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

**Pre-Audit Survey Report of the  
Iowa Commission  
on Volunteer Service**

**OIG Audit Report Number 00-07  
October 27, 1999**

*Prepared by:*

Urbach Kahn & Werlin, PC  
1030 Fifteenth Street, N.W.  
Washington, D.C. 20005

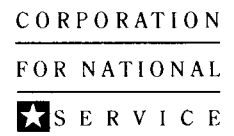
Under CNS OIG MOU # 98-046-5003  
With the Department of Labor  
Contract # J-9-G-8-0024  
Task Order B9G9X102

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**This report was issued to Corporation management on May 18, 2000. Under the laws and regulations governing audit follow up, the Corporation must make final management decisions on the report's findings and recommendations no later than November 14, 2000, and complete its corrective actions by May 18, 2001. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.**

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



**Pre-Audit Survey of the  
Iowa Commission on Volunteer Service  
OIG Audit Report Number 00-07**

*Introduction*

The Corporation for National and Community Service, pursuant to the authority of the National and Community Service Act, awards grants and cooperative agreements to state commissions, nonprofit entities, tribes and territories to assist in the creation of full and part time national and community service programs. Currently, in accordance with the requirements of the Act, the Corporation awards approximately two-thirds of its AmeriCorps State/National funds to state commissions. The state commissions in turn fund, and are responsible for the oversight of, subgrantees who execute the programs. Through these subgrantees, AmeriCorps Members perform service to meet educational, human, environmental, and public safety needs throughout the nation.

Thus, state commissions play an important role in the oversight of AmeriCorps programs and expenditures. The Corporation has indicated that it intends to give them greater responsibility. However, the Corporation lacks a management information system that maintains comprehensive information on its grants including those to state commissions and subgrantees. Moreover, although the Corporation began state commission administrative reviews in 1999, the Corporation, historically, has not carried out a comprehensive, risk-based program for grantee financial and programmatic oversight and monitoring. It is also unlikely that AmeriCorps programs are subject to compliance testing as part of state-wide audits under the Single Audit Act due to their size relative to other state programs.

Therefore, CNS OIG has initiated a series of pre-audit surveys intended to provide basic information on the state commissions' operations and funding. The surveys are designed to provide a preliminary assessment of the commissions' pre-award and grant selection procedures, fiscal administration, monitoring of subgrantees (including AmeriCorps Member activities and service hour reporting), and the use of training and technical assistance funds. For each survey, we will issue a report to the state commission and to the Corporation communicating the results and making recommendations for improvement, as appropriate.

*We engaged Urbach Kahn & Werlin PC to perform the pre-audit survey of the Iowa Commission on Volunteer Service. UKW's report, which follows, indicates that the Iowa Commission appears to have an open and competitive process to select national service subgrantees, and has established adequate controls for the fiscal administration of grants and for providing subgrantees with training and technical assistance. However, the report also notes that the Commission does not have adequate controls in place to evaluate and monitor subgrantees. The report recommends improvements in the Commission's monitoring process, including requiring the retention of specific information on monitoring procedures. The report also includes recommendations for follow-up on corrective actions by the Corporation for National Service and revision of the Corporation's*

Inspector General  
1201 New York Avenue, NW  
Washington, DC 20525

*guidance on subgrantee monitoring to specify minimum procedures to be performed and minimum documentation requirements. Finally the report recommends a program-specific financial audit of the Commission.*

We have reviewed the report and work papers supporting its conclusions, and we agree with the findings and recommendations presented. The Iowa Commission's response (Appendix C) describes certain corrective actions in response to the survey findings. The Commission disagrees with the recommendation for a program specific audit.

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

**Pre-Audit Survey Report of the  
Iowa Commission on Volunteer Service**

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Inspector General  
Corporation for National and Community Service

At your request, Urbach Kahn and Werlin PC performed a pre-audit survey of the Iowa Commission on Volunteer Service. The primary purpose of this survey was to provide a preliminary assessment of:

- the adequacy of the pre-award selection process;
- the fiscal procedures at the Commission;
- the effectiveness of monitoring Iowa State subgrantees, including AmeriCorps Member activities and service hours; and
- the controls over the provision of technical assistance.

We were also asked to report on the recommended scope of additional audit procedures to be performed at the Iowa Commission.

#### ***RESULTS IN BRIEF***

Based on the results of the limited procedures performed, we have made the following preliminary assessments regarding the Commission's systems for administering grants received from the Corporation.

- The Commission appears to have an open and competitive process to select national service subgrantees, and the related systems and controls appear to be functioning as designed.
- The Commission appears to have adequate controls in place for the fiscal administration of grants.
- The Commission does not have adequate controls in place to evaluate and monitor subgrantees.
- The Commission appears to have adequate controls in place to provide reasonable assurance that training and technical assistance are made available and provided to subgrantees.

Based on our preliminary assessments, we recommend that the OIG perform a program-specific financial audit of Corporation funding to the Iowa Commission. The financial audit should consider coverage provided by the State's Single Audit and similar audits of

subgrantees. In addition, audit procedures should include verification of reported Member service hours and performance information provided to the Commission by subgrantees in Progress Reports.

In addition, we recommend that the Corporation follow up with the Commission to determine that appropriate corrective actions are put into place to address the conditions reported herein, and that the Corporation consider these conditions in its oversight and monitoring of the Iowa Commission.

## **BACKGROUND**

The National and Community Service Trust Act of 1993, P.L. 103-82, which amended the National and Community Service Act of 1990, established the Corporation for National and Community Service.

The Corporation, pursuant to the authority of the Act, awards grants and cooperative agreements to State Commissions, nonprofit entities, and tribes and territories to assist in the creation of full and part time national and community service programs. Through these grantees, AmeriCorps Members perform service to meet the educational, human, environmental, and public safety needs throughout the nation, especially addressing those needs related to poverty. In return for this service, eligible Members may receive a living allowance and post-service educational benefits.

Currently, the Corporation awards approximately two-thirds of its *AmeriCorps State/National* funds to State Commissions. State Commissions are required to include between 15 and 25 voting members. Each Commission has a responsibility to develop and communicate a vision and ethic of service throughout the State.

The State Commissions provide AmeriCorps funding to approved subgrantees for service programs within their states and are responsible for monitoring these subgrantees' compliance with grant requirements. The State Commissions are also responsible for providing training and technical assistance to AmeriCorps State and National Direct programs and to the broader network of service programs throughout the state. The Commissions are prohibited from directly operating national service programs.

The Corporation's regulations describe standards for financial management systems that must be maintained by State Commissions. The standards require, in part, that the State Commissions maintain internal controls that provide for accurate, current, and complete disclosure of the financial and programmatic results of financially assisted activities as well as effective control and accountability for all grant and subgrant cash, real and personal property, and other assets.

## ***OVERVIEW OF THE IOWA COMMISSION***

The Iowa Commission on Volunteer Service is headquartered in Des Moines, Iowa. The Commission has been providing national and community service programs in its current form since 1995. The Commission reported that it received funding from the Corporation totaling \$975,337 in 1995; \$1,700,735 in 1996; \$1,510,533 in 1997; \$1,583,858 in 1998; and \$1,249,873 in 1999. Additional information on the Commission's funding is presented in Appendix A.

The Commission currently has three full-time staff consisting of two Program and Administrative Officers and an Administrative Assistant. The Commission's AmeriCorps Program Officer monitors program activities. The Senior Accountant, contracted through the Iowa Department of Economic Development, is responsible for the monitoring of fiscal activities of subgrantees.

As part of the State of Iowa, the Commission is included in the state's annual OMB Circular A-133 audit. There have been no questioned costs or findings identified at the Commission to date. However, it was not considered or tested as a major program.

The Commission provided the following information regarding subgrantee A-133 audits:

<b><u>Program Year</u></b>	<b><u>Total Amount of Corporation Funds Subgranted</u></b>	<b><u>Number of Subgrantees</u></b>	<b><u>Number of Subgrantees Subject To A-133 Audit Requirements</u></b>
1999	\$1,009,089	8	3
1998	1,276,799	6	6
1997	1,260,023	5	5
1996	1,150,470	5	5
1995	734,963	3	3

Determination of the number of subgrantees subject to OMB Circular A-133 audit requirements is based on information received from the Commission and the dollar value of federal awards passed through the Commission during the program year. Other subgrantees could be subject to an OMB Circular A-133 audit if additional federal funds were received from other sources during the program year.

We obtained and reviewed audit reports for four subgrantees during the 1995 through 1998 period under review and only noted one discrepancy in an amount reported on a FSR. Iowa Department of Economic Development personnel discussed this issue with the subgrantee and the subgrantee submitted a revised FSR.

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

We were engaged by the Office of the Inspector General for the Corporation for National and Community Service to provide a preliminary assessment of the systems and procedures in place at the Commission for administering grants and for monitoring the fiscal activity of subgrantees.

The primary purpose of this survey was to provide a preliminary assessment of:

- the adequacy of the pre-award selection process;
- the fiscal procedures at the Commission;
- the effectiveness of monitoring of Iowa State subgrantees, including AmeriCorps Member activities and service hours; and
- the controls over the provision of technical assistance.

We were also asked to report on the recommended scope of additional audit procedures to be performed at the Commission.

Our survey included the following procedures:

- reviewing Corporation laws, regulations, grant provisions, the *Reference Manual for Commission Executive Directors and Members*, and other information to gain an understanding of legal, statutory and programmatic requirements;
- reviewing OMB Circular A-133 audit reports and current program year grant agreements for the Commission;
- obtaining information from Commission management to complete flowcharts documenting the hierarchy of Corporation grant funding for program years 1995 through 1999; and
- performing the procedures detailed in Appendix B, in connection with the Commission's internal controls, selection of subgrantees, administration of grant funds, evaluation and monitoring of grants, and technical assistance process.

As part of the procedures performed, we documented and tested certain internal controls in place at the Commission using inquiry, observation, and examination of a sample of source documents. Finally, we summarized our observations and developed the findings and recommendations presented in this report. We discussed all findings with Commission management during an exit conference on October 27, 1999.



Our procedures were performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to, and did not perform an audit of any financial statements, and the procedures described above were not sufficient to express an opinion on the controls at the Commission or its compliance with applicable laws, regulations, contracts, and grants. Accordingly, we do not express an opinion on any such financial statements or on the Commission's controls and compliance. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We provided a draft of this report to the Iowa Commission and the Corporation for National and Community Service. The Commission's response to our findings and recommendations is included in Appendix C. The Corporation did not respond in writing to our findings and recommendations within the thirty-day comment period.

## ***FINDINGS AND RECOMMENDATIONS***

### ***Selection of Subgrantees***

According to *A Reference Manual for Commission Executive Directors and Members*, Section 3.2, "Commissions are expected to develop a fair and impartial process for reviewing and selecting applicants for potential funding." The Iowa Commission has developed various procedures to comply with this requirement.

The Iowa Commission advertises the availability of funds through direct mailings to potential subgrantees. Potential applicants are required to submit concept papers identifying the need for the funding, how the funds will be used to address the needs of the AmeriCorps members, and the design and organization of the program. A Grant Review Committee, which consists of a Commission member and volunteer members, reviews the papers and sends full applications to the subgrantees. This Committee evaluates the potential new programs on how the program will: accomplish goals; strengthen its community; and monitor and evaluate its ongoing improvement.

This Committee then submits its evaluation on each applicant to the Program and Planning Committee, which reviews the applicants and sends recommendations to the Corporation for funding.

In addition, the Iowa Department of Economic Development has established a contract with the Auditor of the State of Iowa to perform pre-award surveys of all grant applicants in order to evaluate their accounting systems and determine whether each applicant is suitably designed to comply with the terms and conditions of the grant award. As part of the pre-award surveys, State auditor staff obtain an understanding of the internal control structure, evaluate the design of the internal control structure, and test a limited number of transactions.

Based on the results of our testing, the Commission appears to maintain adequate documentation to support the selection process, however, we identified the following area for improvement.

***The Commission did not maintain signed conflict of interest forms as required.***

Section 3.6 of the *Reference Manual for Commission Executive Directors and Members* states “Commissions should strive to achieve the greatest objectivity and impartiality possible in the review and selection of grantees in the state.” The section continues to state “As defined by the Act, a Commission member or review panel member is considered to have a conflict of interest if the member is currently, or was within one year of the submission of a grant application to the Commission: an officer, a director, a trustee, a full-time volunteer or an employee of an organization submitting a grant application to the State Commission.”

Page 3-30 of Section 3.6 states “If a Commission member has a conflict of interest, the member must recuse himself/herself from the Commission’s administration of the grant program, including such activities as any discussions or decisions by the Commission regarding the provision of funds or education awards to *any program or entity funded under the same funding category.*”

The Commission was unable to provide conflict of interest statements signed during the 1995 and 1996 program years, because under Corporation requirements, Commissions are only required to keep documentation for three years. In addition, we also determined that during the 1998 program year, the Commission relied on conflict of interest statements signed during the 1997 program year instead of obtaining updated forms.

Because the Commission could not provide all signed and dated conflict of interest statements, we were unable to determine if conflict of interest statements were properly completed by all Commission and peer review panel members during the grantee selection process and whether the individual reviewer lacked a conflict of interest.

In response to these findings, the Iowa Commission issued new requirements effective November 18, 1999. The statements are now required to list all applicants that are reviewed, identify any conflicts of interests and document such conflicts on the form.

We recommend that the Commission continue to implement the new requirements for the next review/selection process. In addition, the Commission should maintain copies, signed and dated by the Commission and peer review panel members, of all required conflict of interest forms for each grant applicant on file in accordance with the Corporation requirements.

### ***Administering Grant Funds***

As part of the grant administration process, “Commissions must evaluate whether subgrantees comply with legal, reporting, financial management and grant requirements and ensure follow through on issues of non-compliance” (*A Reference Manual for Commission Executive Directors and Members*, section 4.3).

The Commission appears to have an adequate process in place for the fiscal administration of grants. As mentioned above, site visits are performed during the subgrantee selection process by a state auditor to determine whether the subgrantee has an adequate accounting system, which will enable it to comply with the terms and conditions of the grant award. In addition, the Commission has established a contract with the Iowa Department of Economic Development to maintain the Commission books, review cash drawdown requests and Financial Status Reports received to ensure matching requirements are met, and accurate Financial Status Reports are submitted to the Corporation.

Procedures are also in place to manage cash drawdowns and disbursements to subgrantees, and ascertain whether subgrantees have met their matching requirements by the fiscal officer. In addition, using a spreadsheet, the Program Officer summarizes individual subgrantee quarterly FSRs into one cumulative FSR that is reported to the Corporation.

The Commission began using the Web-Based Reporting System on October 1, 1999. We identified no significant areas for improvement within this process.

### ***Evaluating and Monitoring Grants***

As discussed above, the Commission is responsible for evaluating whether subgrantees comply with legal, reporting, financial management and grant requirements and ensuring corrective action when noncompliance is found.

The program officer performs approximately four site visits each year, which are focused on the members’ involvement in the programs. In addition, the program officer completes the program review instrument established by the Corporation, which is a “yes or no” checklist addressing the financial systems of the subgrantee.

In connection with the monitoring of subgrantees, the Fiscal Officer receives and reviews A-133 audit reports from all subgrantees. All findings identified in the audit reports are followed up and this follow up is documented in the subgrantees’ file. The Fiscal Officer also verifies the amounts reported on the quarterly FSRs to the monthly expense reports submitted by the subgrantees.

We identified the following area for improvement related to the evaluation and monitoring of subgrantees.

***The evaluating and monitoring system for subgrantees needs to be improved at the Commission.***

According to OMB Circular No. A-133, *Audit of States, Local Governments, and Non-Project Organizations*, as amended, Subpart D § 400 (d)(3) pass through entities are required to “Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.” In addition, §400 (d)(4) requires that pass through entities “ensure that subrecipients expending \$300,000 or more in Federal awards during the subrecipient’s fiscal year have met the audit requirements of this part for that fiscal year.”

During our review of monitoring folders for subgrantees, which document monitoring site visits, we determined that certain information was not included. Specifically, the names of the Member files reviewed, identification of Member files where exceptions noted and procedures followed to select Member files reviewed were not included. In addition, comments included on the checklists were general in nature and prevented others or us from re-performing procedures completed by Iowa Commission personnel. The lack of specific documentation prevents us from determining the adequacy of the monitoring procedures performed by Iowa Commission personnel.

We recommend that the Commission revise written policies and procedures to require that specific information be included in the documentation for site visits (for example, sample sizes, exceptions, recommendations, and follow up). This will allow the Corporation to assess the Commission’s oversight of subgrantees when it performs its planned Commission administrative reviews.

In addition, we recommend that the Corporation for National and Community Service revise its guidance on subgrantee monitoring to specify minimum procedures to be performed, as well as minimum documentation requirements.

***Providing Technical Assistance***

Annually, the Commission receives grant funds to provide technical assistance to its subgrantees. Procedures are in place at the Commission to (1) identify training needs of subgrantees through periodic staff meetings with the program directors and a needs assessment survey; (2) notify subgrantees of training programs; and (3) provide needed training to subgrantees. We identified no significant areas for improvement within this process.

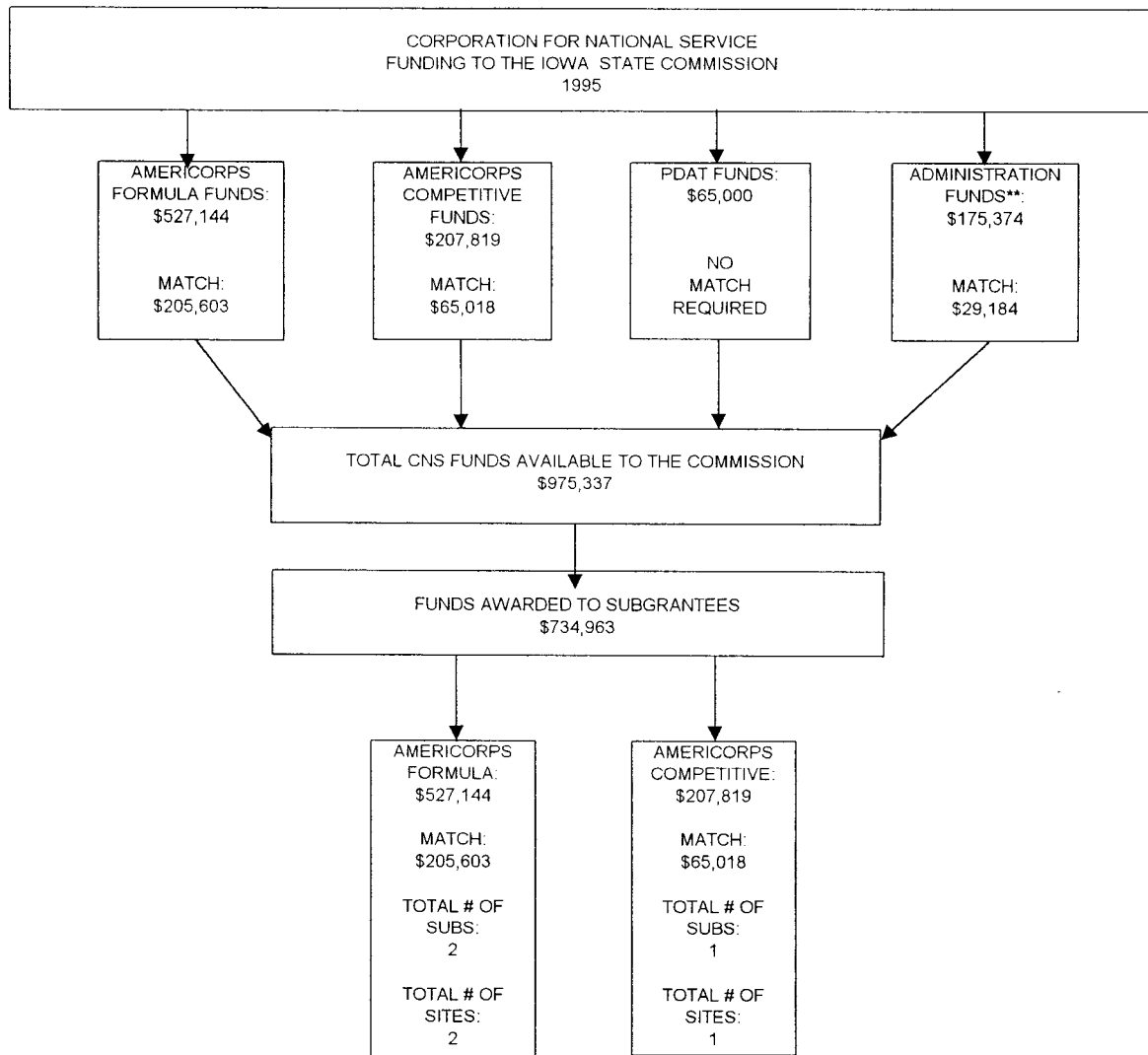
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This report is intended solely for information and use of the Office of the Inspector General, management of the Corporation for National and Community Service, the Iowa Commission on Volunteer Service, and the United States Congress and is not intended to be and should not be used by anyone other than these specified parties.

*Urbach Kohn, & Werlin PC*

Washington, DC  
October 27, 1999

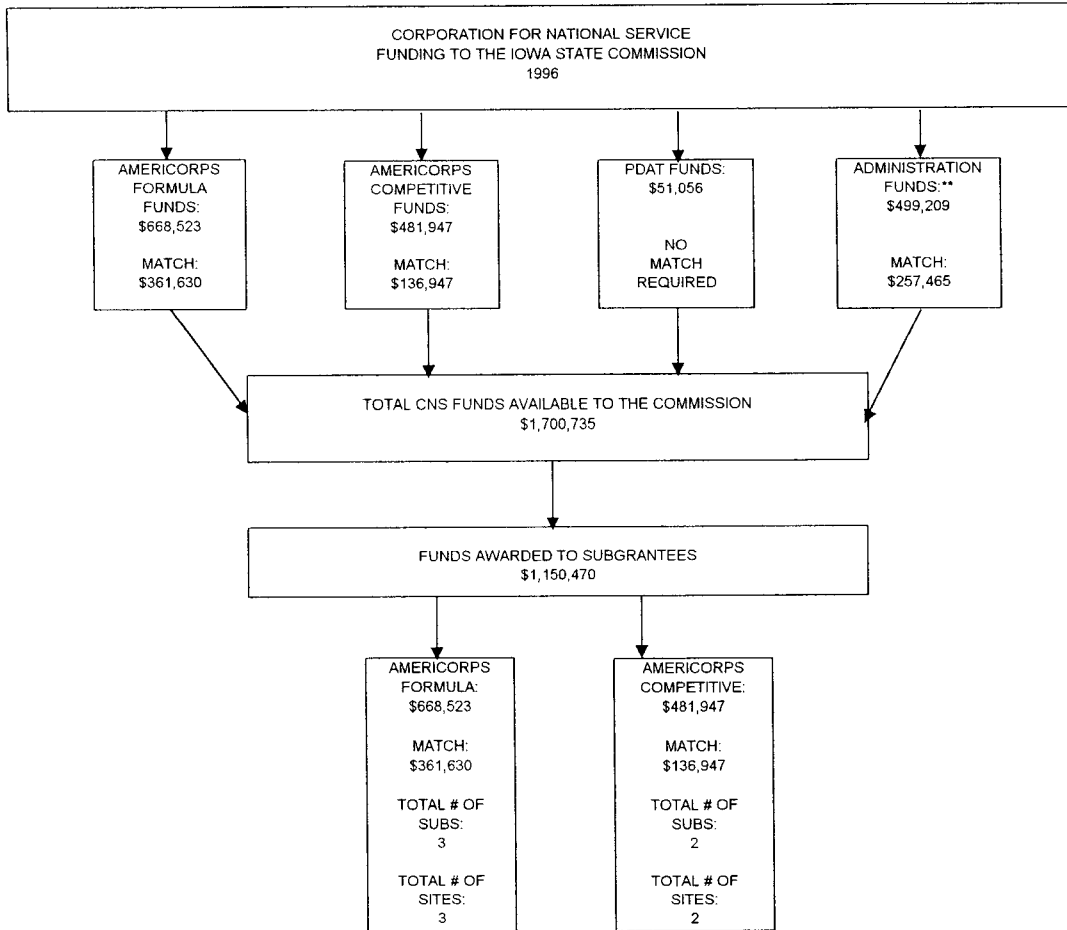
**APPENDIX A – IOWA COMMISSION FUNDING**



There were no carryovers for 1995.

\*\* Disability funds included in grant award

## APPENDIX A – IOWA COMMISSION FUNDING

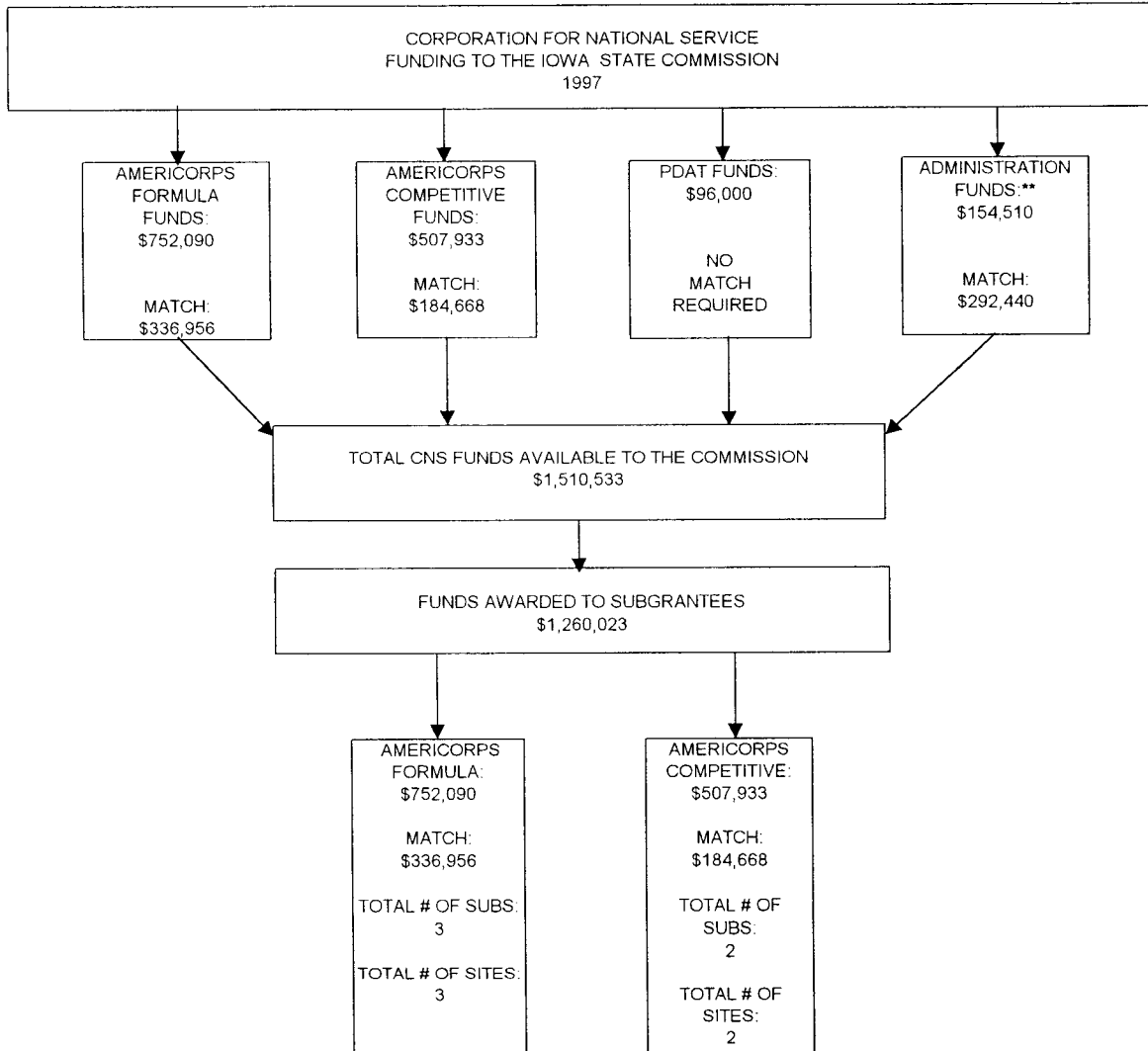


Total Carryovers for 1996 (Not included in the current year funding amounts above):

Administration:	\$	77,139
PDAT:		60,000
AmeriCorps:		79,109

\*\* Disability funds included in grant award

**APPENDIX A – IOWA COMMISSION FUNDING**



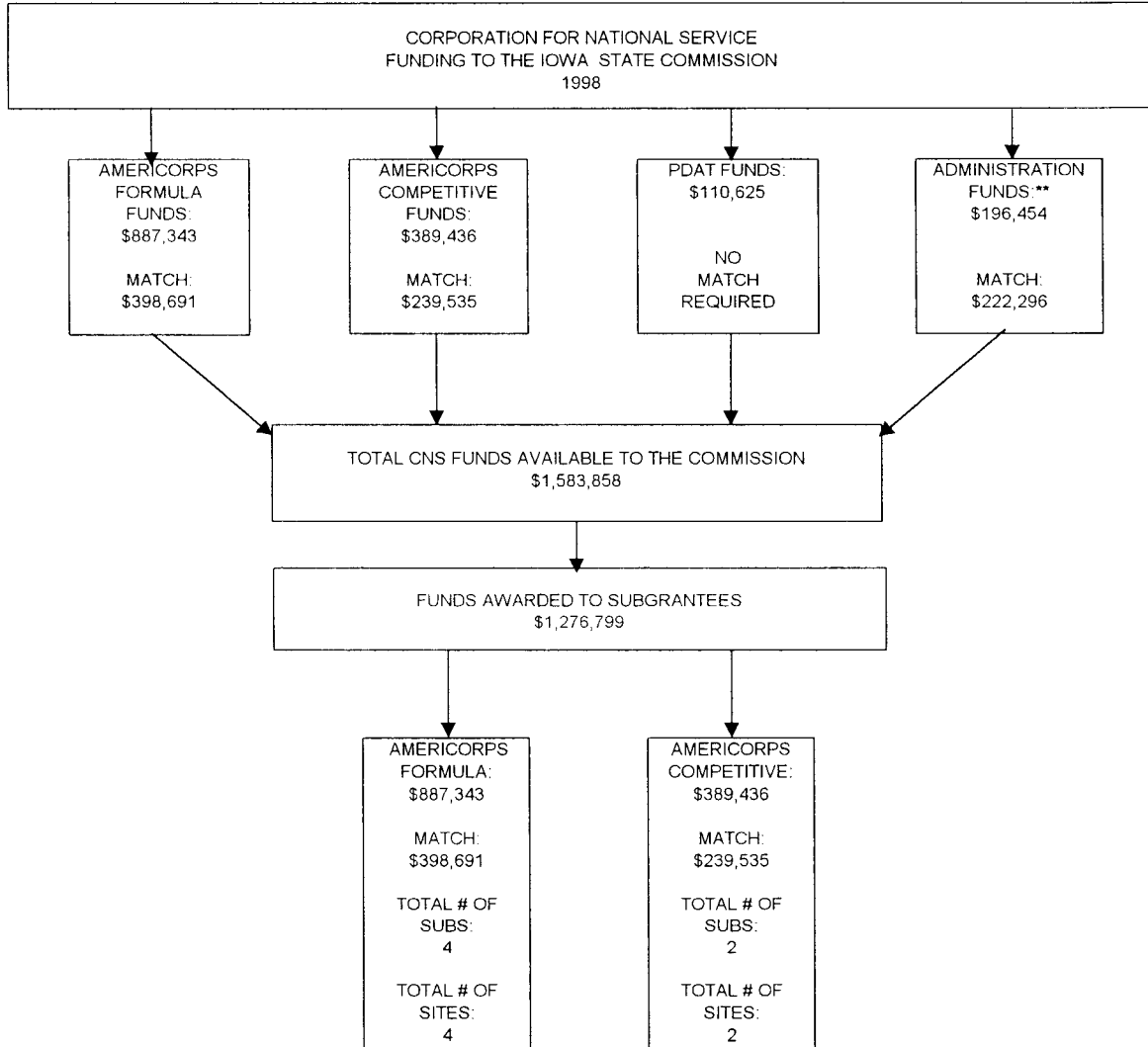
Total Carryovers for 1997 (Not included in the current year funding amounts above):

Administration:	\$	35,000
PDAT:		39,000
AmeriCorps:		3,793

\*\* Disability funds included in grant award



**APPENDIX A – IOWA COMMISSION FUNDING**

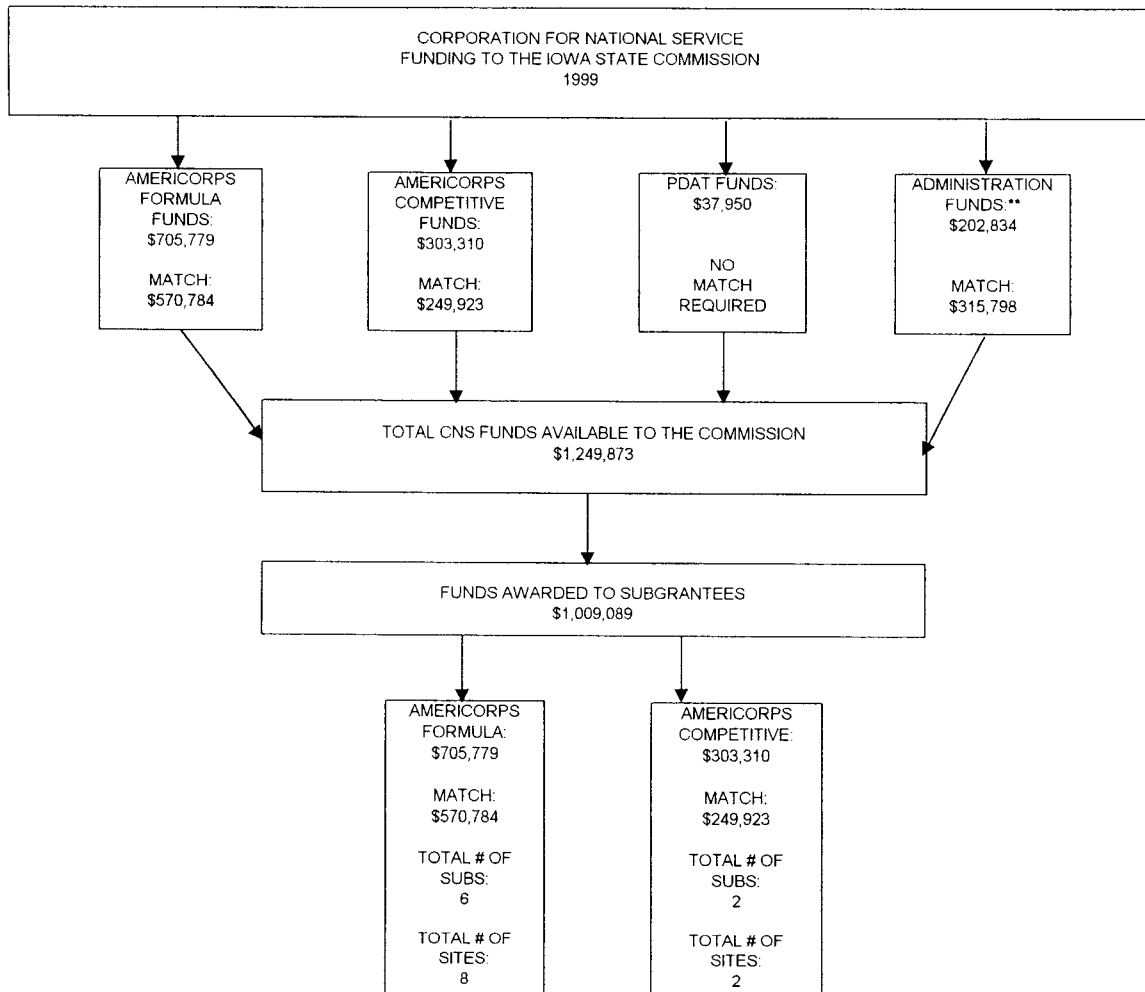


Total Carryovers for 1998 (Not included in the current year funding amounts above):

Administration:	\$	15,338
PDAT:		24,000
AmeriCorps:		63,474

\*\* Disability funds included in grant award

## APPENDIX A – IOWA COMMISSION FUNDING



Total Carryovers for 1996 (Not included in the current year funding amounts above):

PDAT:	60,000
AmeriCorps:	234,717
Disability:	38,218

\*\* Disability funds included in grant award

## ***APPENDIX B – DETAILED ENGAGEMENT OBJECTIVES AND METHODOLOGY***

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### ***Internal Controls***

Our objective was to make a preliminary assessment of the adequacy of the Commission's financial systems and documentation maintained by the Commission to provide reasonable assurance that transactions are properly recorded and accounted for to: (1) permit the preparation of reliable financial statements and Federal reports; (2) maintain accountability over assets; and (3) demonstrate compliance with laws, regulations, and other compliance requirements.

In order to achieve the above objectives, we interviewed key Commission personnel to assess the Commission's internal controls surrounding the following to ensure compliance with Part 6 of A-133, Internal Control of the Compliance Supplement to *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*: overall control environment; activities allowed or unallowed and allowable costs; cash management; eligibility; equipment and real property management; matching; period of availability of Corporation funds; procurement and suspension, debarment; program income; and reporting by the Commission to the Corporation.

### ***Selection of Subgrantees***

Our objectives were to:

- conduct a preliminary survey of the systems and controls utilized by the Commission to select national service subgrantees to be included in any application to the Corporation;
- make a preliminary assessment as to whether the Commission evaluated the adequacy of potential subgrantee financial systems and controls in place to administer a Federal grant program prior to making the award to the subgrantees; and
- make a preliminary assessment as to whether the Commission's involvement in the application process involved any actual or apparent conflict of interest.

In order to achieve the above objectives, we interviewed key Commission management and documented procedures performed by the Commission during the pre-award financial and programmatic risk assessment of potential subgrantees. We also reviewed documentation to ensure that conflict of interest forms for each subgrantee applicant tested were signed by all peer review members annually and maintained by the Commission.

## ***APPENDIX B – DETAILED ENGAGEMENT OBJECTIVES AND METHODOLOGY***

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### ***Administering the Grant Funds***

Our objectives were to:

- conduct a preliminary survey of the systems and controls utilized by the Commission to oversee and monitor the performance and progress of funded subgrantees;
- make a preliminary assessment as to whether the Commission’s organizational structure and staffing level and skill mix is conducive to effective grant administration and whether the commission has a properly constituted membership;
- make a preliminary assessment as to whether the Commission provided adequate guidance to subgrantees related to maintenance of financial systems, records, supporting documentation, and reporting of subgrantee activity;
- conduct a preliminary survey of financial systems and documentation maintained by the Commission to support oversight of subgrantees and required reporting to the Corporation (including Financial Status reports, enrollment and exit forms); and
- make a preliminary assessment as to what procedures the Commission has in place to verify the accuracy and timeliness of reports submitted by the subgrantees.

In order to achieve the above objectives, we reviewed Financial Status Reports submitted by subgrantees, as well as Financial Status Reports submitted by the Commission to the Corporation, to preliminarily assess the accuracy of submitted Financial Status Reports. We also determined whether the Commission has implemented the Web Based Reporting System.

### ***Evaluating and Monitoring Grants***

Our objectives were to:

- conduct a preliminary survey of the systems and controls utilized by the Commission, in conjunction with the Corporation, to implement a comprehensive, non-duplicative evaluation and monitoring process for their subgrantees;
- make a preliminary assessment as to whether the Commission has a subgrantee site visit program in place and assess the effectiveness of its design in achieving monitoring objectives;
- conduct a preliminary survey of the Commission’s procedures used to assess subgrantee compliance with Corporation regulations (e.g., those governing eligibility

## ***APPENDIX B – DETAILED ENGAGEMENT OBJECTIVES AND METHODOLOGY***

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of Members, service hour reporting, prohibited activities, payment of living allowances to Members and allowability of costs incurred and claimed under the grants by subgrantees (including reported match));

- conduct a preliminary survey of the Commission’s procedures for obtaining, reviewing and following up on findings included in the subgrantee single audit reports, where applicable;
- determine whether program goals are established and results are reported and compared to these goals; and
- conduct a preliminary survey of the procedures in place to evaluate whether subgrantees are achieving their intended purpose.

In order to achieve the above objectives, we documented the procedures performed by the Commission to evaluate and monitor individual subgrantees. In addition, we judgmentally selected subgrantees and obtained the Commission’s documentation for site visits. We reviewed the documentation to preliminarily assess the adequacy of the procedures performed by the Commission to assess financial and programmatic compliance and related controls at the sites. We also determined whether the Commission received and reviewed A-133 audit reports from subgrantees.

### ***Providing Technical Assistance***

Our objectives were to:

- conduct a preliminary survey of the systems and controls utilized by the Commissions to provide technical assistance to subgrantees and other entities in planning programs, applying for funds, and implementing and operating programs;
- make a preliminary assessment as to whether a process is in place to identify training and technical assistance needs; and
- make a preliminary assessment as to whether training and technical assistance is provided to identified subgrantees.

In order to achieve the above objectives, we documented the procedures performed by the Commission to identify and satisfy training needs for the subgrantees and Commission employees. We also obtained a summary of all training costs incurred during the current year to ensure they properly related to training activities which were made available to all subgrantees.

## APPENDIX C – IOWA COMMISSION RESPONSE

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200 E. Grand Avenue ♦ Des Moines, IA 50309 ♦ 515/242-4945 ♦ FAX 515/242-4809 ♦ 1-800-308-5987

April 21, 2000

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

Dear Inspector General Jordan:

The Iowa Commission on Volunteer Service (ICVS) appreciates the opportunity to respond to OIG Audit Report Number 00-07, dated October 27, 1999. The Commission also would like to thank Urbach Kahn & Werlin, PC, who performed the pre-audit survey on your behalf. The ICVS agrees with the findings reported in the pre-audit survey. However, we do not support the recommendation "that CNS OIG perform a program-specific financial audit of Corporation funding to the Iowa Commission."

Urbach Kahn and Werlin, PC reported to you the following findings:

- "The Commission appears to have an open and competitive process to select national service subgrantees, and the related systems and controls appear to be functioning as designed."
- "The Commission appears to have adequate controls in place for the fiscal administration of grants."
- "The Commission appears to have adequate controls in place to provide reasonable assurance that training and technical assistance are made available and provided to subgrantees."
- "The Commission does not have adequate controls in place to evaluate and monitor subgrantees."

Only one finding questioned the Commission's approval and monitoring of subgrantees. The details of this finding state the following:

- Require the Iowa Commission to maintain signed conflict of interest forms [absent for the years 1995 and 1996].
- Monitoring and evaluation systems for subgrantees need to be improved at the ICVS.

In response the ICVS has implemented a procedure to ensure all Commissioners, staff and evaluators read, understand, and sign a conflict of interest form. Since the inception of the Commission a statement has been made by the Chair, anytime a vote is taken concerning the approval of subgrantees, asking Commissioners to declare any conflicts of interest and then

## APPENDIX C – IOWA COMMISSION RESPONSE

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abstain from voting. Further, the ICVS has agreed to make sure the minutes of Commission meetings include a list of projects and identify Commissioners who declare a conflict.

The ICVS has also implemented monitoring procedures that provide documentation for third-party reviews and audits. The ICVS has taken its responsibility to monitor programs and members' files seriously in the past and will continue to do so in the future. The ICVS does not dispute the fact that names or copies of information reviewed in the field are not in our program files for every year. It is important to note that the ICVS did not violate any current Corporation guidelines in reference to its monitoring procedures. The Corporation for National Service does not require this procedure.

Given the fact that only two programmatic findings were in the pre-audit survey report, the ICVS is troubled by, and objects to, the recommendation for a program-specific financial audit. The ICVS has acknowledged these findings and implemented corrective actions. There were no findings of questioned or disallowed costs. There were no findings of inadequate financial controls. There were no findings of inappropriate or lack of matching funds. The findings were only programmatic in nature.

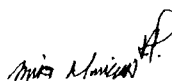
Therefore, the ICVS finds no justification for a financial audit. We are concerned about the cost and our staff time that would be involved. The Commission is audited annually as a part of the State's Single Audit process. Each subgrantee is required to submit an annual A-133 audit for our review, and each subgrantee must pass a pre-audit (by the State Auditor) before it can receive any funds through the state.

In conclusion, the Iowa Commission on Volunteer Service respectfully objects to the recommendation from Urbach Kahn and Werlin, PC for a program-specific financial audit. We are quite perplexed because it is not consistent with the positive conclusions on our performance, shared during the exit interview by Urbach Kahn and Werlin, PC, last October. Furthermore, such an audit will not result in additional benefit to either the Iowa Commission on Volunteer Service or the Corporation for National Service. Apart from that exception, the ICVS agrees with the programmatic recommendations offered in the pre-audit survey and will continue to comply with those recommendations.

Respectfully,



Dorothy Carpenter  
Chair



Mike Milligan  
Executive Director

mm/jcp

***APPENDIX D – CORPORATION RESPONSE***

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**The Corporation did not respond in writing to our findings and recommendations within the thirty-day comment period.**