

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

**AGREED-UPON PROCEDURES OF
CORPORATION FOR NATIONAL AND
COMMUNITY SERVICE
GRANTS AWARDED TO
TEACH FOR AMERICA**

OIG REPORT NUMBER 07-13



Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

Prepared by:

COTTON & COMPANY, LLP
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This report was issued to Corporation management on January 29, 2007. Under the laws and regulations governing follow-up, the Corporation is to make final management decisions on the report's findings and recommendations no later than July 30, 2007, and complete its corrective actions by January 29, 2008. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.



OFFICE OF INSPECTOR GENERAL

January 29, 2007

TO: Kristin McSwain
Director, AmeriCorps*State & National

Margaret Rosenberry
Director, Office of Grants Management

FROM: Carol Bates 
Assistant Inspector General for Audit

SUBJECT: *OIG Audit Report 07-13, Agreed-Upon Procedures of Corporation for National and Community Service Grants Awarded to Teach for America*

We contracted with the independent certified public accounting firm of Cotton & Company LLP (Cotton) to perform an agreed-upon procedures of compliance testing member files for grants awarded to Teach for America. The contract required that Cotton conduct the audit in accordance with generally accepted government auditing standards.

The agreed upon procedure testing was limited to member compliance. Education awards of approximately \$138,000 were questioned in most instances for lack of citizenship documentation and lack of time sheets. The agreed upon procedures also noted nine findings on internal controls and compliance with grant terms relating to incomplete or missing member forms, late Web Based Reporting System (WBRS) input, and WBRS information not supported by required documentation.

Cotton is responsible for the attached auditor's report, dated November 27, 2006, and the results therein.

Under the Corporation's audit resolution policy, a final management decision on the findings in this report is due by July 30, 2007. Notice of final action is due by January 29, 2008.



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Senior Corps



If you have questions pertaining to this report, please call me at 202-606-9356 or you may call Richard Samson, Audit Manager at 202-606-9380.

Attachment

cc: Reshma Singh, Vice President, Development Operations, Teach for America
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**OFFICE OF INSPECTOR GENERAL
AGREED-UPON PROCEDURES FOR
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
GRANTS AWARDED TO
TEACH FOR AMERICA**

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EXECUTIVE SUMMARY

The Office of Inspector General (OIG), Corporation for National and Community Service (Corporation), contracted with Cotton & Company LLP to perform agreed-upon procedures to assist the OIG in compliance testing member files for National Direct and Education Award-Only grants awarded to Teach for America (TFA).

BACKGROUND

The Corporation supports national and community service programs that provide full- and part-time opportunities for Americans to engage in service that fosters civic responsibility, strengthens communities, and provides educational opportunities for those who make a commitment to service. The AmeriCorps program is one of the Corporation's three major service initiatives. Approximately three-quarters of all AmeriCorps grant funding goes to governor-appointed State service commissions, which award competitive grants to nonprofit groups that then recruit AmeriCorps members to respond to local needs. The Corporation distributes most of the balance of its funding directly to multi-State and national organizations such as TFA through a competitive grant process.

TFA is a nonprofit organization headquartered in New York City. It operates a national corps of recent college graduates representing all academic majors who commit to teach in urban and rural public schools for two years and to become leaders in ensuring educational equity and excellence for all children. TFA's mission is to build the movement to eliminate educational inequity by enlisting the nation's future leaders. More than 3,500 members are teaching in more than 1,000 schools across the country.

AGREED-UPON PROCEDURES SCOPE AND RESULTS

Cotton & Company performed the agreed-upon procedures listed in Appendix A for the National Direct and Education Award-Only grants for Program Years (PYs) 2004-2005 and 2005-2006. Our procedures covered testing of the following grants:

Program	Award No.	Award Period
National Direct	04NDHNY002	7/15/2004-7/14/2007
Education Award-Only	04EDHNY002	4/1/2004-3/31/2007

We conducted our field work in August and September 2006.

SUMMARY OF RESULTS

1. Many member files did not include documentation to support eligibility.
2. Some timesheets did not support member eligibility for education awards, several timesheet hours were not accurately recorded by TFA in the Corporation's Web-Based Reporting System (WBRS) or reviewed for reasonableness.
3. Some members began and were credited for service before the start of the grant and program year.
4. TFA did not document its decision to grant an education award to a member who left the program for compelling personal circumstances.
5. TFA did not have documentation to support criminal record checks as part of the member screening process.
6. TFA did not complete most member enrollment, exit, and change-of-status forms and enter them into WBRS in a timely manner.
7. Most member contracts were not signed and several did not include all required elements.
8. TFA did not conduct member evaluations that met AmeriCorps requirements and did not document all evaluations.
9. TFA reported excessive hours for training and educational activities for some members.
10. TFA did not retain documentation of member attendance at orientation sessions.

For each of the issues summarized above and described on pages 3 through 14 of this report, the Corporation should perform on-site monitoring or other oversight methods to ensure implementation of corrective actions and adherence to grant provisions and regulations. The TFA policies and procedures need to be tested by the Corporation to verify the controls are effective. The Corporation should recover inappropriately earned education awards. For those not eligible to serve, the fees for the Education Award-Only grant should also be recovered.

EXIT CONFERENCE

We conducted an exit conference with TFA and Corporation representatives on November 21, 2006. Following that conference, a draft of the report was issued to both TFA and the Corporation for comment. Their responses to the draft report are included as Appendices B and C, respectively. In addition, we included our summary of TFA's and the Corporation's comments in this final report.



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November 27, 2006

Office of Inspector General
 Corporation for National and Community Service

**INDEPENDENT ACCOUNTANTS' REPORT ON
 APPLYING AGREED-UPON PROCEDURES**

Cotton & Company LLP performed the procedures described in Appendix A, which were agreed to by the Office of Inspector General (OIG), Corporation for National and Community Service (Corporation), solely to assist the OIG in compliance testing member files for National Direct and Education Award-Only grants for PYs 2004-2005 and 2005-2006 listed below. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and generally accepted government auditing standards. The sufficiency of these procedures is solely the responsibility of the OIG. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or any other purpose.

Program	Award No.	Award Period
National Direct	04NDHNY002	7/15/2004-7/14/2007
Education Award-Only	04EDHNY002	4/1/2004-3/31/2007

RESULTS OF AGREED-UPON PROCEDURES

We sampled the files of 265 members, using National Trust member rosters obtained from the Corporation. The member files tested included 19 regional offices of the TFA program. Site visits were conducted at TFA's Washington, DC; Philadelphia; and New York City regional offices. Results of procedures performed are provided below.

1. Many member files did not include documentation to support eligibility.

Files for 65 members did not include documentation to support citizenship. The files for 23 members did not include citizenship documentation. The files for 42 members contained documentation that is not acceptable as proof of citizenship, such as driver's licenses and Social Security Cards. According to 45 CFR § 2522.200, *What are the eligibility requirements for an*

AmeriCorps participant?, every AmeriCorps participant is required to be a citizen, national, or lawful permanent resident alien of the United States. TFA did not have a policy for monitoring its regional offices to ensure that they followed AmeriCorps requirements for supporting member citizenship. After discussing this issue with TFA representatives, TFA provided copies of birth certificates and passports to support the citizenship of 22 members (of the 65).

TFA was able to subsequently provide documentation to support citizenship for 16 members at the exit conference. We questioned \$88,219 of education awards for the 27 members for whom TFA was unable to provide citizenship documentation.

Award No.	Questioned Education Awards
04EDHNY002	\$39,351
04NDHNY002	48,868
Total	\$88,219

Files for five members did not include documentation to support high school graduation or agreement to obtain an equivalency certification. The self certification portion of the enrollment form was either not included with the file or was not completed by the members. As an alternative, we attempted to use college transcripts as evidence of high school graduation. However, none of the five files contained college transcripts. According to 45 CFR § 2522.200, every AmeriCorps participant is required to obtain a high-school diploma or equivalency certificate. TFA did not have a policy for monitoring its regional offices to ensure that they followed AmeriCorps requirements for supporting high school graduation ir agreement to obtain equivalency certification. After discussing this issue with TFA representatives, TFA provided support for high school graduation for 2 members (of the 5)..

Recommendation: We recommend that the Corporation:

- Require TFA to develop and implement policies and procedures to ensure that adequate documentation is obtained and maintained to verify member eligibility.
- Recover education awards for members determined to be ineligible.
- Calculate and recover from TFA the fixed amounts received for ineligible Education Award-Only grant members.

Responses: TFA modified its AmeriCorps policies and procedures to ensure that proper eligibility documentation is obtained and maintained in the member files. Additionally, TFA conducted training on member file documentation. The Corporation will work with the TFA staff to secure the missing documentation and ensure appropriate documentation is collected in the future.

Auditors' Comments: The corrective actions, as described in the comments, are responsive to our recommendations.

2. Some timesheets did not support member eligibility for education awards, and several timesheet hours were not accurately recorded in the Corporation's WBRS or reviewed for reasonableness.

Service hours recorded in WBRS for 43 members did not equal hours reported on member timesheets. These differences did not affect member eligibility to earn education awards, because the number of timesheet-supported service hours exceeded the Corporation's service-hour requirements. We also noted that timesheets for 15 additional members were missing from member files.

The 2004 AmeriCorps Provision B.8.a., *Terms of Service, Program Requirements*, states that to be eligible for an education award:

- full-time members must serve at least 1,700 hours;
- half-time members must serve at least 900 hours;
- reduced half-time members must serve at least 675 hours;
- quarter-time members must serve at least 450 hours; and
- minimum time members must serve at least 300 hours.

TFA did not have procedures in place to verify the accuracy of hours recorded in WBRS and on timesheets or to ensure that member timesheets were maintained in member files. TFA could not explain discrepancies between hours recorded on the timesheets and in WBRS or why timesheets were missing.

Of the 15 members with missing timesheets, TFA later found timesheets for 1 of the members. Because timesheets for the other 14 members were not provided to document the hours served, their eligibility to earn an education award is unsupported. We therefore questioned \$36,285 of education awards for 14 members, as shown below. The education awards for 2 of the 14 members were not included in this total, because they were also questioned in Finding No. 1, above.

Award No.	Questioned Education Awards
04EDHNY002	\$25,117
04NDHNY002	<u>11,168</u>
Total	<u>\$36,285</u>

According to the National Education Association, the average number of hours worked by teachers is 50 hours per week. We considered a teacher's work year to be about 40 weeks at 50 hours per week or 2000 hours a year. The following timesheet hours were identified as unreasonable:

- 12 PY 2004-2005 members and 3 PY 2005-2006 members reported more than 3,000 service hours;
- 2 PY 2004-2005 members reported more than 4,000 service hours; and
- timesheets for four PY 2004-2005 members showed identical hours per month for the entire program year, except of the month of August, although the members taught at separate schools. Timesheets for an additional four PY 2005-2006 members showed the same number of hours per week for the entire program year. TFA stated that members were given a sample timesheet as a template, and some members copied the template, thus reporting 1,705 hours based on the template.

During testing, we noted that most timesheets:

- lacked member and/or supervisor signature;
- were not dated or were dated at the end of the program year;
- were prepared in pencil rather than ink;
- were corrected using pencil and whiteout; and
- did not include member and supervisor initials for corrections.

TFA's procedures required signatures and dates, but did not require use of ink, prohibit pencil and whiteout corrections, or require that all changes to timesheets be initialed by the member and supervisor.

AmeriCorps requirements do not specifically address timesheet procedures. It is, however, good business practice to initial changes, make corrections without pencil or whiteout, sign and date documents, and check the accuracy of hours recorded on timesheets. Without procedures to verify member activities or timesheet accuracy, the potential exists that members may perform prohibited activities or may receive unearned education awards. By initialing changes, accountability is maintained that the changes are consistent with the members' and management's intentions.

Recommendation: We recommend that the Corporation:

- Require TFA to develop and implement policies and procedures for verifying the accuracy and reasonableness of service hours reported in WBRS and on timesheets, ensuring that member timesheets are maintained in member files, identifying start and end dates on member timesheets, verifying activities performed by members, and verifying timesheet accuracy.
- Recover education awards for members without timesheets that support the service hours required to earn an award.

TFA's Response: TFA did not agree that the member service hours were unreasonable. It did however, revise its AmeriCorps policies and procedures to include policies for signing and dating of timesheets, using ink, avoiding the use of white out, and initialing corrections.

Auditors' Comments: TFA's corrective actions, as described in its comments, are not completely responsive to our recommendation. While TFA has modified its AmeriCorps policies for signing and making changes to timesheets, and its procedures for recording timesheet hours in WBRS, it has not implemented policies and procedures for verifying the accuracy of the member service hours recorded in WBRS.

3. Some members began and were credited for service before the start of the grant and program year.

In PY 2004-2005, 11 National Direct members began service before the July 15 grant start date without Corporation approval. Additionally, in PY 2005-2006, 9 National Direct members began service before the July 15 program start date without Corporation approval.

AmeriCorps Provisions, B.15.a.i., *Budget and Programmatic Changes, Programmatic Changes*, requires prior written approval to be obtained from the AmeriCorps Program Office before making changes in program scope, objectives, or goals even if they do not involve budgetary changes. Further, the *AmeriCorps 2002-2003 Program Director's Handbook* states that written approval must be obtained for changes in the start and end dates of a grant.

TFA officials said they were unaware that service performed by members before the start of the grant or program year could not be counted as service. After the deduction of ineligible service hours, two members did not have enough service hours to be eligible for education awards. We questioned the \$9,450 of education awards for these two members.

Recommendation: We recommend that the Corporation:

- Require TFA to develop and implement policies and procedures to ensure that member service is performed within the appropriate grant and program year.
- Recover education award funds from TFA for those members who did not serve the required hours to earn an award.

Responses: TFA stated that in the future it will modify timesheets so that members can only report service hours during the grant period. The Corporation will work with TFA to deduct any hours served before the award was issued and ensure each member still qualifies for the education award.

Auditors' Comments: The corrective actions, as described in the comments, are responsive to our recommendation.

4. TFA did not document its decision to grant an education award to a member who left the program for compelling personal circumstances.

One member was released early for compelling personal circumstances and received a partial education award. It was noted in WBRIS that the member had taken personal time off from school and that snow days were not made up by the school where the member worked. TFA did not, however, maintain documentation to support these circumstances or its decision to grant an education award.

According to 45 CFR § 2522.230, *Under what circumstances may AmeriCorps participants be released from completing a term of service, and what are the consequences?*, a program must document the basis for any determination that compelling personal circumstances prevent a participant from completing a term of service.

TFA did not have procedures to ensure that reasons for early releases were properly documented. Without such procedures, members may earn partial education awards contrary to grant provisions and regulations. We questioned the \$4,542 education award for this PY 2004-2005 National Direct grant member.

Recommendation: We recommend that the Corporation:

- Require TFA to develop and implement policies and procedures to ensure compliance with grant requirements for documenting decisions to grant partial education awards to members who leave for compelling personal circumstances.
- Recover the education award funds for the member who lacked documented compelling personal circumstances to exit the program.

TFA's Response: TFA modified its AmeriCorps policies and procedures to require documentation of the circumstances for any member who is released early with a partial award.

Auditors' Comments: TFA's corrective actions, as described in its comments, are responsive to our recommendation.

5. TFA did not have documentation to support criminal record checks as part of the member screening process.

TFA could not provide documentation to support criminal records checks completed as part of the screening process for 215 members. Supporting documentation was either never obtained by TFA or was limited to certifications by TFA regional office program directors or employees of school districts in which members were teaching. Although these individuals certified that results of criminal records checks were considered in placing members, the certifications for the PY 2004-2005 members were dated several months after members had completed their PY 2004-2005 service and the certifications for the PY 2005-2006 members were completed several months after members started their PY 2005-2006 service.

AmeriCorps Provision B.6.h., *Criminal Record Checks*, requires, to the extent permitted by state law, that criminal record checks be conducted of members as part of the screening process.

In addition, eight PY 2004-2005 member files from one regional office contained documentation that criminal record checks were conducted as part of the member screening process. These checks were, however, conducted only in the local jurisdiction in which members were assigned to teach or in the local jurisdiction the member lived in at the time of their application. Nationwide criminal records checks were not conducted even though the members had recently lived or attended school in other states. TFA did perform nationwide criminal record checks in the following program year.

TFA relied on the school districts in which the members were teaching to conduct criminal record checks as part of the member screening process, but did not verify, with school districts, that criminal records checks were conducted until after members had served their terms. Without documentation of required criminal record checks, members who should not have been working with children may have had substantial direct contact with them, thus resulting in a potential liability for the school districts, TFA, and the Corporation.

Recommendation: We recommend that the Corporation require TFA to develop and implement policies and procedures for obtaining and retaining documentation to show that results of criminal records checks were considered as part of the member screening process.

TFA's Response: TFA noted that it relies on the school districts to perform criminal record checks for the members and that limiting it to the jurisdictions performing the checks may not be adequate. Additionally, TFA modified its AmeriCorps policies and procedures to include the requirement that criminal record check verifications obtained from school districts should also confirm that the results of the checks were considered in the placement of the member prior to the start of service. TFA also noted that, for the 2006-2007 year, the signed verification was required to be submitted at the beginning of the school year.

Auditors' Comments: TFA's corrective actions, as described in its comments, are responsive to our recommendation.

6. TFA did not complete most member enrollment, exit, and change-of-status forms and enter them into WBRS in a timely manner.

TFA did not enter 190 member enrollment forms into the Corporation's Web-Based Reporting System (WBRS) within 30 days of member service start dates. In addition, 33 other member enrollment forms were signed and completed by members and supervisors more than 30 days after the members started service. AmeriCorps Provision 16.b.i., *Member Related Forms, Enrollment Forms*, requires enrollment forms to be submitted no later than 30 days after the member is enrolled.

TFA did not enter 96 member exit forms in WBRS within 30 days of members completing service. In addition, 60 other exit forms were signed and completed by members and supervisors before the members finished service. AmeriCorps Provision 16.b.iii., *Member Related Forms, Exit/End-of-Term-of-Service Forms*, requires enrollment forms to be submitted no later than 30 days after the member exits the program or finishes the term of service.

TFA did not enter 2 member change-of-status forms into WBRS within 30 days of status change. AmeriCorps Provisions 16.b.ii., *Member Related Forms, Change of Status Forms*, requires member change-of-status forms to be submitted no later than 30 days after member status is changed.

TFA did not ensure that regional offices followed AmeriCorps requirements and provisions for completing and submitting enrollment, exit, and change-of-status forms. Without timely submission of these forms, the Corporation cannot maintain timely and accurate member records.

Additionally, TFA did not properly complete 24 member enrollment and exit forms. These forms:

- lacked member and/or supervisors signatures;
- were completed in pencil; or
- were undated.

AmeriCorps requirements do not specifically address procedures for preparing forms. It is, however, good business practice to prepare, sign, and date documents in ink. When member forms are prepared with pencil and not dated, it is difficult to determine if unauthorized alterations have been made, and an audit trail does not exist to determine if the changes were authorized.

Files for 53 members were missing either the entire enrollment and exit forms or pages of enrollment and exit forms, and 56 member files did not contain the page requiring program directors to certify member eligibility for education awards to the National Service Trust.

AmeriCorps Provision C.27., *Retention of Records*, requires that grantees retain all program records for 3 years from the date of submission of the final Financial Status Report. Additionally, if an audit is started before expiration of the 3-year period, records must be retained until audit findings are resolved and final action completed.

TFA officials said they were unable to explain why the forms were not in the member files, but were aware that some forms were missing. TFA had placed a certification, signed by the regional office program manager, in some files, stating that forms were missing.

Recommendation: We recommend that the Corporation require TFA to develop and implement policies and procedures to ensure that member enrollment, exit, and change-of-status forms are maintained in member files, submitted to the Corporation as required; forms are completed in ink, and changes are initialed and approved accordingly.

TFA's Response: TFA will communicate paperwork and WBRs deadlines to the executive directors of the regions. TFA's development operations specialist will continue to monitor each region's progress weekly in WBRs, and will follow up with regions that are falling behind to ensure that all forms are entered on a timely basis. TFA will continue to emphasize to staff that member and supervisor signatures are needed on forms. TFA updated its AmeriCorps policies and procedures to require that forms be completed in ink and that all changes to forms are initialed. In addition, TFA distributed to staff its file retention policies to clarify how long documents should be retained.

Auditors' Comments: TFA's corrective actions, as described in its comments, are responsive to our recommendation.

7. Most member contracts were not signed and several did not include all required elements.

Files for 169 members did not contain member contracts. AmeriCorps Provision B.7.b., *Training, Supervision and Support, Member Contracts*, requires members to sign contracts that stipulate responsibilities and rights. TFA did not require first-year members to sign contracts, but required them to review contracts and electronically sign a commitment statement indicating agreement with contract terms and conditions. Members were not required to recertify their commitment statements in the following year. Further, 32 member files contained member contracts undated by members or prepared in pencil.

The contract used by TFA in PY 2004 did not stipulate the minimum number of service hours necessary to successfully complete a term of service and to be eligible for an education award. It also did not identify prohibited activities, state that the members were participating in the AmeriCorps program, or identify the amount of education award they were eligible to receive. AmeriCorps Provision B.7.b., *Training, Supervision and Support, Member Contracts*, requires that members sign contracts stipulating the minimum number of service hours and prohibited activities. Failure to sign member contracts that include all necessary stipulations could result in members being unaware of their rights and responsibilities.

TFA officials were aware that the contract did not comply with the AmeriCorps provisions and noted that they had worked with the Corporation to develop the PY 2005 member contract to ensure that it met the AmeriCorps requirements. The 2005 member contracts in our testing included all AmeriCorps requirements.

Recommendation: The member contracts now include all of the required information. We recommend that the Corporation require TFA to develop and implement policies and procedures to ensure that a signed and dated contract is obtained and retained for each member for each year of service.

TFA's Response: TFA now requires first-year members to sign a hard copy of the member contract.

Auditors' Comments: TFA's corrective action, as described in its comments, is responsive to our recommendation.

8. TFA did not conduct member evaluations that met AmeriCorps requirements and did not document all evaluations.

TFA conducted observations of member teaching performance three times a year. These observations did not, however, comply with the AmeriCorps program requirements. The observation forms did not document whether the members completed the required number of service hours, satisfactorily completed assignments, and met other performance criteria communicated to members at the beginning of service.

According to 45 CFR § 2522.220(d), *Participant performance review*, a participant is not eligible for a second or additional term of service and/or for an AmeriCorps education award without mid-term and final evaluations. Grantees also are required to conduct mid-term and final evaluations at a minimum of each member's performance and document that the member has:

- completed the required number of hours;
- satisfactorily completed assignments; and
- met other performance criteria communicated at the beginning of the service term.

Evaluations are necessary to ensure that members are eligible for additional service terms and that grant objectives have been met. TFA officials said they were unaware that their member observations did not comply with AmeriCorps requirements and were unable to explain why evaluation forms were not always in member files.

Recommendation: We recommend that the Corporation require TFA to conduct and document member evaluations that meet AmeriCorps program requirements.

TFA's Response: TFA is working with its program officers to determine how to translate the evaluation information it collects into a format that complies with AmeriCorps requirements and is acceptable to the Corporation.

Auditors' Comments: We continue to recommend that the Corporation ensures TFA complies with AmeriCorps program requirements for member evaluations.

9. TFA reported excessive hours for training and education activities for some members.

According to hours reported in WBRS, Education Award-Only members in PY 2004-2005 spent more than 20 percent of all service hours in training and education activities. In addition, National Direct members exceeded the 20-percent aggregate training limitation at one regional office in PY 2004-2005 and two regional offices in PY 2005-2006.

According to 45 CFR § 2520.50, *How much time may Americorps members in my program spend in education and training activities?*, and AmeriCorps Provision, Section B.7.e., *Limit on Education and Training Activities*, no more than 20 percent of the aggregate of all AmeriCorps member service hours in a program may be spent in training and educational activities.

TFA required members to record their service hours as either direct or non-direct. Non-direct hours were reported in WBRS as training and education activities. According to TFA's policies, non-direct service hours included more than training and education, as follows:

- Corps Development Nights
- Regional Induction
- Entire Summer Institute
- Recruitment Events
- Workshops
- Conferences/Conventions
- Corps Service Projects

As a result, total training and educational hours reported in WBRS may be overstated, because they include other activities.

Recommendation: We recommend that the Corporation require TFA to revise its policies and procedures to ensure that it reports only training and educational activities as training hours in WBRS.

TFA's Response: TFA modified its timesheet category descriptions on its PY 2006-2007 timesheets to ensure that no direct service hours are included under training. Member service hours are now categorized as Service, Training, and Fundraising.

Auditors' Comments: TFA's corrective actions, as described in its comments, are responsive to our recommendation.

10. TFA did not retain documentation of member attendance at orientation sessions.

The three regional offices we visited did not retain sign-in sheets or other documentation to support member attendance at AmeriCorps orientation sessions.

AmeriCorps Provision B.7.c., *Training, Supervision, and Support*, states that grantees are required to provide members with the training, skills, knowledge, and supervision necessary to perform tasks required in their assigned project positions, including specific training in a particular field and background information on the community served. Additionally, AmeriCorps Provision C.27., *Retention of Records* requires grantees to retain all program records for 3 years from the date of submission of the final Financial Status Report. If an audit is started before the expiration of the 3-year period, records must be retained until audit findings are resolved and final action completed.

TFA regional offices were unable to provide documentation to support member attendance at orientation. TFA officials were unaware that it was necessary to retain orientation sign-in sheets beyond the current year, and did not have a policy for retaining sign-in-sheets. Retention of orientation sign-in sheets is necessary to ensure that members are knowledgeable about properly fulfilling all program requirements.

Recommendation: We recommend that the Corporation require TFA to develop and implement policies and procedures to ensure that it retains all documentation to support member attendance at orientation.

TFA's Response: TFA stated that, beginning in the summer of 2007, it will retain orientation sign-in sheets for the required period of time.

Auditors' Comments: TFA's corrective actions, as described in its comments, are responsive to our recommendation.

We were not engaged to, and did not perform an examination, the objective of which would be expression of an opinion on the subject matter. Accordingly, we do not express such an opinion. Had we performed other procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the OIG, Corporation, TFA, and U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

COTTON & COMPANY LLP

A handwritten signature in black ink, appearing to read 'Michael Gillespie', written in a cursive style.

Michael Gillespie, CPA, CFE
Partner

APPENDIX A
AGREED-UPON PROCEDURES

APPENDIX A

AGREED-UPON PROCEDURES

We sampled 265 members using National Trust member rosters obtained from the Corporation and visited the Washington, DC; Philadelphia, and New York City regional offices. We performed the following procedures:

- Verified that members were U.S. citizens, nationals, or law permanent residents and obtained high-school diplomas or equivalency certificates.
- Verified that criminal record checks were conducted for members with substantial recurring contact with children or vulnerable individuals.
- Verified that contracts were signed by members and included required AmeriCorps stipulations.
- Verified that mid-term and end-of-term performance evaluations were documented.
- Verified that timesheets supported member eligibility to earn education awards and verified that member service hours reported in WBRS agreed to hours recorded on member timesheets.
- Verified eligibility for education awards for those members released for compelling personal circumstances.
- Verified that TFA certified to the National Service Trust that members were eligible to receive education awards.
- Verified that member enrollment, exit, and change-of status-forms were completed and approved in WBRS within 30 days of members starting and ending service or change of status.
- Verified that no more than 20 percent of the aggregate of all AmeriCorps member service hours was spent in training and educational activities.
- Verified that member timesheets, forms, and contracts were in member files and were signed, dated, and did not contain discrepancies.
- Verified that members at the three regional offices visited attended orientation.

APPENDIX B

TEACH FOR AMERICA'S RESPONSE TO AGREED-UPON PROCEDURES REPORT

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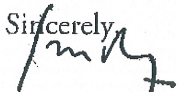
Introduction

Below please find Teach For America's response to Cotton & Co.'s Draft Audit Report for the audit performed on our Education Award Only (EAP) and National Direct (ND) grants in program years 2004-05 and 2005-06.

As I mentioned in our past discussions, we are excited at the level of change we have been able to effect over the last year as a result of our capacity initiatives in infrastructure support areas. We found it incredibly beneficial to be able to, at this point in time, engage with an external auditor in order to validate our progress in the areas of programmatic compliance, and act upon new information that may not have been apparent to us through our own internal discovery process. Looking ahead, we welcome the opportunity to work with the Corporation for National and Community Service (CNCS) to continue to evolve our systems in a proactive manner as our organization grows in both size and complexity.

As we have previously articulated, over the last year Teach For America has conducted its own internal audits to inform ongoing staffing and systemic enhancements. In the spring of 2006, members of our development operations team traveled to all the regions that received ND or EAP support and tested member files. After evaluating the results of our own discovery process, we immediately prioritized the review and evolution of our existing documentation and processes. As a result, we have rolled out a robust programmatic policies and procedures manual that, combined with our ongoing training initiatives, directly supports our execution and compliance at both the regional and national levels. In addition, and in support thereof, we have charged our Development Operations Specialist position with the responsibility for centrally monitoring and providing support to all regional sites on every aspect of programmatic compliance on the federal regulations applicable to our AmeriCorps funding. As a result of these improvements, we are excited about the fact that we have already addressed, and/or are in the process of addressing the observations resulting from the programmatic audit, and are confident in the fact that the current infrastructure can ensure the sustainability of our compliance going forward.

We remain incredibly grateful for the level of support that we have received from AmeriCorps and CNCS, and we look forward to our continued work together to serve children in low income communities. Should you have any questions on the attached response, please feel free to reach out to me at 212-279-2080, ext. 144 or at miguel.rossy@teachforamerica.org.

Sincerely,


E. Miguel Rossy
Senior Vice President, Finance and Operations



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Programmatic Audit Finding # 1: Member files did not include documentation to support eligibility.

A. Citizenship Status. Teach For America recognizes that, historically, there were some gaps in the retention of required eligibility documents. In some cases, our admissions team was unclear on which documentation served this purpose and accepted Drivers' Licenses and Social Security Cards. In additional cases, proper documentation was obtained from corps members but sent off-site to school districts for payroll purposes without duplicate records kept for our files. Both of these issues, however, have since been addressed. All applicants who are invited to a final interview with Teach For America must present legal documentation that confirms their status as a citizen, national, or lawful permanent resident of the United States. This requirement is clearly stated on our website at [http://www.teachforamerica.org/admissions/how to apply/requirements.htm](http://www.teachforamerica.org/admissions/how_to_apply/requirements.htm). In addition, our admissions team has instituted additional checks in our matriculation process to ensure that documentation from final interviews meet federal eligibility regulations. This policy is further reinforced in our AmeriCorps Programmatic Compliance Policies and Procedures (hereafter referred to as the "Policies and Procedures"). See Appendix I, Policies and Procedures, Page 6.

B. High School Graduation. A high school diploma or its equivalent is a prerequisite to attending an accredited higher education institution. Teach For America corps members must have received their bachelor's degree from an accredited college or university by the first day of our summer institute, which begins in mid to late June of each year, and we collect college transcripts for each corps member. This requirement is, again, outlined on our website as is the requirement to have received a high school diploma or high school equivalency certificate at [http://www.teachforamerica.org/admissions/how to apply/requirements.htm](http://www.teachforamerica.org/admissions/how_to_apply/requirements.htm).

Our admissions team sends college transcripts to each corps member's regional site, as part of a larger file for the member. College transcripts are submitted to Teach For America during the admissions process, and each transcript is reviewed in depth to ensure that each applicant meets both our organizational grade point average minimum and has the sufficient coursework required by each state's alternative teacher certification program. Despite this practice, missing transcripts may have been misfiled or sent off-site to university partners and/or school districts.

Since winter of 2006, a member of the development operations team has conducted an Introduction to AmeriCorps training for regional staff who work with corps member files. During this training, the importance of retaining all paperwork that comes in the admissions files is stressed. Additionally, college transcripts are also listed on our Corps Member File Checklist, which was created in fall 2005 and is now found in each member file. See Appendix II for a sample Corps Member File Checklist.



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Programmatic Audit Finding # 2: Timesheets did not support member eligibility for education awards, timesheet hours were not accurately recorded by TFA in the Corporation's Web-Based Reporting System (WBRS) or reviewed for reasonableness.

A. Reasonableness of Hours. We do not agree that it is unreasonable for Teach For America corps members to exceed the required 1700 service hours. As discussed in our exit conference, Teach For America corps member hours frequently exceed the average hours worked by other teachers due to the nature of our program. During our intensive five-week summer institute, corps members work long hours during the summer when other teachers are not typically in the classroom. In the mornings and early afternoons, corps members teach in a district summer school program, under the close supervision of veteran educators from the hosting school district and Teach For America instructional staff. In the late afternoons and evenings, corps members participate in interactive courses and clinics to build knowledge, deepen skills, and apply learning to upcoming teaching. They then work to prepare lesson plans and materials late into the evening.

During the school year, corps members are involved in evening certification coursework, as well as evening and weekend professional development through university partners and Teach For America. Our corps members face steep learning curves as new teachers and often put extreme hours into activities such as planning, prepping, tutoring, leading extracurricular programs, investing parents and other associated activities. Our experience is that many corps members work 60-70 hours each week; and some work even more. For all these reasons, we are not surprised to see member timesheets reflect hours well above the 1700 hour minimum.

B. Accuracy of Hours. As stated in Cotton & Co.'s reports, timesheet samples were used by our New York City site in the past, but are no longer in use, to eliminate the possibility of members failing to accurately reflect their own hours. In the fall of 2006, we set clearer policies around timesheet approvals (i.e., the signing and dating of timesheets) and have added policies to comply with auditors' suggestions on using ink, avoiding the use of whiteout, and initialing corrections. See Appendix I, Policies and Procedures, Page 25.

Programmatic Audit Finding # 3: Members began and were credited for service before the start of the grant and program year.

Teach For America acknowledges that hours may not be counted prior to start of grant year. We attribute past issues to monthly timesheets where weeks prior to the start date were not blacked out and start dates fell mid-month for some grants. Since our corps members were working the entire month, they often recorded hours that fell prior to our start date (since our grants usually began mid-month). We eventually began blacking-out weeks prior to start date, but in some cases, start dates fell mid-week. In such cases, corps members sometimes recorded hours for full week. We will work to remedy this in future by ensuring that only grant dates are included on timesheets, so that it's very clear to members when they may begin recording hours.



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Programmatic Audit Finding # 4: TFA did not document its decision to grant an education award to a member who left the program for compelling personal circumstances.

Teach For America acknowledges this gap in documentation. We have recently modified our policies to require documentation of the circumstances for any member who is released early with a partial award. See Appendix I, Policies and Procedures, Page 29 & 34-35.

Programmatic Audit Finding # 5: TFA did not have documentation to support criminal record checks as part of the member screening process.

A. Documentation of Background Checks. Background checks on all Teach For America corps members are done (by school districts) prior to the start of each school year. At the outset of the program year 2005-06, we began to receive signed background check verifications from school districts, but the verifications were not requested until late fall, at which time we requested verifications for that year and preceding years as well. For the 2006-07 year, however, we required this signed verification at the beginning of the school year in order to comply with this requirement. See Appendix I, Policies and Procedures, Pages 4 & 8.

B. Jurisdiction of Background Checks. Per our exit conference and as stated above, we have relied on school district policies and procedures to meet federal background check requirements. However, we acknowledge that the jurisdiction of school district background checks may not be expansive enough. We understand the importance of thorough background checks before placing Teach For America corps members in vulnerable communities and are working with our General Counsel to provide better assurances on member background checks as soon as possible. We are also aware that AmeriCorps has a new proposed rule regarding background checks, and will ensure that we are in compliance with any new guidelines when they are approved.

Programmatic Audit Finding # 6: TFA did not complete member enrollment, exit, and change-of-status forms and enter them into WBRs in a timely manner.

A. Timeliness of WBRs Entries. Given the size of our program, the timely completion of enrollment and exit forms has been an ongoing challenge. We have made and continue to make efforts to improve timeliness by implementing new procedures and adding a level of central management from the national office. Our development operations specialist is tasked with the ongoing monitoring of WBRs enrollment at critical times of year.

Since the summer of 2005, we have been sending periodic communications to all sites to reinforce procedures and deadlines for enrollments and exits throughout the year and then following up with sites during 30-day windows. Beginning in the spring of 2006, the development operations specialist has joined monthly conference calls with the regional staff who manage AmeriCorps programmatic responsibilities. On these monthly calls and in email communications last spring, our



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specialist outlined the requirements involved in the closeout and start up of the next year. At this time, paperwork requirements were emphasized and suggestions were made to regions on available opportunities to communicate with and collect paperwork from corps members in advance of the WBRS deadlines. This verbal communication was accompanied by an email providing the same information in writing. However, due to turnover on regional teams, we still experienced some paperwork gaps.

In the future, to ensure that we have all required paperwork in a timely manner, we will begin to communicate paperwork and WBRS deadlines to executive directors of the regions as well (starting in the spring of 2007), so that they can determine who on their staff should manage this process if their team is undergoing transition. During the 30-day period when enrollments or exits are being completed, the development operations specialist will continue to monitor each region's progress weekly in WBRS, and follow up with regions that seem to be falling behind.

B. Preparation of Forms. We are continually emphasizing to staff that we need member and supervisor signatures and dates on forms, and have updated policies to require ink and initialing of changes to forms. See Appendix I, Policies and Procedures, Page 22 & 29.

C. Retention of Forms. In the fall of 2006, our national administration team revised and redistributed file retention policies to clarify for staff how long they need to keep paperwork. See Appendix III, Administration Policies and Procedures, Pages 62-63.

Programmatic Audit Finding # 7: Member contracts were not signed and did not include all required elements.

Teach For America corps members are required to re-certify their 2^o year, and the signed copy of the second-year contract is kept in the AmeriCorps file. This policy was enacted in the beginning of the 2005-06 year. See Appendix 1, Policies and Procedures, Page 4.

Per recent guidance from our AmeriCorps program officers, we will also begin to have corps members sign a hard copy of the member contract (our current practice has been to have them electronically sign as they matriculate into our program online, with the date and time of their sign-off recorded by our matriculation portal).

Programmatic Audit Finding # 8: TFA did not conduct member evaluations that met AmeriCorps requirements and did not document all evaluations.

A. Member Evaluations. Teach For America evaluates its members thoroughly and consistently against standards designed to meet the professional obligations of being an effective classroom teacher. As a professional corps, we must be mindful of the professional requirements associated with our corps members' work. Consequently we have crafted an evaluation process that ensures regular evaluation and coaching that are based in the development of our corps members as effective



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teachers. While many elements of the AmeriCorps evaluation forms match elements of Teach For America's evaluation process, there are some instances where the forms are not applicable to the professional obligations of the corps members.

In each of the 25 urban and rural areas where corps members are placed, Teach For America has a staff of experienced educators, almost all of whom are program alumni. Our regional staff ensures corps members have teaching placements, helps them prioritize where to focus for improvement, and ensures they are accessing meaningful learning experiences to build the knowledge, skills and mindsets necessary for classroom success. Teach For America program directors go through four formal evaluation cycles with each corps member per year. Each cycle involves reviewing student achievement data, conducting detailed observations, and the program director and corps member jointly problem solving to identify the root causes of any current gaps in student achievement to determine additional steps the corps member might take to improve student achievement.

As an example of an area of the AmeriCorps evaluation form that is not directly applicable to the corps members' professional obligations, "completing assignments" is not a match with corps members' daily work as classroom teachers. Additionally, because we view teaching as a process of continuous improvement in an effort to constantly become more effective, there is never a time when corps members have "met" the performance criteria.

Beginning this year (2006-07), the corps member evaluation data collected through each of these formal cycles is recorded in a tracking system, and we are discussing with our AmeriCorps program officers how we can use this system to satisfy the member evaluation requirement.

B. Standard Evaluation Forms. As stated above, we are working with our AmeriCorps program officers to determine how best to translate the extensive evaluation information we already collect into an acceptable format that complies with requirements.

Programmatic Audit Finding # 9: TFA reported excessive hours for training and educational activities.

Teach For America has modified its timesheet category descriptions on PY 2006-07 timesheets to ensure that no direct service hours are included under training. See Appendix IV for a sample PY 2006-07 Timesheet.

Programmatic Audit Finding # 10: TFA did not retain documentation of member attendance at orientation sessions.

The trainings that provide members with the knowledge and many of the skills they need for their two year teaching commitments take place at Teach For America's five-week training institute. The training institute is a prerequisite to being placed in a classroom, and we guarantee that all corps



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members who begin teaching attend the institute. The orientations referenced by Cotton & Co. in their draft reports are the trainings that regional staff members conduct (usually in August) to orient corps members to their local teaching landscape and their obligations as AmeriCorps members. Starting next year (summer 2007), we will retain orientation sign-in sheets for the required period of time.




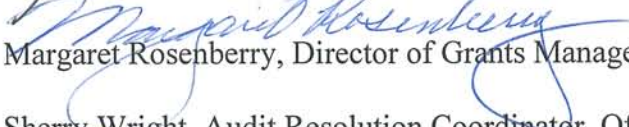
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APPENDIX C

CORPORATION'S RESPONSE TO AGREED-UPON PROCEDURES REPORT

Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

To: Inspector General
From: 
Kristin McSwain, Director of AmeriCorps

Margaret Rosenberry, Director of Grants Management
Cc: Sherry Wright, Audit Resolution Coordinator, Office of the CFO
Date: January 10, 2007
Subject: Response to OIG Draft Audit Report: Agreed-Upon Procedures of Corporation for National and Community Service Grants Awarded to Teach for America

Thank you for the opportunity to review the draft report of the Corporation's grants awarded to Teach for America.

We are responding to only two findings at this time. As the audit notes, about 25% of the files sampled by the auditors did not contain documentation demonstrating that the member was a citizen or lawful permanent resident alien and, therefore, eligible to participate in AmeriCorps. In some cases the Teach for America operating site relied on an individual's Social Security card and driver's license to confirm eligibility to participate in AmeriCorps related to citizenship. The Corporation's Regulations, published in 1999, list all documents that can be used to confirm eligibility. The Social Security card and driver's license are not sufficient. Teach for America has been able to secure appropriate documentation for 49 of the 65 members. We will work with the staff to ensure all sites receive appropriate documentation in the future and to secure appropriate documentation for those members whose eligibility is still missing.

Teach for America also needs to ensure its sites do not allow AmeriCorps members to begin service under the grant until the grant award is issued. The Strengthen AmeriCorps Act specifically prohibits members from service before the Corporation issues the grant. During audit resolution, we will work with TFA to deduct any hours served before the award was issued and ensure each member still qualifies for the education award.

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 Teach for America to resolve the audit.

