

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

**AUDIT OF CORPORATION FOR NATIONAL  
AND COMMUNITY SERVICE GRANTS AWARDED TO  
THE MARYLAND GOVERNOR'S OFFICE ON  
SERVICE AND VOLUNTEERISM**

**OIG REPORT NUMBER 07-05**



*Corporation for*  
**NATIONAL &  
COMMUNITY  
SERVICE** 

Prepared by:

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**This report was issued to Corporation management on October 4, 2006. 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 April 5, 2007, and complete its corrective actions by October 4, 2007. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.**



## OFFICE OF INSPECTOR GENERAL

### **Audit of Grants Awarded to Maryland Governor's Office on Service and Volunteerism Audit Report 07-05**

#### **OIG Summary**

The Office of Inspector General (OIG), Corporation for National and Community Service (Corporation), contracted with Leon Snead & Company, P.C. (Snead) to perform an audit of grants awarded to the Maryland Governor's Office on Service and Volunteerism (GOSV). The audit covered the latest two years of performance through December 31, 2005, for ten grants initially awarded during the period April 1, 2001, to April 1, 2005.

Funding authorized for these grants totaled \$8.6 million, with costs claimed totaling about \$5.7 million. The audit identified questioned grant costs of \$461,086, match of \$195,327 and education awards of \$162,260. Most of the questioned costs were related to unsupported member eligibility and unsupported match.

The report also includes seven findings and related recommendations to improve compliance with grant requirements and to improve internal controls. The Commission was responsive to most of the recommendations. The Corporation intends to address all findings and recommendations in its management decision.

In connection with the contract for audit, we reviewed Leon Snead and Company's report and related documentation and inquired of its representatives and performed other procedures, as we deemed appropriate in the circumstances to provide reasonable assurance that the audit was performed in accordance with generally accepted government audit standards. Our review, as differentiated from an audit in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express, opinions on GOSV's Consolidated Schedule of Award Costs or conclusions on internal control and on compliance with laws and regulations. Leon Snead and Company, P.C. is responsible for the auditor's report dated May 19, 2006 and the conclusions expressed in the report. However, our review disclosed no instances where Leon Snead and Company P.C. did not comply, in all material respects, with U.S generally accepted government auditing standards.

This report is a matter of public record, and its' distribution is not limited.



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This report is issued by Leon Snead and Company, P.C., under an engagement with the Office of Inspector General (OIG) to audit the costs incurred by the Maryland Governor's Office on Service and Volunteerism (GOSV) and its subgrantees from October 1, 2003, through December 31, 2005, under grants awarded by the Corporation for National and Community Service (Corporation). The report addresses the costs questioned as a result of the audit; instances of noncompliance with Federal laws, regulations or award conditions; and weaknesses disclosed in the internal control systems of GOSV and its subgrantees.

### **Results in Brief**

As a result of our audit, we have questioned costs amounting to \$818,673, including \$461,086 in grant costs, \$195,327 in matching costs, and \$162,260 in education awards. A total of \$5.8 million in costs were claimed by GOSV. 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 audit, such cost is not supported by adequate documentation; or (3) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable. The costs were questioned for the following reasons.

- Unsupported member eligibility costs (\$305,530)
- Ineligible education awards (\$162,260)
- Unsupported matching costs (\$195,327)
- Unallowable costs (\$155,556)

We used non-statistical sampling to test the costs claimed by GOSV 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 GOSV compliance with Federal laws, applicable regulations and award conditions disclosed the following instances of noncompliance:

- GOSV did not submit four final Financial Status Reports (FSRs) in a timely manner and did not submit semi-annual FSRs for 20 grants as specified in the AmeriCorps Provisions.
- Six of the AmeriCorps subgrantees reviewed had one or more member files that did not contain all required documentation to support their members' eligibility for participation or to meet other program requirements. The missing or incomplete documents included:
  - i. Proof of eligibility;
  - ii. Criminal background check;
  - iii. Mid-term & final evaluations;
  - iv. Member timesheets;
  - v. Prorating of education awards; and
  - vi. Termination of a member.

### **Internal Controls**

Our review disclosed three areas of weakness in the internal control systems of GOSV. The weaknesses noted are:

- GOSV did not have a system in place to accurately accumulate and summarize expenditures chargeable to its administrative grants;
- GOSV did not have procedures in place to prepare and submit accurate FSRs; and
- GOSV did not always reconcile data reported in FSRs with data recorded in its financial management system.

### **Objectives and Scope of Audit**

The objectives of our audit were to determine whether:

- FSRs prepared by GOSV presented fairly the financial results of the awards;
- GOSV internal controls were adequate to safeguard Federal funds;
- GOSV and its subgrantees had adequate procedures and controls to ensure compliance with Federal laws, applicable regulations, and award conditions;
- Award costs reported to the Corporation by GOSV were documented and allowable in accordance with the award terms and conditions; and
- GOSV had established adequate oversight procedures and had informed subgrantees of the Corporation's Government Performance and Results Act (GPRA) goals.

We performed the audit in accordance with auditing standards generally accepted in the United States of America and generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the costs claimed against the awards, as presented in the Consolidated Schedule of

Award Costs, are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules. An audit also includes assessing the accounting principles used and significant estimates made by the GOSV management, as well as evaluating the overall financial schedule presentation. Our audit included reviews of audit reports prepared by independent public accountants for GOSV and its subgrantees in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-profit Organizations*.

With regard to GPRA, the grantee and subgrantees provided progress reports to the Corporation that were maintained in the Web-Based Reporting System (WBRS). The Corporation developed program-reporting guidelines that were derived from its Federal reporting requirements. GOSV does not make continuation grants available to subgrantees that do not meet program objectives, unless extenuating circumstances prevented subgrantees from meeting those objectives. Evaluation reports from consultants or other sources are utilized to monitor and assess program accomplishments. In summary, the monitoring process appears to be operating as intended.

### **Teach for America Qualification**

The Teach for America National Office allocates some of its program operation cost to 22 regional offices. Cost allocated to the Baltimore Regional Office for 2004 and 2005 were \$107,083 and \$58,223, respectively. The costs allocated to the Baltimore office were not tested because they represent a small percentage of the total cost allocated to regional offices. The national pool will be audited later to include cost allocated to all the regional offices.

### **Grant Programs Audited**

During the period of our audit, GOSV received about \$8.6 million under 10 Corporation grant awards and distributed most of the funds to subgrantees. The majority of the GOSV subgrantees are nonprofit organizations. About \$5.8 million of the amount awarded was claimed on GOSV's FSRs. Here is a brief synopsis of programs funded by the grants:

<b><u>Program</u></b>	<b><u>Award No.</u></b>	<b><u>Funding Authorized</u></b>	<b><u>Claimed Costs</u></b>	<b><u>Drawdowns</u></b>
AmeriCorps Competitive	03ACHMD001	\$2,709,581	\$2,247,229	\$1,692,489
AmeriCorps Formula	03AFHMD001	3,098,220	2,457,635	2,179,219
Administrative	01SCSMD020	785,930	56,513	83,782
Administrative	04CAHMD001	522,394	586,319*	448,275
Program Development and Training	02PDSMD020	362,854	27,952	177,500
Program Development and Training	05PTHMD001	155,000	65,371	54,675
Disability	02DSCMD022	192,506	18,690	65,299
Disability	04CDHMD001	109,420	53,393	20,769
Learn and Serve	01LCSMD021	333,000	129,498	98,869
Homeland Security	02AHHMD021	<u>303,234</u>	<u>116,590</u>	<u>117,982</u>
Totals for Grants Administered by GOSV**		<u>\$8,572,139</u>	<u>\$5,759,190</u>	<u>\$4,938,859</u>

\* The total cumulative cost reported on FSRs was \$499,733 (See Internal Control Finding No. 6 for details).

\*\* The differences between the amounts claimed and the amounts drawn down are generally due to timing issues. Some subgrantees do not request payments from GOSV on a timely basis. For some of the grants, the differences occurred because the claimed costs represent the last three months of activity for the grants while the drawdowns are for costs incurred prior to our audit period.

Our audit of costs claimed by GOSV under these awards disclosed the following:

	<b>Amount</b>	<b>Percentage of Award/Claimed</b>
Award Budget	\$8,572,139	-
Claimed Costs	5,759,190	67.2%
Questioned Grant Costs	461,086	8.0%
Questioned Education Awards	162,260	

### **Background**

The Corporation for National and Community Service, 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 Governor’s Executive Order No. 01.01.1998.08, dated February 10, 1998, established the Governor’s Office on Service and Volunteerism (GOSV). It is charged with involving appropriate State agencies and nonprofit organizations in planning, implementing and evaluating volunteerism and service in the State of Maryland.

The contents of this report were disclosed to and discussed with GOSV at an exit conference held on July 19, 2006. Commission and Corporation responses to this report are included as Appendices A and B, respectively.



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### **INDEPENDENT AUDITOR'S REPORT**

We have audited the costs incurred by the Maryland Governor's Office on Service and Volunteerism (GOSV) for the award numbers listed below. These costs, as presented in the Consolidated Schedule of Award Costs, are the responsibility of the GOSV management. Our responsibility is to express an opinion on the Consolidated Schedule of Award Costs based on our audit.

<b><u>Program</u></b>	<b><u>Award No.</u></b>	<b><u>Award Period</u></b>	<b><u>Audit Period*</u></b>
AmeriCorps Competitive	03ACHMD001	08/13/03-09/30/05	10/01/03-09/30/05
AmeriCorps Formula	03AFHMD001	09/26/03-09/25/05	10/01/03-09/25/05
Administrative	01SCSMD020	04/01/01-03/31/04	01/01/04-03/31/04
Administrative	04CAHMD001	04/01/04-12/31/05	04/01/04-12/31/05
Program Development and Training	02PDSMD020	04/01/02-03/31/05	01/01/04-03/31/05
Program Development and Training	05PTHMD001	04/01/05-03/31/07	04/01/05-12/31/05
Disability	02DSCMD022	04/01/03-03/31/05	01/01/04-03/31/05
Disability	04CDHMD001	04/01/04-03/31/07	04/01/04-12/31/05
Learn and Serve	01LCSMD021	09/01/02-03/31/04	01/01/04-03/31/04
Homeland Security	02AHHMD021	09/16/03-09/15/06	10/01/03-09/30/05

\* The audit period ended for each award on the grant expiration date or the date of the most recent FSR for the grant, whichever occurred earlier.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the amounts claimed against the awards, as presented in the Consolidated Schedule of Award Costs and supporting Schedules A-D, are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial schedule presentation. We believe our audit provides a reasonable basis for our opinion.



The accompanying Schedules were prepared to present the costs claimed by GOSV and its subgrantees between October 1, 2003, and December 31, 2005, under 10 grants awarded by the Corporation, as described in the accompanying Summary of Significant Accounting Policies. The Schedules were prepared from data GOSV submitted to the Corporation on Financial Status Reports to comply with provisions of the grant agreements. The Schedules are not intended to be a complete presentation of GOSV finances in accordance with accounting principles generally accepted in the United States of America.

As more fully described in the Schedules, we have questioned costs amounting to \$818,673, including \$461,086 in grant costs, \$195,327 in matching costs, and \$162,260 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 audit, such cost is not supported by adequate documentation; or (3) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable. The terms of the grant agreement require that all specified supporting documents be retained in order to receive payment from the Corporation.

In our opinion, except for the costs we have questioned above, the Consolidated Schedule of Award Costs presents fairly, in all material respects, the costs incurred and reported on GOSV's Financial Status Reports for the period October 1, 2003, to December 31, 2005, in accordance with OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, other applicable OMB circulars and award terms and conditions.

In accordance with the generally accepted government auditing standards, we have also issued our Independent Auditor's Report, dated May 19, 2006, on compliance with Federal laws, regulations, and significant provisions of grant agreements, and on internal control over financial reporting. That report is an integral part of an audit performed in accordance with generally accepted government audit standards and should be read in conjunction with this report in considering audit results.

This report is intended for the information and use of the Office of Inspector General, the Corporation for National and Community Service, GOSV and its subgrantees, and the U.S. Congress.

  
Leon Snead and Company, P.C.  
Rockville, Maryland  
May 19, 2006

**Corporation for National and Community Service  
Maryland Governor's Office on Service and Volunteerism  
Consolidated Schedule of Award Costs**

<u>Award No.</u>	<u>Program</u>	<u>Approved Budget</u>	<u>Claimed Costs</u>	<u>Questioned</u>		<u>Education Awards</u>	<u>Schedule</u>
				<u>Costs</u>	<u>Match</u>		
03ACHMD001	AmeriCorps Competitive	\$2,709,581	\$2,247,229	\$ 78,277		\$18,885	A
03AFHMD001	AmeriCorps Formula	3,098,220	2,457,635	240,234		143,375	B
01SCSMD020	Administrative	785,930	56,513	6,058	\$ 25,535		C
04CAHMD001	Administrative	522,394	586,319	128,344	169,792		C
02PDSMD020	Program Development and Training	362,854	27,952				
05PTHMD001	Program Development and Training	155,000	65,371				
02DSCMD022	Disability	192,506	18,690				
04CDHMD001	Disability	109,420	53,393				
01LCSMD021	Learn and Serve	333,000	129,498	8,173			D
02AHHMD021	Homeland Security	<u>303,234</u>	<u>116,590</u>				
Totals		<u>\$8,572,139</u>	<u>\$5,759,190</u>	<u>\$461,086</u>	<u>\$195,327</u>	<u>\$162,260</u>	

**Summary of Significant Accounting Policies**

**Reporting Entity**

The Consolidated Schedule of Award Costs includes amounts budgeted, claimed, and questioned under AmeriCorps, Homeland Security Special Volunteer Program, Learn and Serve, Administrative, and Program Development and Training and Disability grants awarded to GOSV by the Corporation for the period October 1, 2003, through December 31, 2005.

The GOSV awards its AmeriCorps grant funds to numerous subgrantees that administer the AmeriCorps Program and report financial and programmatic results to GOSV.

## **Continued Summary of Significant Accounting Policies**

### **Basis of Accounting**

The accompanying Schedule has been prepared to comply with the provisions of the grant agreements between the Corporation and GOSV. The information presented in the Schedule has been prepared from financial reports submitted by GOSV to the Corporation. The basis of accounting used in preparation of these reports differs slightly from accounting principles generally accepted in the United States of America as follows:

### **Equipment**

Equipment is charged to expense in the period during which it is purchased instead of being recognized as an asset and depreciated over its useful life. As a result, the expenses reflected in the Consolidated Schedule of Award Costs include the cost of equipment purchased during the period rather than a provision for depreciation. The equipment is owned by GOSV and is used in the program for which it was purchased or in other future authorized programs. However, the Corporation has a reversionary interest in the equipment. The disposition as well as the ownership of any proceeds therefore is subject to Federal regulations.

### **Inventory**

Minor materials and supplies are charged to expense during the period of purchase.

**Maryland Governor's Office on Service and Volunteerism**  
**Schedule of Claimed and Questioned Costs**  
**Award No. 03ACHMD001 (AmeriCorps Competitive)**  
**August 13, 2003, through September 30, 2005**

<u>Subgrantees</u>	<u>Budgeted Costs</u>	<u>Claimed Costs</u>	<u>Questioned</u>		<u>Notes</u>
			<u>Costs</u>	<u>Education Awards</u>	
Civil Works, Inc.	\$589,039	\$559,461	0		
Salisbury State University	805,664	612,885	\$73,804	\$14,175	1
Teach for America	604,681	586,239	4,473		2
Volunteer Maryland	<u>396,580</u>	<u>304,576</u>	<u>0</u>	<u>4,710</u>	3
Sub-Total	\$2,395,964	\$2,063,161	\$78,277	\$18,885	
Others	<u>313,617</u>	<u>184,068</u>	<u>0</u>	<u>0</u>	
Total	<u>\$2,709,581</u>	<u>\$2,247,229</u>	<u>\$78,277</u>	<u>\$18,885</u>	

**Categories of Questioned Costs**

• Eligibility requirement not supported by documentation	\$73,804
• Ineligible Education awards	18,885
• Unallowable costs	<u>4,473</u>
Total	<u>\$97,162</u>

**NOTES:**

1. A review of 75 member files at Salisbury State University disclosed that 21 members were ineligible to serve in the program because there was no documentation in the files to show proof of U.S. citizenship or lawful permanent resident alien status. Salisbury State University accepted driver's licenses and Social Security cards, which are not considered as adequate documentation, as proof of citizenship for these members. After the exit conference, GOSV provided us with legible birth certificates or other acceptable documents to support the eligibility of 5 of the 21 members questioned. As a result, we are now questioning the living allowances totaling \$73,804 that was paid to the 16 members. Also, we are questioning the education awards for these members.

AmeriCorps Provisions, effective July, 2003, 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 B(6)(a) *Eligibility, Recruitment, and Selection, Eligibility to Enroll*, state that a grantee may select as a member only those who are eligible to enroll in AmeriCorps. In order to be eligible, an individual must meet the statutory requirements of the definition of a member.

2. Teach for America could not provide documentation to support \$4,473 in expenditures reported on its final periodic expense report and claimed for reimbursement in program year 2003/2004. For the program year, the subgrantee claimed expenditures of \$292,942; however, the general ledger showed a total of \$288,469 in expenditures. As a result, we have questioned \$4,473.

AmeriCorps Provisions, effective July 2003, C(22)(a), *Financial Management Provisions, General*, state that “financial management systems must be capable of distinguishing expenditures attributable to this Grant from expenditures not attributable to this Grant.” In addition, OMB Circular A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*, Subpart C(21)(b)(1), *Financial and Program Management, Standards for financial management systems*, requires accurate, current, and complete disclosure of the financial results of each federally-sponsored project or program.

3. A review of 50 member files at Volunteer Maryland disclosed that three members were improperly awarded pro-rated education awards. The three slots for the members were for full-time positions; however, the members did not serve the minimum required 1,700 hours. In two instances, Volunteer Maryland had improperly recorded the members in WBRS as part-time rather than full-time members. When the two members completed 920 and 1,023 service hours, respectively, they were awarded pro-rated full-time education awards. In the other case, the subgrantee did not follow established procedures in reclassifying a full-time member as half time, but awarded the member a pro-rated full-time education award based on 1,452 service hours at the completion of the member’s term of service. As a result, we have questioned the pro-rated education awards totaling \$4,710 for the three members.

AmeriCorps Provisions, effective July, 2003, B(8)(g), *Terms of Service, Changing Slot Types (unfilled positions)*, provide that grantees and subgrantees may change the type of slots awarded to their programs, with prior approval from the Corporation, if the change does not increase the total number of slots authorized and the change does not increase the total full time equivalents (FTEs) authorized. In addition, B(8)(h) provides that State commissions may approve occasional changes of currently enrolled full-time members to less than full-time within the first 90-days of the member’s service, but it is not allowable to transfer currently enrolled full-time members to less than full-time status simply to provide less than full-time education awards. State commissions must forward all changes and appropriate forms to the Corporation after approval. Any request for changes that fall outside of the parameters must be approved in writing by the Corporation.

**Maryland Governor' Office on Service and Volunteerism**  
**Schedule of Claimed and Questioned Costs**  
**Award No. 03AFHMD001 (AmeriCorps Formula)**  
**September 26, 2003, through September 25, 2005**

<u>Subgrantees</u>	<u>Budgeted</u> <u>Costs</u>	<u>Claimed</u> <u>Costs</u>	<u>Questioned</u>		<u>Notes</u>
			<u>Costs</u>	<u>Education</u> <u>Awards</u>	
Civic Works, Inc.	\$ 472,780	\$ 440,486			
Volunteer Maryland	221,971	221,971		\$ 8,713	4
Maryland Department of Natural Resources	380,667	375,823	\$231,726	134,662	5
Frostburg State University	276,626	241,504	1,117		6
Maryland Institute College of Art	<u>211,200</u>	<u>211,200</u>	<u>7,391</u>		7
Sub-Total	\$1,563,244	\$1,490,984	\$240,234	\$143,375	
Others	<u>1,534,976</u>	<u>966,651</u>	<u>0</u>	<u>0</u>	
Total	<u>\$3,098,220</u>	<u>\$2,457,635</u>	<u>\$240,234</u>	<u>\$143,375</u>	

**Categories of Questioned Costs**

• Eligibility requirement not supported by documentation	\$231,726
• Ineligible education award	143,375
• Unallowable costs	<u>8,508</u>
Total	<u>\$383,609</u>

**NOTES:**

4. A review of 50 member files at Volunteer Maryland disclosed that two of the members who served in the program during program year (PY) 2003/2004 and received pro-rated education awards were ineligible for the awards. The members were shown in WBRS as full-time members; however, they did not serve the minimum 1,700 hours required to earn the awards. On the members' exit forms, the subgrantee made notations to indicate that the members were released from the program early for compelling reasons, which allowed for pro-rated education awards. However, the specific reasons given by the members for leaving the program were to return to school and to obtain employment. In these two cases, Volunteer Maryland granted pro-rated education awards based on reasons that did not meet the compelling personal circumstances criteria outlined in the AmeriCorps provisions. Therefore, we have questioned the pro-rated education awards of \$8,713 made to the two members.

AmeriCorps Provisions, effective July, 2003, B(9)(a), *Release From Participation, Compelling Circumstances*, state that "compelling personal circumstances do not include leaving a program: i. To enroll in school; ii. To obtain employment, other

than in moving from a welfare to work or in leaving a program that includes in its approved objectives the promotion of employment among its members....”

5. A review of 38 member files at the Maryland Department of Natural Resources disclosed that 29 members were ineligible to serve in the program. The subgrantee did not obtain proper documentation from the members to show proof of U.S. citizenship or lawful permanent resident alien status. The Maryland Department of Natural Resources accepted driver’s licenses and Social Security cards, which are not considered adequate documentation, as proof of citizenship for its members. As a result, we are questioning the living allowances of \$231,726 made to the 29 members. Also, we are questioning the education awards of \$134,662 for these members.

AmeriCorps Provisions, effective July, 2003, A(14)(b) *Definitions, Member*, state that a member must be a an individual “who is a U.S. citizen, U.S. national or lawful permanent resident alien of the United States,” and B(6)(a) *Eligibility, Recruitment, and Selection, Eligibility to Enroll*, state that a grantee may select as a member only those who are eligible to enroll in AmeriCorps.

6. A review of 10 member files at Frostburg State University disclosed that one member received a living allowance as a full-time member for the duration of her term of service even though she was unable to complete her term-of-service obligation. The member was given a pro-rated education award at the end of her term of service based on compelling personal circumstances due to giving birth to a child and child care needs. The files indicated that, after the birth of her child, the member was unable to meet her service hour obligation, but action was not taken by the subgrantee to suspend or terminate the member. Therefore, we are questioning the \$1,117 in living allowances given to the member after she became unable to complete her obligation.

AmeriCorps Provisions, effective July, 2003, B(8)(a), *Term of Service, Program Requirements*, state that full-time members must serve at least 1,700 hours during a period of not less than nine months and not more than one year. In addition, B(11)(b), *Living Allowances, Other In-Service Benefits and Taxes, Living Allowance Distribution*, state that the living allowance is designed to help members meet the necessary living expenses incurred while participating in the AmeriCorps Program.

7. The Maryland Institute College of Art overstated the expenditures charged to its grant in PY 2003/2004 for staff salaries and benefits. The subgrantee erroneously charged its staff salaries and benefits for the last payroll period of the grant year to both the PY 2003/2004 grant and to the PY 2004/2005 grant. The expenditures should have been charged to only the PY 2004/2005 grant. Therefore, we have questioned the \$7,391 in salary and benefits charged to the PY 2003/2004 grant.

AmeriCorps Provisions, effective 2004, C(22)(a), *Financial Management Provisions, General*, state that “the Grantee must maintain financial management systems that include standard accounting practices, sufficient internal controls, a clear audit trail

and 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.” In addition, C(22)(b), *Source Documentation*, state “the Grantee must maintain adequate supporting documents for its expenditures (federal and non-federal) and in-kind contributions made under this Grant. Costs must be shown in books or records [e.g., a disbursement ledger or journal], and must be supported by a source document, such as a receipt, travel voucher, invoice, bill, in-kind voucher, or similar document. OMB Circular A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*, Subpart C(21)(b)(1), *Financial and Program Management, Standards for financial management systems*, requires accurate, current, and complete disclosure of the financial results of each federally-sponsored project or program.



**Maryland Governor's Office on Service and Volunteerism**  
**Schedule of Claimed and Questioned Costs**  
**Award No. 01SCSMD020 (Administrative grant)**  
**April 1, 2001, through March 31, 2005**  
**Award No. 04CAHMD001 (Administrative grant)**  
**April 1, 2004, through December 31, 2005**

<u>Program</u>	<u>Budgeted</u> <u>Costs</u>	<u>Claimed</u> <u>Costs</u>	<u>Questioned</u> <u>Costs</u>	<u>Notes</u>
01SCSMD020 (Administrative)	\$ 785,390	\$ 56,513	\$ 31,593*	8
04CAHMD001 (Administrative)	<u>522,394</u>	<u>586,319</u>	<u>298,136**</u>	8, 9, 10
Total	<u>\$1,307,784</u>	<u>\$642,832</u>	<u>\$329,729***</u>	

\* Of the questioned costs, \$6,058 was charged to Federal share and \$25,535 was charged as match.

\*\* Of the questioned costs, \$128,344 was charged to Federal share and \$169,792 was charged as match.

\*\*\* Of the total questioned, \$134,402 was charged to Federal share and \$195,327 was charged as match.

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**Categories of Questioned Costs**

• Match not supported by documentation	\$195,327
• Unallowable costs	<u>134,402</u>
Total	<u>\$329,729</u>

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**NOTES:**

8. GOSV initially charges its administrative grants for all salaries and fringe benefits of GOSV employees who provide support to the AmeriCorps program. Then, about every six months, GOSV utilizes its grant allocation timesheets to adjust the administrative grants by reallocating applicable costs to the PDAT and disability grants, as well as, the portion allocable to the State's matching share. During our audit period, five adjustments were made to reallocate salaries and fringe benefits.

Our review of the five adjustments disclosed that the expenditures charged to the grants were overstated for the following reasons: (1) errors were made in transferring the hours worked from the timesheets to the allocation summary worksheets, (2) timesheets were missing for some employees, even though hours were recorded on the allocation summary worksheets, and (3) salaries and benefits were charged and allocated to the grants when the employee did not work and had no hours to allocate. As a result, we have questioned a total of \$323,042 (\$127,715 Federal share and \$195,327 grantee matching costs) in salaries and benefits charged against the administrative grants. After

the exit conference, GOSV provided us with memorandums to certify that some of the questioned employees worked on the AmeriCorps Program; however, the memorandums did not meet the requirements of the OMB Circular for timeliness and/or the employees worked on multiple activities or cost objectives. The questioned costs, therefore, have not been removed from the report.

OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments, Attachment B.8.h.(3), Compensation for personal services, Support of salaries and wages*, requires that “where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.”

In addition, OMB Circular A-87, *Attachment B.8.h.(4)*, requires that “where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation....”

9. GOSV has an indirect cost rate approved by the cognizant Federal agency. The rate is applied to salary and benefits and the indirect costs are charged to the administrative grants monthly. As stated in Note 8, the administrative grants are initially charged with all of the salary and benefit costs for GOSV employees and adjustments are made after the fact to reallocate applicable costs to other grants and to the State matching account. Since the salary and benefit costs not attributable to the administrative grants are adjusted out of the grants, the indirect costs should also be adjusted to reflect the reduction in allowable costs to apply the indirect rate. The indirect cost rate should then be applied after the adjustments to reflect the actual indirect costs to be recovered. However, GOSV did not apply the indirect cost rate to the adjustments made in June 2004, resulting in an over-claim of \$6,180. Therefore, we have questioned the \$6,180 in over claimed indirect costs.

OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments, Attachment A.C.3.a, Basic Guidelines, Allocable costs*, states that “a cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.”

10. Our review disclosed that GOSV made a duplicate payment to a vendor for catering services and claimed the expenditure against its administrative grant. A catering bill for services provided on September 22, 2004, was submitted by the vendor twice and processed for payment by GOSV, resulting in an over-claim of \$507. Therefore, we are questioning the duplicate payment of \$507 claimed against the administrative grant.

OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments, Attachment A.C.1, Basic Guidelines, Factors affecting allowability of costs*, states that “to be allowable under Federal awards, costs must meet the following general criteria:

a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards. b. Be allocable to Federal awards under the provisions of this Circular. c. Be authorized or not prohibited under State or local laws or regulations....”

**Schedule D**

**Maryland Governor's Office on Service and Volunteerism  
Schedule of Claimed and Questioned Costs  
Award No. 01LCSMD021 (Learn and Serve)  
January 1, 2004, through March 31, 2004**

<u>Program</u>	<u>Budgeted Costs</u>	<u>Claimed Costs</u>	<u>Questioned Costs</u>	<u>Notes</u>
01LCSMD021 (Learn & Serve)	<u>\$333,000</u>	<u>\$129,498</u>	<u>\$8,173</u>	11

**Categories of Questioned Costs**

- Unallowable costs \$8,173

**NOTES:**

11. Our review disclosed that GOSV did not have documentation in its files to support an expenditure of \$8,173 charged to the Learn and Serve grant in calendar year 2004. GOSV had awarded two grants of \$25,000 each to one subgrantee under the Learn and Serve Program. The first grant was awarded March 19, 2002, for the period January 1, 2002, through December 31, 2002. On January 13, 2003, the grant ending date was extended to March 31, 2003. The second grant was awarded to the subgrantee on March 19, 2003, for the period January 1, 2003, through March 31, 2004.

On October 31, 2003, the subgrantee submitted the first invoices for both grants. The invoices were supported by separate progress reports that covered service periods through March 2003 for the first grant and through June 2003 for the second grant. On May 27, 2004, the subgrantee submitted final invoices for each grant. The invoice for the first grant was for \$8,173 and was for the service period April 1, 2003, through March 31, 2004. This claim was for service that occurred after the grant expiration date. The invoice for the second grant was for \$12,336 and was for the service period July 1, 2003, through March 31, 2004. The service periods for the two invoices overlapped between July 2003 and March 2004. Furthermore, the invoices were not supported by progress reports or other documentation to show that there was no duplication of costs during the overlapping service periods. Therefore, we have questioned the \$8,173 in costs claimed under the first Learn and Serve Program grant made to the subgrantee.

AmeriCorps Provisions, effective July, 2003, C(22)(a), *Financial Management Provisions, General*, state that "the Grantee must maintain financial management systems that include standard accounting practices, sufficient internal controls, a clear audit trail and 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.” In addition, C(22)(b), *Source Documentation*, states “the Grantee must maintain adequate supporting documents for its expenditures (federal and non-federal) and in-kind contributions made under this Grant. Costs must be shown in books or records [e.g., a disbursement ledger or journal], and must be supported by a source document, such as a receipt, travel voucher invoice, bill, in-kind voucher, or similar document.



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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROLS OVER FINANCIAL REPORTING**

We have audited the Consolidated Schedule of Award Costs that summarize the claimed costs of the Maryland Governor’s Office on Service and Volunteerism (GOSV) under the Corporation awards listed below, and have issued our report thereon, dated May 19, 2006.

<u>Program</u>	<u>Award No.</u>	<u>Award Period</u>	<u>Audit Period*</u>
AmeriCorps Competitive	03ACHMD001	08/13/03-09/30/05	10/01/03-09/30/05
AmeriCorps Formula	03AFHMD001	09/26/03-09/25/05	10/01/03-09/25/05
Administrative	01SCSMD020	04/01/01-03/31/04	01/01/04-03/31/04
Administrative	04CAHMD001	04/01/04-12/31/05	04/01/04-12/31/05
Program Development and Training	02PDSMD020	04/01/02-03/31/05	01/01/04-03/31/05
Program Development and Training	05PTHMD001	04/01/05-03/31/07	04/01/05-12/31/05
Disability	02DSCMD022	04/01/03-03/31/05	01/01/04-03/31/05
Disability	04CDHMD001	04/01/04-03/31/07	04/01/04-12/31/05
Learn and Serve	01LCSMD021	09/01/02-03/31/04	01/01/04-03/31/04
Homeland Security	02AHHMD021	09/16/03-09/15/06	10/01/03-09/30/05

\* The audit period ended for each award on the grant expiration date or the date of the most recent financial status report for the grant, whichever was earlier.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and generally accepted government auditing standards.

**COMPLIANCE**

Compliance with Federal laws, regulations, and the provisions of the awards is the responsibility of GOSV’s management. As a part of obtaining reasonable assurance about whether the financial schedules are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, and the terms and conditions of the awards, noncompliance with which could have a direct and material effect on determination of the financial schedule amounts. 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 our tests of compliance disclosed the following instances of noncompliance that are required to be reported under generally accepted government auditing standards.

**Finding No. 1 – Grants Were Not Closed and FSRs Were Not Submitted in a Timely Manner**

GOSV needs to improve its financial management controls to ensure that FSRs are submitted to the Corporation in accordance with the established timeframes. During our audit period, GOSV should have submitted 27 semi-annual and final reports. Our review showed that only three were submitted by their due dates. Four of the FSRs represented final reports needed by the Corporation to close out expired grants, and 20 were the grantee’s semi-annual submissions. The grants with late submissions are listed below.

	<b><u>Type of Submission</u></b>	<b><u>Date Due</u></b>	<b><u>Date Submitted</u></b>
01LCSMD021 Learn and Serve	Final	06/30/04	01/25/05
01SCSMD020 Administrative	Final	06/30/04	11/09/04
02DSCMD022 Disability	Final	06/30/05	Not Submitted as of 05/19/06
02PDSMD020 PDAT	Final	06/30/05	10/31/05
02DSCMD022 Disability	Semi	04/30/04	09/15/04
02DSCMD022 Disability	Semi	10/31/04	Not Submitted as of 05/19/06
02DSCMD022 Disability	Semi	04/30/05	Not Submitted as of 05/19/06
02PDSMD020 PDAT	Semi	01/31/05	03/14/05
03AFHMD001 Formula	Semi	04/30/04	03/17/05
03AFHMD001 Formula	Semi	10/31/04	03/17/05
03AFHMD001 Formula	Semi	04/30/05	12/20/05
03AFHMD001 Formula	Semi	10/31/05	12/20/05
03ACHMD001 Competitive	Semi	04/30/04	03/15/05
03ACHMD001 Competitive	Semi	10/31/04	03/15/05
03ACHMD001 Competitive	Semi	04/30/05	08/18/05
03ACHMD001 Competitive	Semi	10/31/05	12/20/05
04CAHMD020 Administrative	Semi	01/31/05	03/14/05
04CAHMD020 Administrative	Semi	07/31/05	10/31/05
04CAHMD020 Administrative	Semi	01/31/06	03/03/06
04CDHMD001 Disability	Semi	01/31/05	02/22/05
04CDHMD001 Disability	Semi	07/31/05	10/31/05
04CDHMD001 Disability	Semi	1/31/06	03/03/06
05PTHMD001 PDAT	Semi	07/31/05	10/31/05
05PTHMD001 PDAT	Semi	01/31/06	03/03/06

Financial accountability controls and grant monitoring at the Corporation level are weakened when final financial reports are not submitted in a timely manner. Timely accounting is needed to ensure that grant funds are being spent for the intended purposes, and in accordance with grant conditions. When accounting controls are weakened, the potential for of waste, fraud and abuse is increased.

AmeriCorps Provisions, B(16)(a)(iii), *Reporting Requirements, Final Financial Status Reports*, state that a grantee completing the final year of its grant must submit, in lieu of the last semi-annual FSR, a final FSR that is cumulative over the entire project. It must be submitted within 90 days after the end of the grant. For the Administrative, PDAT and Disability grants, the Provisions for Program Development and Training, Disability Placement and State Administrative Awards,

B(5)(a), *Reporting Requirements, Financial Status Reports*, state that the grantee shall submit semi-annual cumulative financial reports by July 31 and January 31, that summarize expenditures during the reporting period.

GOSV representatives stated they had experienced technical problems during the conversion to the Corporation’s eGrant reporting system and that some of the reports may have been submitted earlier.

Recommendation

The Corporation should ensure that GOSV places a higher priority on reconciling and submitting FSRs within the stipulated time periods and requests, in writing, extensions to its grants when formal closeout cannot be completed within the required time periods.

GOSV’s Response

Although GOSV stated in its response that the dates in the report were not always the initial submission dates for the FSRs, it agreed with the recommendation and will implement a system to ensure timely reporting.

Auditor’s Comments

The Corporation should obtain assurance from GOSV that an effective system has been implemented and that the reports are now prepared and submitted in a timely manner.

**Finding No. 2 - Subgrantee Files Were Not Always In Compliance With Program Requirements**

We reviewed 242 member files at seven subgrantees and found the following types of exceptions:

<u>Subgrantees</u>	<u>Member Files Reviewed</u>	<u>Exceptions</u>					
		<u>Mid-Term/Final Evaluation</u>	<u>Failure to Terminate Member</u>	<u>Timesheets Submitted Late or Late Approval</u>	<u>Improperly Approved Education Awards</u>	<u>Background Checks</u>	<u>Eligibility Documentation</u>
Civic Works, Inc.	28	10					
Salisbury State University	75						21
Teach for America	28			14			
Volunteer America	50				5		
Maryland Dept. of Natural Resources	38					1	29
Frostburg State University	10		1				
Maryland Institute College of Arts	13						
Totals	242	10	1	14	5	1	50



- Mid-Term/Final Evaluations - Program/site supervisors had not prepared mid-term and/or end-of-term performance evaluations for 10 members. As a result, the members may not have been aware of deficiencies in their performance, areas in need of improvement, or the number of hours needed to complete their assignments. Proper attention was not given to evaluations by site supervisors and management did not provide adequate oversight. AmeriCorps Provisions, B(7)(g), *Training, Supervision, and Support, Performance Reviews*, require mid-term and end-of-year performance evaluations of members that focus on whether the member has (1) completed the required number of service hours, (2) satisfactorily completed assignments, and (3) met other performance criteria that were communicated at the beginning of the term of service.
- Termination of Member – One subgrantee allowed a member to receive a living allowance as a full-time member for the duration of her term of service even though she became unable to meet her service hour obligation. The member was given a pro-rated education award at the end of her term of service based on compelling personal circumstances due to giving birth to a child and child care. The files showed that, after the birth of the child, the member was unable to meet her service hour obligation, but action was not taken by the subgrantee to suspend or terminate the member. AmeriCorps Provisions, B(11)(b), *Living Allowances, Other In-Service Benefits and Taxes, Living Allowance Distribution*, state that the living allowance is designed to help members meet the necessary living expenses incurred while participating in the AmeriCorps Program.
- Timeliness of Timesheets - The timesheets for 14 members at one subgrantee were either not turned in to the supervisors in a timely manner or the supervisors did not approve them in a timely manner. As a result, these timesheets become vulnerable to tampering or improper reporting of service hours. AmeriCorps Provisions, B(22)(c)(ii), *Time and Attendance Records, AmeriCorps Members*, require time and attendance records on all members in order to document their eligibility for benefits.
- Pro-rated Education Awards – Five members were improperly awarded pro-rated education awards by one subgrantee. The member slots were full-time positions; however, they did not serve the minimum required 1,700 hours and were ineligible to receive their pro-rated education awards. AmeriCorps Provisions, effective 2004, B(8)(g), *Terms of Service, Changing a Term of Service (unfilled positions)*, provide that grantees and subgrantees may change the type of slots awarded to their programs, with prior approval from the Corporation, if the change does not increase the total number of slots authorized and the change does not increase the total FTEs authorized. In addition, B(8)(h) provides that State commissions may approve occasional changes of currently enrolled full-time members to less than full-time within the first 90-days of the member’s service, but it is not allowable to transfer currently enrolled full-time members to less than full-time status simply to provide less than full-time education awards. State commissions must forward all changes and appropriate forms to the Corporation after approval. Any request for changes that fall outside of the parameters must be approved in writing by the Corporation. AmeriCorps Provisions, effective 2004, B(9)(a), *Release From Participation, Compelling Circumstances*, state that “compelling personal circumstances do not include leaving a program: i. To enroll in school; ii. To obtain employment, other than in moving from a welfare to work or in

leaving a program that includes in its approved objectives the promotion of employment among its members.”

- Criminal Background Checks – Documentation of a criminal records check was not provided for one member. AmeriCorps Provisions, B(6)(h), *Eligibility, Recruitment and Selection, Criminal Record Checks*, state that “programs with members or employees who have substantial direct contact with children (as defined by state law) or who perform service in the homes of children or individuals considered vulnerable by the program, shall, to the extent permitted by State and local law, conduct criminal record checks on these members or employees as part of the screening process.” This provision also states that documentation of criminal record checks must be maintained consistent with state law.
- Eligibility Documentation – Fifty members did not provide acceptable documentation of citizenship or permanent resident status, a requirement for participation in the program. The members served at two subgrantees that improperly accepted driver’s licenses and Social Security cards as proof of citizenship. AmeriCorps Provisions, B(14)(b), *Member Records and Confidentiality, Verification*, require that the subgrantee maintain verifiable records that document each member’s eligibility to serve pursuant to the member eligibility requirement.

Based on our review of member files, GOSV could not always verify that its members met the eligibility requirements as outlined in the AmeriCorps provisions. In order to ensure that grant funds are used for the purpose intended, it is important to verify that only qualified members have been allowed to serve. Also, allowing a member to serve who has not had a criminal background check and who has substantial contact with children can place these children at risk.

These conditions occurred because: 1) program managers did not always adequately document members eligibility, 2) subgrantees were not provided with clear guidance on the eligibility requirements and 3) members did not always provide the required information during the enrollment process. As part of its monitoring requirements, GOSV is responsible for ensuring that subgrantees are adequately trained in programmatic provisions and procedures to ensure that members are eligible to serve, are paid support costs in accordance with AmeriCorps provisions, and have met all eligibility requirements for education awards.

### Recommendations

The Corporation should provide assistance as necessary to assure that GOSV:

1. Trains and monitors all of its subgrantees on obtaining complete documentation of member eligibility before enrollment and on maintaining all required documentation in individual member’s files. Specifically, we recommend that GOSV ensure that subgrantees:
  - Adequately document and ensure member citizenship and/or legal residency.
  - Comply with grant requirements for conducting member evaluations, providing education awards, completing timesheets, and retaining documentation.

- Record member hours in a timely manner, accurately and in accordance with program provisions.
2. Provide guidance as necessary to subgrantees on the need to conduct timely criminal background checks, as part of the screening process, on those members who have substantial contact with children (as defined by state law).

### GOSV's Response

GOSV responded to each of the issues noted in the finding and had the following comments: (a) Mid-Term/Final Evaluations – GOSV concurred with the finding and will take action to comply with the requirements for conducting member evaluations; (b) Termination of Member – GOSV did not concur with the finding and contends that it was proper for the member to continue to receive a living allowance as a full-time member for the duration of her term of service, even though she became unable to complete her service obligation. GOSV stated that the circumstance was not deliberate, but unforeseen; (c) Timeliness of Timesheets – GOSV will work with its subgrantees to ensure that timesheets are completed, signed and approved in a timely manner; (d) Pro-rated Education Awards – GOSV concurred with the finding; (e) Criminal Background Checks – GOSV did not concur with the finding and contends that the member did not warrant a criminal background check because of the setting in which the member was serving; and (f) Eligibility Documentation – GOSV concurred with the finding and began requiring programs to collect birth certificates as proof of citizenship in Program Year 2006/2007.

### Auditor's Comments

GOSV disagrees with the questioned living allowance during a period of non-service while requesting the Corporation change the grant provisions. The subgrantee concurs with this finding and agreed to repay the living allowance. We continue to question the cost for noncompliance with grant provisions and recommend the Corporation recover the cost.

The late member timesheet completion and late supervisor approval are reported as a noncompliance with the grant provisions. We did not question the hours which could have resulted in requirement deficiencies for education awards. We believe the term timely manner for completion and approval of timesheets mean the day after the end of the labor period. Internal control is enhanced the sooner the timesheets are ready for any further processing. Personnel memory mistakes and other errors are less likely.

GOSV disagrees with the need for a background check because the member gives education presentations at the zoo to children that are chaperoned by their parents. We disagree with GOSV's assessment that in these circumstances the children are not vulnerable. A member could be using their position at the zoo to meet children.

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

## INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of award costs as presented in the Consolidated Schedule of Award Costs for the period October 1, 2003, through December 31, 2005, we considered GOSV's internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial schedules and not to provide assurance on the internal control. Accordingly, we do not express such an opinion.

GOSV's management is responsible for establishing and maintaining internal control. 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 control is to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition. Internal control also provides assurance that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the financial schedules in accordance with accounting principles generally accepted in the United States of America. Because of inherent limitations in any internal control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the internal control to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Our consideration of internal control would not necessarily disclose all matters of internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. Under standards established by the American Institute of Certified Public Accountants, reportable conditions are matters coming to our attention relating to significant deficiencies in the design or operation of the internal control. In our judgment, the significant deficiencies could adversely affect GOSV's ability to record, process, summarize and report financial data consistent with the assertions made by management in the financial schedules. We noted the following matters that we considered to be reportable conditions.

### **Finding No. 3 – Charges of Salaries and Benefits to the Administrative Grants Were Not Supported by Employee Timesheets**

GOSV initially charges its Federal administrative grants the entire salaries and fringe benefits for all GOSV employees that provide support to the AmeriCorps program operations. Then, about every six months, GOSV utilizes its grant allocation timesheets to adjust the administrative grants by reallocating applicable costs to the PDAT and disability grants, as well as, the portion allocable to the State's matching share. During our audit period, five adjustments were made to reallocate salaries and fringe benefits.

Our review of the five adjustments disclosed that the expenditures charged to the grants were overstated for the following reasons: (1) errors were made in transferring the hours worked from the timesheets to the allocation summary worksheets, (2) timesheets were missing for some employees, even though hours were recorded on the allocation summary worksheets, and (3) salaries and benefits were charged and allocated to the grants when the employee did not work and

had no hours to allocate. As a result, we have questioned a total of \$323,042 (\$127,715 Federal share and \$195,327 grantee matching costs) in salaries and benefits charged against the grants. The weaknesses observed in this area appeared to be primarily the result of insufficient oversight. One employee performed most of the tasks relating to this area with little or no assistance from others.

OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments, Attachment B.8.h.(3), Compensation for personal services, Support of salaries and wages*, requires that “where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.” In addition, OMB Circular A-87, *Attachment B.11.h.(4)*, requires that “where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation....”

### Recommendation

The Corporation should provide assistance as necessary to ensure that GOSV:

1. Develops a process to accurately allocate and record charges to its grants for salaries and benefits.
2. Requires its employees that work entirely on one program to certify at least semi-annually that they worked solely on that program.

### GOSV’s Response

GOSV concurred with the recommendations and has taken action to address the findings. GOSV stated in its response that the State’s budgeting and reporting systems would be used to accurately allocate and record charges to its grants for salaries and benefits. Also, GOSV stated that employees that worked entirely on one program would be required to certify at least semi-annually that they worked solely on that program.

### Auditor’s Comments

At the time of our review, GOSV used the State’s budgeting and reporting system to record and allocate salaries and benefits to its grants; however, we found that the data input to the system was not always correct. As a result, the Corporation should ensure that controls are in place to validate the data input to the state’s system.

### **Finding No. 4 – Expenditures Were Misstated on Financial Status Reports**

Our review disclosed that the expenditures reported by GOSV on its financial status reports for administrative grant activities were overstated. As noted in Finding No. 3 above, GOSV initially charges to its administrative grants the entire salaries and fringe benefits for all GOSV employees that provide support to the AmeriCorps program operations. Then, about every six months, GOSV utilizes its grant allocation timesheets to adjust the administrative grant by reallocating applicable

costs to the PDAT and disability grants, as well as, the portion allocable to the State's matching share. The reallocation process does not coincide with the filing dates for FSRs; as a result, salary and benefit costs that are attributable to other grants and the State's matching costs are reported in the Administrative grant. Likewise, the other grants (PDAT and Disability) and State's matching costs are understated by the same amounts. For example, the FSR for the Administrative grant (04CAHMD001) was overstated by \$223,317 for the reporting period ending December 2004.

45 C.F.R. § 2541.200, *Standards for financial management systems*, requires that "a State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to - (1) Permit preparation of reports required by this part and the statutes authorizing the grant." In addition, 45 C.F.R. § 2541.200(b), requires that "the financial management systems of other grantees and subgrantees must meet the following standards (1) *Financial reporting*. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant."

#### Recommendation

The Corporation should provide assistance as necessary to ensure that GOSV implements a system to make timely adjustments to its grant accounts and to correctly report expenditures on its financial status reports.

#### GOSV's Response

GOSV concurred with the finding and has taken action to ensure that adjustments to its grant accounts are correctly reported as expenditures on its financial status reports.

#### Auditor's Comments

The Corporation should obtain documentation from GOSV to show that an effective system is in place to make timely adjustments to its grants and to correctly report them as expenditures on its financial status reports.

#### **Finding No. 5 – Financial Status Reports Were Not Always Supported by Information in the Financial Management System**

The review disclosed that GOSV did not have an effective system in place to timely reconcile expenditures, as reported on FSRs, with expenditures as recorded in its financial management system. As a result, we found significant variances between the reported and recorded expenditures for the seven active GOSV-level grants during our audit period. The differences, by grant, are summarized in the table below.

<b>Grant No.</b>	<b>Cumulative Reporting Period</b>	<b>Accounting Records</b>	<b>FSR</b>	<b>Variance</b>
01LCSMD021	10/01/00 to 03/31/04	\$350,314	\$327,044	-\$23,270
01SCSMD020	01/01/04 to 03/31/04	-30,297	56,512	86,809
02DSCMD022	01/01/04 to 03/31/04	12,014	18,690	6,676
02PDSMD020	01/01/04 to 03/31/05	78,618	117,492	38,874
04CAHMD001	04/01/04 to 12/31/05	642,525	586,318	-56,207
04CDHMD001	01/01/04 to 12/31/05	49,246	53,393	4,147
05PTHMD001	01/01/05 to 12/31/05	55,082	65,371	10,289
Net Variance				<u>\$67,318</u>

The Provisions for Program Development and Training, Disability Placement and State Administrative Awards, C(12)(a), *Financial Management Provisions, General*, 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. This system 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

The Corporation should provide assistance as necessary to ensure that GOSV:

1. Implements a system to reconcile expenditures as recorded in the financial management system to the expenditures reported on the FSRs prior to each submission.
2. Records timely adjustments to the accounting system or the FSRs, as necessary.
3. Reassesses the variances noted in the finding to determine whether the financial status reports should be revised and whether funds should be returned to the Corporation.

GOSV’s Response

GOSV concurred with the finding and recommendations and will take action to make sure that expenditures reported on FSRs are supported by information in its financial management system. GOSV attributed the variances cited in the report to overlapping reconciliation periods, where salaries, benefits and indirect cost recoveries were adjusted.

Auditor’s Comments

At the time of the review, GOSV made available all of its grant expenditure records, including adjustments for salaries, benefits and indirect cost recoveries; however, it did not provide documentation to account for the variances. The Corporation should obtain documentation from GOSV to account for all of its grant expenditures, including the variances.

## **Finding No. 6 – Cumulative Expenditures Were Not Always Correctly Reported on Financial Status Reports**

The review disclosed that the FSRs submitted by GOSV and tracked in the eGrant reporting system were not always correct. As a result, financial accountability controls and grant monitoring at the Corporation level can be weakened.

We found that the amount reported on FSRs as cumulative Federal share of outlays was not consistently carried forward to the next FSRs. For example, the FSR for the Administrative grant (04CAHMD001) showed an ending cumulative balance of \$296,074 on December 31, 2004, while the beginning balance for the next FSR (June 30, 2005) was reported as \$209,488; therefore, the cumulative Federal share of the outlay of funds was understated by \$86,586.

The FSR ending December 31, 2005, reported a cumulative total of \$499,733 in Federal share outlays; however, no adjustment was made to correct the reporting error noted in the prior period. Since the reported Federal share outlays were understated in the prior period by \$86,586, the adjusted cumulative Federal share outlays would be \$586,319 (\$499,733 + \$86,586). Thus, the grant's authorized funding of \$522,394 was exceeded by \$63,925.

45 C.F.R § 2541.200, *Standards for financial management systems*, requires that “a State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to - (1) Permit preparation of reports required by this part and the statutes authorizing the grant.” In addition, 45 C.F.R. § 2541.200(b), requires that “the financial management systems of other grantees and subgrantees must meet the following standards (1) *Financial reporting*. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.”

### **Recommendation**

The Corporation should provide assistance as necessary to ensure that GOSV reviews each of the active grants to determine whether the FSRs need to be revised and resubmitted to show the correct beginning and ending Federal share outlays amounts.

### **GOSV's Response**

GOSV concurred with the recommendation and will work with the Corporation to revise and resubmit correct FSRs, as necessary.

### **Auditor's Comments**

The corrective action proposed by GOSV is responsive to the recommendation.



**Finding No. 7 – GOSV Claimed Unallowable and Unsupported Costs**

The Summary of Results section identified questioned costs, which are described in detail in the notes to Schedules A through D. These consist of costs claimed by the GOSV and subgrantees that re related to alleged violations of provision of laws, regulations, or grants or other agreements or documents governing the expenditure of funds; findings that, at the time of the audit, such cost is not supported by adequate documentation; or a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

Recommendation

We recommend that the Corporation:

- Follow up with GOSV to determine if questioned and unsupported amounts should be allowed, or disallowed and recovered. Also, the Corporation should apply the five percent administrative rate to any costs deemed unallowable and recover these costs as well.
- Make certain that GOSV better train its subgrantees on determining the allowability of costs and documentation required to support claimed costs.
- Require that GOSV implement review procedures to test the allowability of Commission and subgrantee cost.
- Make certain that costs incurred and reported directly by GOSV meet all OMB circular requirements for allowability.

GOSV's Response

GOSV provided additional information for consideration by the Corporation in making a determination as to whether the questioned costs are allowable or unallowable grant expenditures.

Auditor's Comments

Although the GOSV 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.

*Leon Snead and Company, P.C.*  
Leon Snead and Company, P.C.  
Rockville, Maryland  
May 19, 2006

**Response of the Maryland Governor's Office on Service and Volunteerism**

**STATE OF MARYLAND**

EXECUTIVE DEPARTMENT

**ROBERT L. EHRlich, JR.**  
GOVERNOR



**MICHAEL S. STEELE**  
LIEUTENANT GOVERNOR

**GOVERNOR'S OFFICE ON SERVICE AND VOLUNTEERISM**

STATE OFFICE BUILDING, 15TH FLOOR  
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September 11, 2006

Carol Bates  
Assistant Inspector General For Audit  
Corporation for National & Community Service  
1201 New York Ave, NW Suite 830  
Washington, DC 20525

Dear Ms. Bates:

The Maryland Governor's Office on Service and Volunteerism has reviewed the draft report on the Audit of Corporation for National and Community Service Grants Awarded and has enclosed comments for your review. We respectfully request that our comments are considered as well as all of the facts that have been furnished as a result.

Sincerely,

Keith J. Hart  
Director

Enclosure

Cc: Rob Platky , Director of Financial and Administration Office of the Governor

**STATE OF MARYLAND**

EXECUTIVE DEPARTMENT

**ROBERT L. EHRlich, JR.**  
GOVERNOR



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Maryland Governor's Office on Service and Volunteerism

Response to Audit Report

**Finding No. 1** – Grants Were Not Closed and FSR's Were Not Submitted in a Timely Manner

The audit cites delinquent closeouts on four awards. The Governor's Office on Service and Volunteerism would like to respectfully disagree with all cases except one where the grants were not closed in a timely manner. Subsequently, the financial status reports with the subsequent submission dates note that they were inputted by the service center via electronic format. However, hard copies of the entire closeout package were submitted in a timely manner.

The Governor's Office on Service and Volunteerism would also like to note that the dates noted are not reflective of actual submission dates in all cases. In some instances, the FSR's were returned to our office for updates. In the other cases, the Governor's Office on Service and Volunteerism worked closely with the Corporation and actively communicated the technical difficulties during the eGrants conversion, to ensure reports were submitted. For the instances where reporting encompasses sub-grantee reports, the Governor's Office on Service and Volunteerism will implement a system that will eliminate continual reconciliation and ensure timely reporting.

Nevertheless, the GOSV concurs with the recommendation to place a higher priority on reconciling and submitting FSR's and will implement the recommendation to request formal extensions in all cases.

**Finding No. 2** – Subgrantee Files Were Not Always In Compliance With Program Requirements

**a) Mid-Term/ Final Evaluations-**

The Governor's Office on Service and Volunteerism concurs with and will implement the recommendation to comply with grant requirements for conducting member evaluations. To address this finding, program officers will revise our training and monitoring efforts to improve the practice noted by the auditors.

**b) Termination of Member-**

The GOSV takes exception with the finding related to a member receiving a living allowance as a fulltime member for the duration of her term of service even though she became unable to meet her service hour obligation.

1. The member continued to serve her required hours until she neared her delivery date as agreed upon by her site supervisor and program manager. All parties understood she had ample time remaining in the program to complete her term of service as a full time member after giving birth.
2. After giving birth, the member experience undue hardship as a new mother with childcare limitations and completing her hours. This circumstance was not deliberate, but unforeseen.

3. The GOSV formally request that the Corporation for National and Community Service revise its grant provisions and issue guidance around compelling personal circumstance in regard to AmeriCorps women who elect to become pregnant during their term of service, as it has for men who elect to serve in the military.

c) Timeliness of Timesheets-

The GOSV will work with all subgrantees to ensure timesheets are turned in and signed by the site supervisor or program manager in order to be approved in a timely manner. However, the provisions state *“The grantee must keep time and attendance records on all AmeriCorps members in order to document their eligibility for in-service and post-service benefits. Time and attendance records must be signed and dated both by the member and the individual with oversight responsibilities for the member.” (22c-ii)*

The auditors concern is with timesheets becoming vulnerable to tampering with or improper reporting. The auditors have no basis for such a finding, but more an inference to what *could* happen. There is no formal directive found in the provisions to include what a “timely manner” is, nor has there been any findings of timesheets having been tampered with or improperly reported.

d) Pro-rated Education Awards: The GOSV concurs with this finding.

e) Criminal Background Checks: The GOSV takes exception with this finding. The member in question conducts, as part of her routine environmental service, an educational presentation to families with children visiting the Salisbury Zoo. This presentation is conducted in public to random groups. It is the opinion of the program and the GOSV that this service context does not warrant criminal background checks because in the setting in which the member is serving, the population of children, chaperoned by their parents, is not vulnerable.

f) Eligibility Documentation: The GOSV advises the Corporation that in all of the member files reviewed, documentation of citizenship or permanent resident status was erroneously established via social security card, driver's license, and Department of Labor Form I-19. This form requires signature of the member, upon penalty of perjury, affirming that he/she is a citizen of the United States. The GOSV routinely reviews program documentation practices to ensure collection of DOL Form I-9. The misconception that the Department of Labor Form I-9, which requires signature of program director verifying review of documentation from column B (driver's license) and column C (social security card) was perpetuated by the GOSV program officers whom held the same misconception. Beginning with the 2006 – 2007 program year, the GOSV requires programs to collect birth certificates as proof of citizenship.

**Finding No. 3 -** Charges of Salaries and Benefits to the Administrative Grants Were Not Supported by Employee Timesheets

Documentation supporting the questioned costs has been provided. In accordance with OMB Circular A-87, Attachment B 8.h. (3), the GOSV provided for consideration, certifying affidavits to serve as an equivalent personnel activity report recognizing that the work performed by the employees whose salaries and benefits were charged and allocated to grants. The affidavits noted that the activities of the employees involve directing and coordinating the grant making activities of the agency and that a portion of the salaries and fringe benefit costs are allocable to the State's matching share.

1. The GOSV concurs with the recommendation. The GOSV has already taken corrective action and will have evidence of such within the State's budgeting and reporting systems to accurately allocate and record charges to its grants for salaries and benefits.
2. The GOSV will implement the recommendation that requires its employees that work entirely on one program to certify at least semi-annually that they worked solely on that program.

**Finding No. 4** - Expenditures Were Misstated on Financial Status Reports

The audit cites that the reallocation process does not coincide with the filing dates for FSR's; and as a result, expenditures are misstated. The need to reallocate applicable costs periodically will be minimized. Thus, the GOSV concurs and has taken action to ensure that adjustments to its grant accounts are correctly reported as expenditures on its financial status reports.

**Finding No. 5** – Financial Status Reports Were Not Always Supported by Information in the Financial Management System

The variances cited in the audit report are reflective of overlapping reconciliation periods where salaries and benefits are adjusted as well as indirect cost recoveries. In all cases except one, due to the timing of FSR submissions, many of the adjustment transactions were not reflected on the accounting records thus accounted for as unliquidated on the FSR. The GOSV recognizes that the various reports must be available to accurately report on the financial status reports and will work with the appropriate resources to obtain the required accounting reports. The first instance of variances noted on the summarized chart are reflective of adjustments made during closing out the grant.

1. The GOSV concurs and will implement a system to reconcile expenditures as recorded in the financial management system to the expenditures reported on the FSRs prior to each submission.
2. The GOSV concurs and will record timely adjustments to the accounting system or the FSRs, as necessary.

**Finding No. 6** – Cumulative Expenditures Were Not Always Correctly Reported on Financial Status Reports

The GOSV concurs with the recommendation and will work with the Corporation to ensure that each active grant is reviewed to determine whether the FSRs need to be revised and resubmitted to show the accurate beginning and ending Federal share outlay amounts.

**Finding No. 7** – GOSV Claimed Unallowable and Unsupported Costs

The GOSV has provided individual supporting documentation for each result of identified questioned costs for Schedules A through D. See attachments

- The GOSV will provide the Corporation with documents to support the amounts questioned and will work with the Corporation to determine if the amounts are allowed, disallowed or should be recovered.
- The GOSV will better train its subgrantees on determining the allowability of costs and documentation required to support claimed costs.
- The GOSV will implement review procedures to test the allowability of Commission and subgrantee costs.
- The GOSV will make certain that costs incurred and reported directly by GOSV meet all OMB circular requirements for allowability.



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Comments for Claimed and Questioned Costs

**Note 1 (Schedule A)**

In order to establish eligibility to serve in an AmeriCorps program, Salisbury University has requested documentation from each member who did not have a birth certificate in his or her member file. A review of 75 member files disclosed that 21 members did not have proof of citizenship. To date, 8 members have submitted proof of citizenship to their program. The documents were sent to the Governor's Office on Service and Volunteerism and forwarded to Leon Snead and Co. in July 2006. The program will continue to retrieve all appropriate documentation during the resolution period to avoid returning funds and has agreed to only enroll members with proof of U. S. citizenship documentation.

**Note 2 (Schedule A)**

Teach for America concurs with this finding and will repay \$4,473.00

**Note 3 (Schedule A)**

The program understands and concurs with this finding. The GOSV will work with the program to ensure that full time members are not improperly recorded in WBRS as part time members who later receive pro-rated education awards.

**Note 4 (Schedule B)**

The Governor's Office on Service and Volunteerism would like to submit a response for consideration regarding the circumstance for claimed and questioned costs in the category of ineligible education award for 2 (two) members.

The program director approved one member's education award because of the 2003 delay in AmeriCorps funding that caused the program year to pause enrollment for six weeks in the summer of 2003. The program director believed this qualified as a compelling personal circumstance in his case, because it was beyond the member's control.

In this member's case, he successfully completed all program requirements for his program and his Service Site (documentation on file). However, his graduate school began in August 2004 and he was not able to work ahead to complete 1,700 in advance of the program's completion date. The member worked hard all year to earn extra AmeriCorps hours, but he was hindered by his rural location on Maryland's Eastern Shore and his lack of transportation (documentation on file). Additionally, the member was very successful at his Service Site and completed 96 percent of his hours—in spite of the scheduling and logistical problems.

The second member disclosed a medical condition in her initial interview in September 2002 (documentation on file) that might impact her ability to complete the service year. Her evaluations showed that she was making good progress on her program requirements and working closely with program staff and the Service Site to complete her hours. She also took on a part-time job to supplement the AmeriCorps stipend; unfortunately, the part-time job and illnesses made it impossible for her to catch up on service hours when she fell behind.

The program director approved this member's pro-rated education award because, she had made every possible effort to fulfill the terms of her contract with the program and AmeriCorps while facing personal circumstances that hindered her ability to complete 1,700 hours. In spite of these personal challenges, by the end of her term of service, the member had fulfilled 100 percent of

her program development, training attendance, and communication requirements, and she completed 88 percent of her service hours. For these reasons, the program director granted a pro-rated education award.

**Note 5 (Schedule B)**

The GOSV was satisfied with the member files reviewed, documentation of citizenship or permanent resident status was erroneously established via social security card, driver's license, and Department of Labor Form I-19. This form requires signature of the member, upon penalty of perjury, affirming that he/she is a citizen of the United States. The GOSV routinely reviews program documentation practices to ensure collection of DOL Form I-9. The misconception that the Department of Labor Form I-9, which requires signature of program director verifying review of documentation from column B (driver's license) and column C (social security card) was perpetuated by the GOSV program officers whom held the same misconception. Beginning with the 2006 – 2007 program year, the GOSV requires programs to collect birth certificates as proof of citizenship.

**Note 6 (Schedule B)**

Frostburg State University concurs with this finding and has agreed to repay the \$1, 117.

**Note 7 (Schedule B)**

The program concurs with this finding and agrees to return \$7,391. The GOSV has explained to the program the proper procedures for expenditures when transitioning from a planning grantee to a competitive funded program.

**Note 8 (Schedule C)**

The Governor's Office on Service and Volunteerism has provided affidavits to certify the questioned employees that worked on AmeriCorps programs. Although, affidavits covered the annual periods of employment, each allocation summary worksheet for those employees indicated that timesheets were not on file and subsequently, the allocation distributed did not exceed budgeted amounts.

The Governor's Office on Service and Volunteerism respectfully requests that the documentation is considered as supporting documentation as required by OMB Circular A-87, Attachment B.8.h.(3).and as required by OMB Circular A-87, Attachment B.8.h.(4). The Governor's Office on

**Note 9 (Schedule C)**

The Governor's Office on Service and Volunteerism is working with the State's finance office to apply the appropriate indirect cost rate adjustment to reflect the actual indirect costs to be recovered for the period of June 2004 against the administrative grants . Hence, the GOSV will provide the necessary supporting documentation and appropriate cost allocation adjustment required by OMB Circular A-87, Attachment A.C.3.a

**Notes 10 (Schedule C)**

The Governor's Office on Service and Volunteerism is currently working with the vendor to resolve the duplicate expenditure and The Governor's Office on Service and Volunteerism will provide the necessary documentation and appropriate adjustment required by OMB Circular A-87, Attachment A.C.1

**Notes 11 (Schedule D)**

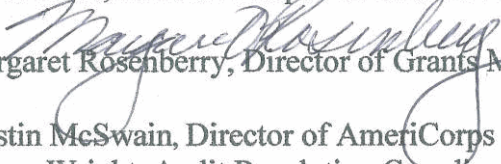
The Governor's Office on Service and Volunteerism has examined the duplication of costs during the overlapping service periods for the Learn and Serve program grant made to the subgrantee. Furthermore, the GOSV will work with the Corporation to determine if the amounts should be recovered.



**Response of the Corporation for National and Community Service**

Corporation for  
**NATIONAL &  
COMMUNITY  
SERVICE** 

**To:** Carol Bates, Assistant Inspector General for Audits

**From:**   
Margaret Rosenberry, Director of Grants Management

**Cc:** Kristin McSwain, Director of AmeriCorps  
Sherry Wright, Audit Resolution Coordinator, Office of the CFO

**Date:** September 8, 2006

**Subject:** Response to OIG Draft Audit Report: Audit of Corporation for National and Community Service Grants Awarded to the Maryland Governor's Office on Service and Volunteerism

Thank you for the opportunity to review the draft audit report of the Corporation's grants awarded to the Maryland Governor's Commission. We do not have specific comments at this time. 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 Maryland Commission to resolve the audit.

The Commission has indicated it is working with its subgrantees to gather member documentation. Nearly 66% of the questioned costs were related to two programs that improperly accepted driver's licenses or Social Security cards as proof of citizenship. After the audit exit conference, the Commission began working with the programs to secure appropriate citizenship or permanent resident alien documentation for the members to confirm their eligibility to participate in AmeriCorps.

  
OFFICE OF THE  
INSPECTOR GENERAL  
SEP 11 2006