurs during their AmeriCorps service.” The member would receive credit for the number of hours he or she would have served during that period had there been no interruption. For example, if a full-time member is signed up to serve 30 hours of AmeriCorps service one week and 40 hours of AmeriCorps service the following week, she or he would receive 70 hours of AmeriCorps service credit for the two weeks of active duty service regardless of the actual number of hours served in the Reserves.”

- Criminal Background Checks – One subgrantee did not obtain timely criminal background checks for three of its members. The background checks were completed three to nine months after the members began to serve at their respective AmeriCorps sites, all of which were child day care centers. AmeriCorps Provisions (2003), Section B.6.h., *Member Enrollment, Criminal Background Check*, provide that programs with members who have substantial direct contact with children, shall, to the extent permitted by state and local law, conduct criminal background checks on those members as part of the overall screening process. In addition, they provide that the grantee must ensure, to the extent permitted by state or local law, that it maintains documentation to demonstrate that the background check results were considered in selecting or placing the members.
- Eligibility Documentation - Three members did not provide acceptable documentation of citizenship or lawful permanent resident alien status, a requirement for participation in the program. All three member files indicated that the members’ birth certificates were lost in Hurricane Katrina and that at least two of the members were applying for new birth certificates; however, none of the files indicated that the birth certificates were ever received. AmeriCorps Provisions (2003), Section B.14., *Definitions, Member*, state that a member must be an individual “who is a U.S. citizen, U.S. national or lawful permanent resident alien of the United States,” and Section B.8.d, *Terms of Service, Member*

Enrollment, Member Enrollment Procedures, state that a grantee may select as a member only those who are verified as eligible to enroll in AmeriCorps. In addition, 45 C.F.R. § 2522.200(c) states that a birth certificate or U.S. passport is the primary documentation of citizenship.

Recommendations

We recommend that the Corporation ensure that the Commission:

- Follows up with Mississippi State University to assure that policies and procedures are in place and operating effectively for verifying that criminal background checks are obtained in a timely manner, as part of the screening process, for those members who have substantial direct contact with children;
- Emphasizes to subgrantees the acceptable documentation required to verify member eligibility; and
- Emphasizes to subgrantees the documentation requirements for making partial education awards to members under compelling personal circumstances, and the requirements for making education awards to members serving in Armed Forces Reserves and the National Guard.

Commission's Response

The Commission responded to each of the issues noted in the finding with the following comments.

Members Were Given Partial Education Award – The Commission acknowledged that the program staff did not adequately justify in each file its basis for granting requests for prorated awards due to compelling personal circumstances, although each request submitted was scrutinized by the staff before final approval.

Member Did Not Serve the Minimum 1700 Hours – The Commission agreed with the finding and stated that this was an honest mistake on the part of the program staff. The Commission provided assurance that action would be taken to ensure that the staff does not make a similar mistake in the future.

Timely Criminal Background Checks – The Commission stated in its response that all program staffs are trained in obtaining criminal background checks. In this case, the subgrantee had undergone a change of staff and failed to complete the required background checks in a timely manner.

Eligibility Documentation Missing Due To Hurricane Katrina – The Commission stated in its response that it was fully aware of the program requirements; however, it stated that these were extraordinary times and that even some city governments lost all of their public records during the hurricane. The Commission agreed that acceptable

documentation of citizenship or lawful permanent resident alien status was not obtained for the three members questioned during this review.

Auditor's Comments

The Commission acknowledged that the program staff did not adequately justify in each member's files its basis for granting requests for prorated education awards due to compelling personal circumstances; however, the Commission still maintained that the members were entitled to receive the awards. We continue to question the partial education awards given to the 14 members because the members' files did not document the compelling personal circumstances, in accordance with the criteria outlined in the regulations.

Regarding the member (a National Guard reservist) who was given a full education award even though she did not serve the minimum 1700 hours required to earn the award, the Commission maintains that this was an honest mistake on the part of the program staff and that the member still should be eligible for a prorated education award. We continue to question the full education award.

The Commission responded that all program staffs are trained to obtain criminal background checks. In this case, the subgrantee had undergone a change in program staff and did not obtain the background checks in a timely manner. However, the Commission did not provide documentation to indicate whether policies and procedures are now in place at Mississippi State University to ensure that background checks are obtained on a timely basis and the results considered in selecting or placing members.

The Commission agreed that acceptable documentation of citizenship was not provided for the three members questioned in the report.

The Corporation should assess the position taken by the Commission on these issues and determine whether the proposed actions are adequate, or whether additional information or actions are needed.

INTERNAL CONTROLS

Commission management is responsible for establishing and maintaining internal controls. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objective of internal controls is to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition. Internal controls also provide assurance that transactions are executed in accordance with management's authorization and recorded properly to permit accurate preparation of financial reports. Because of the inherent limitations in any system of internal controls, error or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the internal controls to future periods is subject to the risk that procedures may become inadequate due to changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate. In applying the agreed-upon procedures, we noted the internal control weaknesses discussed below.

Finding No. 3 – Financial Status Reports Were Not Always Supported by Information in the Financial Management System.

The Commission did not have an effective system in place for timely reconciliation of expenditures, as reported on FSRs, with expenditures recorded in its financial management system. As a result, we found significant variances between the reported and recorded expenditures for four of the active Commission grants. The differences, by grant, are summarized in the table below.

Grant No.	Cumulative Reporting Period	Accounting Records	FSR	Variance
04CAHMS001	07/01/04 to 06/30/06	\$ 327,323	\$ 277,629	-\$49,694
03KCHMS001	07/01/04 to 06/30/06	\$ 334,612	\$ 313,705	-\$20,907
03AFHMS001	10/01/04 to 09/30/06	\$1,414,120	\$1,351,274	-\$62,846
03ACHMS001	10/01/04 to 09/30/06	\$9,076,082	\$9,166,911	\$90,829

We were unable to determine the reasons for the variances between the FSRs and accounting records because the Commission did not maintain sufficient records to reconcile the amounts. However, the amounts for the AmeriCorps Competitive and Formula grants differed, in part, because the year-end FSRs covered the period through the end of the program year (July or August), while the accounting records covered the fiscal year ended September 30. The Commission prepares the FSRs from information that is not reconciled to the accounting system. As a result, the Corporation has no assurance that costs reported on the FSRs are the actual costs expended to operate these programs.

The Provisions for State Administrative, Program Development and Training and Disability Placement Awards, C(12)(a), *Financial Management Provisions, General*, and AmeriCorps Provisions (2003), Section C.22.a., *Financial Management Standards*,

provide that “The Grantee must maintain financial management systems that include standard accounting practices, sufficient internal controls, a clear audit trail and written cost allocation procedures, as necessary. Financial management systems must be capable of distinguishing expenditures attributable to this grant from expenditures not attributable to this grant. The systems must be able to identify costs by programmatic year and by budget category and to differentiate between direct and indirect costs or administrative costs.”

Recommendation

We recommend that the Corporation ensure that the Commission implements a system to reconcile expenditures, as recorded in the financial management system, to the expenditures reported on the FSRs prior to each submission. We also recommend that the Corporation ensure that the Commission reconciles the accounting records to costs claimed and resubmits the FSRs as required.

Commission’s Response

The Commission responded that reconciliation forms have been developed to periodically verify the congruency between individual FSRs and its financial records. The Commission believes these improvements will eliminate any future concerns of variances.

Auditor’s Comments

The corrective actions proposed by the Commission appear to address differences between the FSRs and the financial records that may occur in the future, if the reconciliation is performed prior to the FSR submissions. However, the actions do not address prior FSR submissions.

Finding No. 4 - Some Expenditures Reported on FSRs Differed Considerably from Cash Drawdown Records.

The Commission did not have an effective system in place for timely reconciliation of expenditures, as reported on FSRs, with the grant fund drawdowns reported on Federal Cash Transaction Reports (FCTR). We found significant variances between the reported expenditures and the grant fund drawdowns for seven of the active grants. Recognizing that FSRs are on an accrual basis and FCTRs are cash basis reports, it is difficult to understand how the cash drawdowns would exceed reported expenditures.

The differences, by grant, are summarized below.

	<u>Per FSR</u>	<u>Per HHS</u>	<u>Over/Under Draw</u>
AmeriCorps Competitive	\$9,166,911	\$8,851,673	-\$315,238
AmeriCorps Formula	1,351,274	1,435,581	84,307
Administrative	277,629	353,907	76,278
PDAT	163,988	113,999	-49,989
Learn & Serve America	313,705	421,149	107,444
Disability Placement	87,756	79,653	-8,103
Volunteers in Service to America	44,890	41,491	-3,399

The amounts for the AmeriCorps Competitive and Formula grants differed, in part, because the year-end FSRs covered the period through the end of the program year (July or August), while the accounting records covered the fiscal year ended September 30 and were the basis for drawdowns. There may have been additional causes that we could not determine because the Commission maintained no documents to support them.

OMB Circular A-102, *Grants and Cooperative Agreements with State and Local Governments*, Subpart 2.a, states “Agency methods and procedures for transferring funds shall minimize the time elapsing between the transfer to recipients of grants and cooperative agreements and the recipient’s need for the funds.”

Recommendations

We recommend that the Corporation ensure that the Commission implements a system to ensure that amounts drawn from the Payment Management System are for immediate cash needs and comply with OMB Circular A-102. We further recommend that the Corporation recoup the funds drawn in excess of grant expenditures, as well as interest earned on the excess funds drawn.

Commission’s Response

The Commission responded that its drawdowns are made to cover current expenditures, and in no instance are there drawdown advances that result in interest income over \$250. In addition, the Commission provided documentation to show that systems are now in place to identify the occurrence of under/over draws and to disclose the effect on the FSRs and drawdown records.

Auditor’s Comments

At the time of the review, the Commission did not have documentation that provided for reconciling the significant variances between the grant fund drawdowns and the reported expenditures. The system now in place appears to provide for this reconciliation.

Finding No. 5 - The Commission Claimed Unallowable and Unsupported Costs.

As described in detail in the notes related to Schedules A and B, the Commission and its subgrantees claimed costs that did not comply with laws, regulations, or grant or other agreements or documents governing the expenditure of funds; were not supported by adequate documentation; or were unnecessary or unreasonable.

Recommendations

We recommend that the Corporation:

- Follows up with the Commission to determine if questioned and unsupported amounts should be allowed or disallowed and recovered. Also, the Corporation should apply the 5.26 percent administrative rate to any costs deemed unallowable and recover those costs as well.
- Ensures that the Commission trains its subgrantees on determining the allowability of costs and documentation required to support claimed costs, and confirms the subgrantees' understanding of the training via on-site financial monitoring.

Commission's Response

The Commission agreed that the questioned costs were unallowable as Federal share, and stated that the subgrantee will be asked to adjust its records. However, the Commission stated further that the subgrantee incurred other allowable costs not claimed as Federal share. It plans to work with the Corporation during the audit resolution to substantiate those additional costs.

Auditor's Comments

Although the Commission's response provides additional information on the issues relating to the identified questioned costs, the Corporation still needs to make a determination as to whether the questioned costs and education awards should be allowed or disallowed and recovered.

(signature on file)

Leon Snead & Company, P.C.
Rockville, Maryland
February 16, 2007



MISSISSIPPI COMMISSION FOR
VOLUNTEER SERVICE
OFFICE OF THE GOVERNOR

June 22, 2007

Ms. Carol Bates
Assistant Inspector General for Audits
Corporation for National and Community Service
Washington, DC 20525

Dear Ms. Bates:

Thank you for this opportunity to comment on the draft report of the Office of Inspector General's *Agreed-Upon-Procedures for the Corporation for National and Community Service Grants Awarded to the Mississippi Commission for Volunteer Service*, prepared by the contracted firm of Leon Snead and Company, P.C., Rockville, Maryland.

The Mississippi Commission for Volunteer Service (MCVS) is proud to administer the AmeriCorps* Formula, Competitive and VISTA grants and other grant funding provided by the Corporation for National and Community Service (CNCS). From the inception of our organization in January 1994, we have been diligent and committed to expanding our capacity to manage a wide-ranging portfolio consisting of diverse organizations that serve the most pressing needs of the State of Mississippi. We look upon the results of the agreed-upon procedures review of the MCVS as another learning opportunity to improve our ability to effectively manage and administer our programs.

Please see the attached response which provides more details on some of the questioned costs and findings noted in the report. The MCVS will work closely with CNCS during the audit resolution process to resolve all findings and implement recommendations in the report, as needed.

The experience and reported findings of the agreed-upon procedures allowed us the opportunity to make appropriate improvements in our organization's processes and heightened our sub-grantees' due diligence. Ron Huritz, OIG, and Jesse Morris and the auditors with Leon Snead, Inc. were a pleasure to work with and they were extremely professional. We are confident that the audit issues presented in the draft report will be successfully resolved. Please let us know if you we can provide you with further information.

Sincerely,


Marsha Meeks Kelly
Executive Director

**Mississippi Commission for Volunteer Service
Response to Findings of the OIG Agreed Upon Procedures**

Finding No. 1 – Financial Status Reports (FSRs) Were Not Submitted in a Timely Manner.

In a letter dated August 12, 2005 the MS Commission requested an extension for the submission of financial status reports that were due July 30, 2005, for the period covering January 1, 2005 - June 30, 2005. The letter also notified CNCS of corrective action taken by the MCVS of the termination of the MCVS Chief Financial Officer as of August 10, 2005. As a result of the CFO's departure, financial status reports for grants 04CDHMS001, 04CAHMS001, 05PTHMS001 and 03KCHMS001 that were due July 30, 2005, were submitted late but the extension was approved by CNCS. Hurricane Katrina delayed the search for a new CFO however a new CFO was hired October 10, 2005 and with great effort was able to submit the four delinquent financial status reports within ten days. With the exception of the 05PTHMS001 financial status report due July 30, 2006, (which mistakenly was completed but we failed to electronically send), the other financial status reports were submitted by the CFO within 13 days of their due date. Since that time all financial status reports have been submitted by their scheduled due date to CNCS. See table below. **A copy of this letter (Attachment C) and the Corporation's response (Attachment C.2) is included.**

<u>Grant No.</u>	<u>Project Period</u>		<u>Reporting Period</u>	<u>FSR Due Date</u>	<u>FSR Submitted per Commission</u>	<u>Days Late</u>
	<u>From</u>	<u>To</u>				
04CDHMS001 Disability	1/1/2004	12/31/2006	1/1/06-6/30/06 7/1/06-12/31/06	7/31/2006 1/31/07	<u>07/27/06</u> 01/19/07	
04CAHMS001 Administration	1/1/2004	12/31/2006	1/1/06-6/30/06 7/1/06-12/31/06	7/31/2006 1/31/07	<u>07/27/06</u> 01/19/07	
05PTHMS001 PDAT	4/1/2005	3/31/2008	7/1/06-12/31/06	1/31/07	01/19/07	
03KCHMS001 Learn & Serve	10/1/2003	9/30/2006	1/1/06-6/30/06	7/31/2006	<u>7/28/06</u>	
03ACHMS001 Competitive	8/1/2003	<u>12/31/2006</u>	10/1/05-3/31/06 4/1/06-9/30/06	4/30/2006 10/31/06	<u>4/28/06</u> 10/31/06	

Finding No. 2 - Subgrantee Files Did Not Always Comply With Program Requirements.

2-A: Members given partial education award.

The program, in good faith, attempted to provide all members the opportunity to earn a full education award during the member's term of service. However, these were extremely difficult times following Hurricane Katrina. To be an AmeriCorps member on the Mississippi Gulf Coast during this time was an act of courage. Housing was almost impossible to find, and so were people to work in these programs even though they were critical. The notification of grant award for augmentation funds was received on February 17, 2006. The program began enrolling members into the augmentation component starting March 13, 2006. If an individual attempted to earn required hours and was unable to do so because of his/her late start, program staff believed a prorated education award due to personal compelling circumstances was an option. Although the program did not adequately justify in each member file its basis for granting requests for prorated awards due to personal compelling circumstances, each request submitted was scrutinized by program staff before final approval.

Program staff was also aware of the small amount of the prorated education award available (\$2,362 – half; \$1,250 – quarter) for completing this shortened member service year. They also were aware of the rules that an individual not earning an education award precluded him/her from serving a second term, and that once earning an award, whatever the amount, may preclude a member from working toward a full-time award of \$1,700 for two years. Staff was working with each member personally to determine the best outcome for the member's future plans.

2-B: Member did not serve minimum 1700 hours.

A review of ten member files at Mississippi State University (MSU) disclosed that one member who served in the program during Program Year 2005/2006 and received an education award was ineligible for the award. The member did not serve the minimum 1,700 hours required for full-time members to earn an education award. MSU credited the member with 1,722 hours served and notified the Corporation of the member's eligibility for a full education award of \$4,725. However, MSU had improperly credited the member with 144 hours for time spent on active duty with the National Guard. The member was given credit for 12 hours per day for 22 days (including seven Saturdays and Sundays) for a total of 264 hours, rather than the 120 hours that the member would have earned at her AmeriCorps job site. As a result, we have questioned the education award of \$4,725 made to the member.

AmeriCorps Provisions (2005), E(1), *Terms of Service, Program Requirements*, provide that a member must serve at least 1,700 hours to receive a full education award. In addition, AmeriCorps Provisions (2005), D(10), *Training, Supervision and Support, Armed Forces Reserves*, state "...Grantees should credit members

for AmeriCorps service hours during their two weeks of active duty service if it occurs during their AmeriCorps service. The member would receive credit for the number of hours he or she would have served during that period had there been no interruption. For example, if a full-time member is signed up to serve 30 hours of AmeriCorps service one week and 40 hours of AmeriCorps service the following week, she or he would receive 70 hours of AmeriCorps service credit for the two weeks of active duty service regardless of the actual number of hours served in the Reserves.”

And on page 16:

One member was given a full education award even though she did not serve the minimum 1,700 hours required to earn the award. In this case, the subgrantee had misinterpreted the requirements and credited the member with excessive hours for the time spent on active duty with the National Guard. The member was given credit for 12 hours per day for 22 days (including seven Saturdays and Sundays) for a total of 264 hours; rather than 120 hours that the member would have earned at her AmeriCorps job site.

AmeriCorps Provisions (2005), E(1), *Terms of Service, Program Requirements*, provide that a member must serve at least 1,700 hours to receive a full education award. In addition, AmeriCorps Provisions (2005), D (10), *Training, Supervision and Support, Armed Forces Reserves*, state “...Grantees should credit members for AmeriCorps service hours during their two weeks of active duty service if it occurs during their AmeriCorps service. The member would receive credit for the number of hours he or she would have served during that period had there been no interruption. For example, if a full-time member is signed up to serve 30 hours of AmeriCorps service one week and 40 hours of AmeriCorps service the following week, she or he would receive 70 hours of AmeriCorps service credit for the two weeks of active duty service regardless of the actual number of hours served in the Reserves.”

This was an isolated incident. Staff turnover resulted in new program staff, and it is apparent the new program staff did read but misinterpreted the applicable provision. Staff assumed 12 hours is the allowable number of hours to be earned and did not take into account the “up to 12 hours” as stated in the provisions.

This young lady missed a minimal number of days from her service site other than her time serving her country in the Army Reserves. She served some additional service hours at her site during the early morning hours. The site supervisor, program staff, and mid- and end-of-year member evaluations all document her service was good for the children and her community. Had the member been aware that all military service hours could not be counted, she would have sought opportunities to earn additional appropriate service hours.

This was an honest mistake on the program's part, and MCVS will ensure that a mistake such as this does not occur again. MCVS requests this member do receive a prorated education award due to staff error. It is MCVS' understanding that staff errors do constitute "compelling personal circumstances" because they are beyond the member's control, and thus this young lady should be eligible for a prorated education award.

2-C: Timely criminal background checks

All MCVS programs are trained in obtaining timely criminal background checks. This sub-grantee had changed staff and failed to have these on file in a timely manner for three of its members. The background checks were completed three to nine months after the members began to serve at their respective AmeriCorps job sites, which were child day care centers. All MCVS AmeriCorps programs are aware of the AmeriCorps Provisions, C(7), *Member Enrollment, Criminal Background Check*, which provide that programs with members who, on a recurring basis, have access to children, shall, to the extent permitted by state and local law, conduct criminal background checks on those members as part of the overall screening process. ~~And~~ MCVS programs also know that they must ensure, to the extent permitted by state or local law, that they must maintain documentation to demonstrate that the background check results were considered in selecting or placing the members. MCVS strives to comply 100% with all provisions.

2-D: Eligibility documentation missing due to Hurricane Katrina

Three members were unable to provide acceptable documentation of citizenship or lawful permanent resident alien status, a requirement for participation in the program. All three member files indicated that the members' birth certificates were lost in Hurricane Katrina and that at least two of the members were applying for new birth certificates; however, none of the files indicated that the birth certificates were ever received. Again, these were extraordinary times; and even city governments lost all their public records. Post offices did not exist for a long period; and very few places had normal means of communication like computers, faxes, etc. However, all MCVS programs are aware of the AmeriCorps Provisions (2005), A(5)(b), *Definitions, Member*, which states that a member must be an individual "who is a U.S. citizen, U.S. national or lawful permanent resident alien of the United States," and C(1)(a)(ii) *Member Enrollment, Member Enrollment Procedures*, which states that a grantee may select as a member only those who are verified as eligible to enroll in AmeriCorps. In addition, 45 C.F.R. § 2522.200(c) states that a birth certificate or U.S. passport is the primary documentation of citizenship.

Finding No. 3 – Financial Status Reports Were Not Always Supported by Information in the Financial Management System.

The financial system in place for MCVS contains structural components that allow expenditures for a financial period to be input after the financial period has ended. As a result, the support data for FSR’s may have been understated in each case because not all expenditures for the reporting period were included. However, it was the best data available at the time of FSR submission; and the accounting system balanced to the data reported. There can be differences between individual FSR’s and regenerated financial data for the period, but these variances in data are reconciled at the end of the grant budget period. The table below demonstrates how data from the individual FSR, in the aggregate, and the financial records are reconciled at the end of the grant budget period.

Period	CNCS Administration FSR	CNCS Administration Financials
01/01/04-03/31/04	47,842.21	
04/01/04-06/30/04	67,357.41	121,110.64
07/01/04-09/30/04	57,431.44	
10/01/04-12/31/04	32,186.94	67,668.38
01/01/05-06/30/05	175,132.00	191,170.98
07/01/05-12/31/05	0	0
01/01/06-06/30/06	102,496.50	101,550.13
07/01/06-12/31/06	82,717.50	83,663.87
Total	565,164.00	565,164.00

Reconciliation forms have been developed to periodically verify the congruency between individual FSR’s and regenerated financial records, and MCVS believes these improved systems will allay any future concerns of variances.

Finding No. 4: Expenditures Reported on FSR’s Did Not Agree with HHS Records.

There is no requirement for FSR’s to match HHS Records in the interim. Our drawdown records are based solely on the financial data available at the time of drawdown activity. Drawdowns covered the current expenditures, and in no instance are there drawdown advances that result in interest income over \$250. The financial system in place for MCVS contains structural components that allow expenditures for a financial period to be input after the financial period has ended. Due to the scheduling of drawdowns (usually at the end of the current month or beginning of the next month) by our fiscal agent (IHL), there is opportunity for period expenditures supporting the drawdown to be exclusive from expenditures supporting the FSR for the same period. Systems are in place currently to identify the occurrence of under/over draws and disclose the effect to financial status reports and drawdown records. **See attached reconciliation forms for FSR 269 and SF272 reports (Attachment A-B).**

Finding No. 5: Commission Claimed Unallowable and Unsupported Costs

MCVS agrees the costs are unallowable as federal share. MCVS will ask the subgrantee to adjust its records and not claim those costs. However, the organization incurred other allowable costs it did not claim as federal share that we want to substitute for the disallowed costs. We will work with the Corporation during audit resolution to substantiate those additional costs.

Attachment A.

Mississippi Commission for Volunteer Service
Reconciliation Form

DRAWDOWN VS. FSR 269 RECONCILIATION

Reporting Period	07/01/2006	12/31/2006
Over (+) Under (-) Draw Amount from Previous Period		XXXX
Current Period Drawdowns		XXXX
Net Drawdown Amount for Current Period		XXXX
Financial Status Report for Current Period		XXXX
Difference		XXXX
Over (+) Under (-) Draw Amount for Next Period		XXXX

Attachment B.

Mississippi Commission for Volunteer Service
Reconciliation Form

DRAWDOWN VS. SF272 RECONCILIATION

Reporting Period		07/01/2006	09/30/2006		
		Drawdowns	Expenditures	Difference	Note:
07CAHMS001	January				
	February				
	March				
	Total				
07CDHMS001	January				
	February				
	March				
	Total				
05PTHMS001	January				
	February				
	March				
	Total				
07VSSMS001	January				
	February				
	March				
	Total				
03KCHMS001	January				
	February				
	March				
	Total				
03ACHMS001	January				
	February				
	March				
	Total				
Total					


Attachment C



MISSISSIPPI COMMISSION for
Volunteer Service

Marsha Meeks Kelly
Executive Director
Mississippi Commission for Volunteer Service
3825 Ridgewood Road, #601
Jackson, MS 39211
PH: 601-432-6738
FAX: 601-432-6790
E-mail: Marsha@MCVS.org

MEMORANDUM

Date: August 12, 2005
From: Marsha Meeks Kelly 
To: Rosie Mauk, Ralph Morales, Bonnie Janicki, LaJuan Bright, Kevin Days, Karen Peters
RE: Extension of SF-269's

Dear CNCS Colleagues:

The Mississippi Commission for Volunteer Service had to terminate our Chief Financial Officer, Hitesh Desai, on August 10, 2005. We have not been able to recover all the financial records that will enable us to complete the SF-269's for our Administration, PDAT, Disability and Learn and Serve grants.

We understand that these reports were due on July 31, 2005. We are working with our fiscal staff of the Institutions of Higher Learning to be able to submit these documents; however, we do request an extension until September 30, 2005.

We will utilize the fiscal agents' personnel until we fill the position. We will post the opening soon and plan to have someone on board by September. We ask for your patience and understanding as we go through this transition.

Cc: Mike Ratliff, MCVS Board Chair
Dr. Linda McFall, Institutions of Higher Learning, Asst. Commissioner for Finance and Administration

Danny Blue

Attachment C.2

From: Marsha Kelly
Sent: Tuesday, February 27, 2007 4:00 PM
To: Danny Blue
Subject: FW: Hurricane Katrina

Extension for FSR's mmk

-----Original Message-----

From: Mauk, Rosie [mailto:RMauk@cns.gov]
Sent: Sunday, August 28, 2005 8:55 PM
To: Marsha Kelly; Mauk, Rosie
Subject: Re: Hurricane Katrina

Pls use this as confirmation that you have an extension for your FSR until september 30, 2005.

-----Original Message-----

From: Marsha Kelly <mkelly@ihl.state.ms.us>
To: Mauk, Rosie <RMauk@cns.gov>
Sent: Sun Aug 28 21:25:15 2005
Subject: RE: Hurricane Katrina

I think you are working on Sunday like me and we might want to go home soon! Thanks for the company. By the way, I still need an email extension for our FSR's until September 30 2005. Just need something in writing...at your convenience. Hugs, see you in a couple of weeks.

Thanks for hosting an ED meeting. mmk

-----Original Message-----

From: Mauk, Rosie [mailto:RMauk@cns.gov]
Sent: Sunday, August 28, 2005 8:13 PM
To: Marsha Kelly
Subject: Re: Hurricane Katrina

We are thinking of you

-----Original Message-----

From: Marsha Kelly <mkelly@ihl.state.ms.us>
To: Mauk, Rosie <RMauk@cns.gov>
Sent: Sun Aug 28 21:05:14 2005
Subject: RE: Hurricane Katrina

Thanks Rosie for this message and support. We will keep in touch. mmk

From: Mauk, Rosie [mailto:RMauk@cns.gov]
Sent: Sunday, August 28, 2005 9:51 AM
To: owatkins@crt.state.la.us; Marsha Kelly; thasdorff@governor.state.al.us; wendy@volunteerflorida.org
Cc: Molineaux, Cee Cee; Enciso, Charles; Seale, Elizabeth D.
Subject: Hurricane Katrina

Orlando, Marsha, Terri and Wendy,

Just checking in with each of you to see if you are all okay and if we can do anything for you? Let us know. We hope you are all safe.

Rosie K. Mauk

Director of AmeriCorps

Phone: (202) 606-6926

FAX: (202) 606-3476

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SERVICE** 

To: Gerald Walpin, Inspector General

From: *Bonnie Janicki for*
Margaret Rosenberry, Director of Grants Management

Cc: Jerry Bridges, Chief Financial Officer
Kristin McSwain, Director of AmeriCorps
William Anderson, Deputy CFO for Finance
Andrew Kleine, Deputy CFO for Planning and Program Management
Sherry Blue, Audit Resolution Coordinator, Office of the CFO

Date: June 22, 2007

Subject: Response to OIG Draft Audit Report: Agreed-upon Procedures for Corporation Grants awarded to the Mississippi Commission for Volunteer Service

Thank you for the opportunity to review the draft audit report of the Corporation's grants awarded to the Mississippi Commission for Volunteer Service. The Commission has provided an extensive response and we are working on resolution with the Commission staff. We are responding to only one finding at this time.

As the audit noted, the Commission was late submitting its Financial Status Reports to the Corporation during 2005. The Commission informed the Corporation of the circumstances for the late reports at the time and the Corporation provided extensions. While the extensions were requested after the due dates in some instances, the Corporation was apprised of the circumstances. The Commission improved its systems and has submitted its reports on time over the last three reporting cycles.

We will respond to all findings and recommendations in our management decision when the final audit is issued; we have reviewed the findings in detail; and worked with the Commission to resolve the audit.

