


Audit Report No. 96-35

Date: April 11, 1996

CORPORATION

FOR NATIONAL

 SERVICE

OFFICE OF THE INSPECTOR GENERAL

Audit of

Montana Conservation Corps, Inc.

COMMISSION ON NATIONAL AND COMMUNITY SERVICE
GRANT AWARD NUMBER 92COSTMT0016

This report is issued to an Corporation for National and Community Service Management Official to resolve. Following OMB Circular A-50, the Corporation must make a final management decision within 180 days of the report. Consequently, the auditor's findings do not necessarily represent the final resolution of the issues presented or the amount of disallowed costs.

The Inspector General must approve any request for public release of the report.

Office of the Inspector General
Review of
Commission on National and Community Service
Grant Award Number 92COSTMT0016
to
Montana Conservation Corps, Inc.

CORPORATION
FOR NATIONAL
 SERVICE

Leonard G. Birnbaum and Company, under contract to the Office of the Inspector General, reviewed and tested the Montana Conservation Corps' final financial status report (FSR) vis a vis the Corps' audited financial statements to determine a basis for close-out of grant number 92COSTMT0016 awarded by the Commission on National and Community Service¹. CNS OIG approved the procedures that were used in the review.

Based on their review, Birnbaum and Company concluded that the costs reported on the certified financial statements and presented in Exhibit A of this report should be considered as the basis for grant close-out.

¹ The Commission was merged into the Corporation for National Service at the start of Fiscal Year 1994; in December 1993, CNS established the audit responsibility for Commission grants in the CNS Office of Inspector General.

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April 11, 1996

Inspector General
Corporation for National Service
1201 New York Avenue, NW
Washington, DC 20525

We have applied certain agreed-upon procedures, as discussed below, to amounts claimed by the Montana Conservation Corps (MCC) under Grant No. 92COSTMT0016 awarded by the Commission on National and Community Service¹. The grant, which had a period of performance of June 1, 1992 through July 14, 1994, was awarded in an amount of \$975,715 and contemplated \$1,072,066 in matching costs. Our review was made solely to assist the Inspector General² of the Corporation for National Service and our report is not to be used for any other purpose. However, this report is a matter of public record and its distribution is not limited. The procedures we performed are summarized as follows:

- (a) We reviewed certified financial statements for the three fiscal years in which the grant was performed and determined that the independent auditor's reports and the financial statements conformed to applicable generally accepted auditing standards, Government Auditing Standards and Office of Management and Budget Circular A-133.
- (b) We reviewed the audit programs, prepared by MCC's independent auditor, related to (1) the financial statements, (2) internal control and (3) compliance with laws and regulations, for each of the three years, and determined that they were appropriate to the circumstances.
- (c) We sampled individual audit steps and determined that the audit programs had been executed as planned.

¹ As a result of the National and Community and Service Trust Act of 1993, the Commission on National and Community Service merged with the Corporation for National Service.

² On December 14, 1993, The Corporation for National Service established in the Corporation's Office of Inspector General audit responsibility for all programs administered by the Corporation as well as grants awarded by the former Commission on National and Community Service.

- (d) We determined that MCC's chart of accounts and resulting trial balances adequately segregated and accumulated the costs applicable to the grant.
- (e) We determined that the findings cited by the independent auditor did not result in a material misstatement of the amounts claimed.
- (f) We determined that no Federal cash remained in the hands of the grantee upon completion of grant performance.
- (g) We determined that the amounts reported on the final Financial Status Report (FSR) did not agree with the amounts in the certified financial statements, as presented. A schedule arraying the differences between the amounts reported on the final FSR and those reflected on the financial statements appears as Exhibit A hereto.
- (h) We determined that capital equipment acquired under the grant remained in MCC's possession upon completion of the grant and that disposition instructions had not been received from CNS as of the date of our review. We note that MCC received subsequent grant awards from CNS.

Based on the results of applying the above procedures, we are of the opinion that the costs incurred, as reflected on the certified financial statements and presented on Exhibit A are accurate and in conformance with the terms and conditions of the grant. As such, they may be considered as forming the basis for grant close-out.

BACKGROUND

Montana Conservation Corps, Inc. is a not-for-profit corporation under Internal Revenue Code Section 501(c)(3), it was formed to provide community service opportunities for young adults, focusing on enhancement and stewardship of public lands in the State of Montana.

Award Number

Award Description

92COSTMT0016

The purpose of the grant is to provide funds for the creation or expansion of full-time or summer youth service or conservation corps programs, including funds for the addition of participants, an increase in the number of hours or weeks during which the program operates, the involvement of an existing program in new types of service, or the improvement of an existing program consistent with this grant.

Because the above procedures do not constitute an audit conducted in accordance with

generally accepted auditing standards, we do not express an opinion on the amounts presented in Exhibit A. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the costs presented in Exhibit A included amounts which were unallowable under the terms and conditions of the grant. Had we additional procedures or had we conducted an audit of the claimed costs in accordance with generally accepted auditing standards and Government Auditing Standards, other matters might have come to our attention that would have been reported to you. This report relates to the grant specified above and does not extend to any financial statements of MCC taken as a whole.

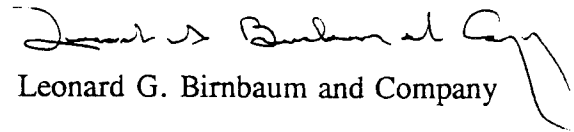

Leonard G. Birnbaum and Company

EXHIBIT A

Montana Conservation Corp, Inc.
 Analysis of Costs Claimed
 Comparison between Final FSR and Financial Statements

<u>Expense Category</u>	<u>Per Final FSR</u>	<u>Per Financial Statements</u>	<u>Difference</u>
Crew Expenses	\$ 379,212	\$ 353,636	\$ 25,576
Crew Leader	197,017	196,088	929
Health Insurance	8,760	8,610	150
Stipends	80,510	102,252	(21,742)
Training and Education	145,742	151,290	(5,548)
Capital Outlay	39,804	38,719	1,085
Evaluation	12,970	12,970	-
Administration	<u>45,413</u>	<u>46,305</u>	<u>(892)</u>
Subtotal	<u>909,428</u>	<u>909,870</u>	<u>(442)</u>
In-Kind	<u>425,619</u>	<u>425,619</u>	<u>-</u>
Total	<u>\$ 1,335,047</u>	<u>\$1,335,489</u>	<u>\$ (442)</u>

