

Office of Inspector General Corporation for National and Community Service

AGREED-UPON PROCEDURES REVIEW OF CORPORATION FOR NATIONAL AND COMMUNITY SERVICE GRANTS AWARDED TO THE GEORGIA COMMISSION FOR SERVICE AND VOLUNTEERISM

OIG REPORT 08-03



Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

Prepared by:

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This report was issued to Corporation management on March 17, 2008. 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 September 17, 2008, and complete its corrective actions by March 17, 2009. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.



OFFICE OF INSPECTOR GENERAL

March 17, 2008

TO: Kristin McSwain
Director, AmeriCorps*State and National

Margaret Rosenberry
Director, Office of Grants Management

FROM: Carol Bates 
Assistant Inspector General for Audit

SUBJECT: OIG Report 08-03, *Agreed-Upon Procedures Review of Corporation for National and Community Service Grants Awarded to the Georgia Commission for Service and Volunteerism*

We contracted with the independent certified public accounting firm of Mayer Hoffman McCann P.C. (MHM) to perform agreed-upon procedures in its review of Corporation grants awarded to the Georgia Commission for Service and Volunteerism (Commission). The contract required that MHM conduct its review in accordance with generally accepted government auditing standards.

MHM is responsible for the attached report, dated March 12, 2008, and the conclusions expressed therein. We do not express opinions on the Commission's Consolidated Schedule of Award costs, conclusions on the effectiveness of internal controls, or compliance with laws, regulations, and grant provisions.

Under the Corporation's audit resolution policy, a final management decision on the findings in this report is due by September 17, 2008. Notice of final action is due by March 17, 2009.

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

Attachment

Courtesy Copy Distribution: See next page



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cc: John Turner, Executive Director, Georgia Commission for
Service and Volunteerism
Russell W. Hinton, State Auditor, State of Georgia
William Anderson, Deputy Chief Financial Officer
Sherry Blue, Audit Resolution Coordinator
Randal G. Vellocido, Shareholder, Conrad Government
Services Division, Mayer Hoffman McCann, P.C.

**AGREED-UPON PROCEDURES REVIEW OF
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
GRANTS AWARDED TO THE
GEORGIA COMMISSION FOR SERVICE AND VOLUNTEERISM**

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EXECUTIVE SUMMARY

The Office of Inspector General (OIG), Corporation for National and Community Service (Corporation), contracted with Mayer Hoffman McCann P.C. (MHM) to perform agreed-upon procedures of grant cost and compliance for Corporation-funded Federal assistance provided to the Georgia Commission for Service and Volunteerism (Commission).

SUMMARY OF RESULTS

The detailed results of our agreed-upon procedures are presented in the Consolidated Schedule of Award Costs and supporting exhibit and schedules. As a result of applying our procedures, we questioned claimed Federal-share costs of \$57,451. We noted \$14,496 in exceptions related to grant match; however, we did not question these costs as the Commission met its match requirement even after subtracting these exceptions.

A questioned cost is an alleged violation or provision of law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; a finding that, at the time of testing, such cost was not supported by adequate documentation; or a finding that the expenditure of funds for the intended purpose was unnecessary or unreasonable.

Costs Claimed and Questioned

The Commission claimed total costs of \$9,225,985 from October 1, 2004, through June 30, 2007. As a result of testing a judgmental sample of transactions, we questioned costs as shown in the table on the following page.

Description	Grant Number	Federal Share	*Grant Match	Education Award
Costs Outside Grant Period	07CAHGA001	\$ 104	\$ -	\$ -
Costs not Included in the Original or Amended Budgets	05PTHGA001	34,287	-	-
Costs not Appropriately Approved	05PTHGA001	4,900	-	-
Unallowable Costs	03AFHGA001	103	5,891	-
Unallowable Costs	03ACHGA001	238	651	-
Excess Administrative Costs	03AFHGA001	350	-	-
Accounting Records Less Than Claimed Costs	03AFHGA001	6,593	4,819	-
Member Service Hours not met	03AFHGA001	-	-	7,086
Member Received Excess Living Allowance	03AFHGA001	179	36	-
Unapproved Time Sheets	03AFHGA001	3,065	803	9,304
Members Contract Signed After Start of Service	03AFHGA001	6,884	1,979	**26,992
Member Contract Signed After Start of Service	06ACHGA001	<u>748</u>	<u>317</u>	<u>-</u>
Total		<u>\$ 57,451</u>	<u>\$ *14,496</u>	<u>\$ 43,382</u>

* Note – The amounts shown in the table were the exceptions found during our testing. We did not question any match costs because the Commission fulfilled its match obligation, even after subtracting these costs.

** Note – Grant 03AFHGA001 includes an accrued interest award of \$1,006 as part of the questioned education award.

The procedures we performed did not result in questioned costs for Administrative Grant Number 04CAHGA001, Disability Grant Number 06CDHGA001, and Education Award Grant Number 05ESHGA001.

AmeriCorps members who successfully complete their terms of service are eligible for education awards and accrued interest awards funded by the National Service Trust. These award amounts are not funded by Corporation grants and thus are not costs claimed by the Commission. As part of our agreed-upon procedures, however, we determined the effect of findings on education award and accrued interest eligibility. Using the same criteria described above, we question education awards and accrued interest awards of \$43,382.

Details related to these questioned costs appear in the *Independent Accountants' Report on Applying Agreed-Upon Procedures* (page 5).

Compliance Issues

We found instances of non-compliance with grant provisions, regulations, or Office of Management and Budget (OMB) requirements, as shown below under the Compliance and Internal Control section. Issues identified included:

- Inadequate controls over recording and reporting costs;
- Late submission of Financial Status Reports (FSRs), member program forms, progress reports, and Periodic Expense Reports (PERs); and
- Lack of adequate procedures to ensure program compliance with criminal background checks; members receiving living allowance and recording hours before service agreements were signed; subgrantees not paying living allowances in equal increments; time sheets not signed by individuals with oversight responsibilities for the members; mid-term and end-term evaluations not performed; and members receiving education awards even though they did not complete the required minimum service hours.

Exit Conference

The contents of this report were discussed with the Corporation and the Commission at an exit conference held in Atlanta, Georgia, on December 11, 2007. In addition, we provided a draft of this report to the Commission and to the Corporation for comment on January 24, 2008. The Commission’s response to the findings and recommendations in the draft report are summarized in this report and included as Appendix A. The Corporation did not respond to the individual findings and recommendations. Its response is in Appendix B.

AGREED-UPON PROCEDURES SCOPE

The agreed-upon procedures covered the allowability, allocability, and reasonableness of financial transactions claimed under funding provided by the Corporation for the following awards, as well as grant match costs. We also performed tests to determine compliance with grant terms and provisions. We performed our agreed-upon procedures during the period September 4 through November 2, 2007.

<u>Program</u>	<u>Award Number</u>	<u>Award Period</u>	<u>Testing Period</u>
Administrative	04CAHGA001	01/01/04 to 12/31/06	01/01/06 to 12/31/06
Administrative	07CAHGA001	01/01/07 to 12/31/09	01/01/07 to 06/30/07
PDAT	05PTHGA001	01/01/05 to 12/31/07	07/01/05 to 06/30/07
Disability	06CDHGA001	01/01/06 to 12/31/08	01/01/06 to 06/30/07
Education Award	05ESHGA001	08/23/05 to 08/22/08	08/23/05 to 06/30/07
AmeriCorps – Formula	03AFHGA001	09/05/03 to 09/04/06	09/05/04 to 09/04/06
AmeriCorps – Competitive	03ACHGA001	07/31/03 to 07/30/06	04/01/05 to 07/30/06
AmeriCorps – Competitive	06ACHGA001	07/15/06 to 07/14/09	10/01/06 to 03/31/07

The OIG's agreed-upon procedures program, dated February 2007, provides for understanding the Commission; reconciling costs claimed and match costs to accounting records; testing compliance provisions of the grant; and testing claimed grant and match costs. These procedures are described in more detail on page 5 in the Independent Accountants' Report on Applying Agreed-Upon Procedures that follows.

BACKGROUND

The Corporation, pursuant to the authority of the National Community Service Trust Act of 1993, as amended, awards grants and cooperative agreements to State commissions, such as the Georgia Commission for Service and Volunteerism, and other entities to assist in the creation of full-time and part-time national and community service programs.

The Georgia Commission is located in Atlanta, Georgia, and is a part of the Georgia Department of Community Affairs within the hierarchy of the State government. The Commission employs one Executive Director, five full-time and one part-time staff. The Commission has been in transition for the last year-and-a-half and has had four different Executive Directors within that time span.

The Commission relies on the Department of Community Affairs to provide accounting data for preparing Financial Status Reports (FSRs). It also uses the State's payroll and human resource division. Disbursements and procurement of goods follow the same process as other State agencies with approval from the Executive Director. Administrative costs are allocated via a Statewide Allocation Plan and spread to all Federal grants.

As illustrated in the following table, the Commission received about \$15.8 million in funding for various Corporation programs. The claimed and tested costs are approximately \$9.2 million. Of the amount of funding received, the Commission awarded approximately \$14.2 million to its AmeriCorps subgrantees, including localities and nonprofit entities.

<u>Corporation Grants</u>	<u>Funding Authorized</u>	<u>Claimed Within Audit Period</u>
03AFHGA001 – AmeriCorps Formula	\$ 6,358,058	\$ 4,877,710
03ACHGA001 – AmeriCorps Competitive	5,631,136	2,370,122
06ACHGA001 – AmeriCorps Competitive	<u>2,221,110</u>	<u>1,281,718</u>
Total AmeriCorps	\$ 14,210,304	\$ 8,529,550
04CAHGA001 – Administrative	742,017	264,375
07CAHGA001 – Administrative	322,595	103,033
05PTHGA001 – PDAT	414,905	295,301
06CDHGA001 – Disability	107,000	32,069
05ESHGA001 – Education Award	<u>2,000</u>	<u>1,657</u>
Total – Grants Administered	<u>\$ 15,798,821</u>	<u>\$ 9,225,985</u>



Inspector General
 Corporation for National and Community Service

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

We have performed the procedures described below, which were agreed to by the OIG, solely to assist it in grant-cost and compliance testing of Corporation-funded Federal assistance provided to the Commission for the awards and periods 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.

<u>Program</u>	<u>Award Number</u>	<u>Award Period</u>	<u>Testing Period</u>
Administrative	04CAHGA001	01/01/04 to 12/31/06	01/01/06 to 12/31/06
Administrative	07CAHGA001	01/01/07 to 12/31/09	01/01/07 to 06/30/07
PDAT	05PTHGA001	01/01/05 to 12/31/07	07/01/05 to 06/30/07
Disability	06CDHGA001	01/01/06 to 12/31/08	01/01/06 to 06/30/07
Education Award	05ESHGA001	08/23/05 to 08/22/08	08/23/05 to 06/30/07
AmeriCorps – Formula	03AFHGA001	09/05/03 to 09/04/06	10/01/04 to 09/04/06
AmeriCorps – Competitive	03ACHGA001	07/31/03 to 07/30/06	04/01/05 to 07/30/06
AmeriCorps – Competitive	06ACHGA001	07/15/06 to 07/14/09	10/01/06 to 03/31/07

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management’s assertions. 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.

The procedures that we performed included:

- Obtaining an understanding of the Commission and its subgrantee monitoring process.
- Reconciling grant costs claimed and match costs to the accounting systems of the Commission and of selected subgrantees in our sample.
- Testing subgrantee member files to verify that the records supported member eligibility to serve and allowability of living allowances and education awards.
- Testing compliance of the Commission and a sample of subgrantees with certain grant provisions and award terms and conditions.

- Testing claimed grant costs and match costs of the Commission and a sample of subgrantees to ensure:
 - i. Proper recording of the AmeriCorps grants, Administrative grant, PDAT grant, Disability Placement grant, and Education Award grant;
 - ii. Costs were properly matched; and
 - iii. Costs were allowable and supported in accordance with applicable regulations, OMB circulars, grant provisions, and award terms and conditions.

Testing resulted in questioned costs, questioned education awards, and instances of noncompliance with grant terms. The testing results for costs follow in the Cost and Awards Section and are summarized in the Consolidated Schedule of Award Costs and the exhibit and schedules. We also found instances of noncompliance with grant provisions, regulations, or OMB requirements, as shown in the Compliance and Internal Control section. Issues identified included:

- Inadequate controls over recording and reporting costs;
- Late submission of Financial Status Reports (FSRs), member program forms, progress reports, and Periodic Expense Reports (PERs); and
- Lack of adequate procedures to ensure program compliance with criminal background checks; members receiving living allowance and recording hours before service agreements were signed; subgrantees not paying living allowances in equal increments; time sheets not signed by individuals with oversight responsibilities for the members; mid-term and end-term evaluations not performed; and members receiving education awards even though they did not complete the required minimum service hours.

Cost and Award Results

The following schedules and exhibit provide the results of testing costs claimed.

**Consolidated Schedule of Award Costs
Corporation for National and Community Service Awards
Georgia Commission for Service and Volunteerism**

October 1, 2004, to June 30, 2007

<u>Award Number</u>	<u>Program</u>	<u>Approved Budget</u>	<u>Claimed Costs</u>	<u>Questioned Costs</u>	<u>Questioned Education Awards</u>	<u>Reference</u>
03AFHGA001	AmeriCorps-Formula	\$ 6,972,711	\$ 4,877,710	\$ 17,174	\$ *43,382	Exhibit
03ACHGA001	AmeriCorps-Competitive	5,631,136	2,370,122	238	-	Exhibit
06ACHGA001	AmeriCorps-Competitive	<u>2,221,110</u>	<u>1,281,718</u>	<u>748</u>	<u>-</u>	Exhibit
	Total AmeriCorps	\$14,824,957	\$ 8,529,550	\$ 18,160	\$ -	
04CAHGA001	Administrative	\$ 742,017	\$ 264,375	\$ -	\$ -	
07CAHGA001	Administrative	322,595	103,033	104	-	Exhibit
05PTHGA001	PDAT	414,905	295,301	39,187	-	Exhibit
06CDHGA001	Disability	107,000	32,069	-	-	
05ESHGA001	Education Award	<u>2,000</u>	<u>1,657</u>	<u>-</u>	<u>-</u>	
	Totals	<u>\$16,362,474</u>	<u>\$ 9,225,985</u>	<u>\$ 57,451</u>	<u>\$ *43,382</u>	

* This amount includes a \$1,006 Accrued Interest Award questioned.

Notes to Consolidated Schedule of Award Costs

Basis of Accounting

The accompanying schedules have been prepared to comply with provisions of the grant agreements between the Corporation and the Commission. The information presented in the schedules has been prepared from reports submitted by the Commission to the Corporation and accounting records of the Commission and its subgrantees. The basis of accounting used in the preparation of these reports differs from accounting principles generally accepted in the United States of America as discussed below.

Equipment

No equipment was purchased and claimed under Federal or grantee share of cost for the period within our audit scope.

Inventory

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

EXHIBIT

**Schedule of Awards and Claimed Costs by Grant
Georgia Commission for Service and Volunteerism
October 1, 2004, to June 30, 2007**

<u>Awards</u>	<u>Claimed Costs</u>	<u>Questioned Costs</u>	<u>Questioned Education Awards</u>	<u>Reference</u>
<u>03AFHGA001 – Formula</u>				
Atlanta-Fulton Public Library *	\$ 152,249	\$ 898	\$ 7,086	Schedule A-1
Communities in Schools of Georgia *	656,721	2,235	14,172	Schedule A-2
Inner Harbour Hospitals, Ltd. *	435,643	6,696	-	Schedule A-3
Atlanta Outward Bound Center *	379,029	545	4,725	Schedule A-4
Metro Atlanta Task Force for the Homeless *	452,195	6,800	**17,399	Schedule A-5
Board of Regents of the University System of Georgia	390,596	-	-	
City of Macon, Macon Police Department	443,333	-	-	
Troup Council on Aging, Inc.	580,158	-	-	
Fund for Southern Communities	72,149	-	-	
Fannin County Family Connection	492,206	-	-	
Boys & Girls Club of Northeast Georgia	93,608	-	-	
Cobb Housing, Inc.	221,625	-	-	
Habitat for Humanity International	381,977	-	-	
Albany State University	122,761	-	-	
Chatham-Savannah Authority for the Homeless	<u>318,333</u>	<u>-</u>	<u>-</u>	
Sub-total	<u>\$5,192,583</u>	<u>\$ 17,174</u>	<u>\$ 43,382</u>	
<u>03ACHGA001 – Competitive</u>				
Hands On Atlanta, Inc. *	\$1,876,395	\$ 238	\$ -	Schedule A-6
Mid State Children's Challenge Projects	<u>494,445</u>	<u>-</u>	<u>-</u>	
Sub-total	<u>\$2,370,840</u>	<u>\$ 238</u>	<u>\$ -</u>	
<u>06ACHGA001 – Competitive</u>				
Hands On Atlanta, Inc. *	\$1,061,381	\$ 748	\$ -	Schedule A-6
Jump Start Georgia	88,011	-	-	
Mid State Children's Challenge Projects	<u>132,326</u>	<u>-</u>	<u>-</u>	
Sub-total	<u>\$1,281,718</u>	<u>\$ 748</u>	<u>\$ -</u>	
Subgrantee's Total	<u><u>¹\$7,026,689</u></u>	<u><u>\$ 18,160</u></u>	<u><u>\$ 43,382</u></u>	
<u>Commission Awards</u>				
Administrative (04CAHGA001)	\$ 264,375	\$ -	\$ -	Schedule A-7
Administrative (07CAHGA001)	103,033	104	-	Schedule A-7
PDAT (05PTHGA001)	295,301	39,187	-	Schedule A-7
Disability (06CDHGA001)	32,069	-	-	Schedule A-7
Education Award (05ESHGA001)	<u>1,657</u>	<u>-</u>	<u>-</u>	
Commission Total	<u><u>\$ 696,435</u></u>	<u><u>\$ 39,291</u></u>	<u><u>\$ -</u></u>	

*Selected for Application of Agreed-Upon Procedures

** This amount includes a \$1,006 Accrued Interest Award questioned.

¹ Amounts for the Formula and Competitive grants shown in this Exhibit are based on FSRs submitted by subgrantees to the Commission. The subgrantees reported their claimed

costs within the FSR reporting period for each program year. However, the Commission's FSRs submitted to the Corporation for the 2003-2004 program year did not include any cost claimed. These costs were reported during the 2004-2005 program year. Our audit scope was comprised of the 2004-2005 and 2005-2006 program years of the grant, and since the 2003-2004 claimed costs were reported within the 2004-2005 program year these costs were included within the AUP step requiring a reconciliation of the final FSR. Therefore, the tables on pages 4 and 7 will not agree to this Exhibit. Additionally, the claimed costs within this Exhibit will not agree to the amount in each Schedule because the amounts audited for each subgrantee were based on the FSR submitted by the subgrantee to the Commission.

Schedule of Award and Claimed Costs
Atlanta-Fulton Public Library

Award 03AFHGA001006

		<u>Reference</u>
Approved Budget (Federal Funds)	<u>\$143,532</u>	Note 1
Claimed Federal Costs	<u>\$ 90,960</u>	Note 2
Questioned Costs:		
Unapproved Time Sheets	\$ 719	Note 3
Excess Living Allowance	<u>179</u>	Note 4
Total Questioned Costs	<u>\$ 898</u>	
Questioned Education Awards:		
Unapproved Time Sheets	\$ 4,724	Note 3
Minimum Service Hours Not Met	<u>2,362</u>	Note 5
Total Questioned Education Awards	<u>\$ 7,086</u>	

Notes

1. The amount shown above as Approved Budget represents the total funding to Atlanta-Fulton Public Library according to the subgrantee agreements.
2. Claimed Federal costs represent Atlanta-Fulton Public Library's reported expenditures for the period October 1, 2004, through September 30, 2006.
3. Member time sheets were not always properly approved, which resulted in questioned living allowances and education awards (see Finding 3).
4. One member was paid an additional living allowance after the member concluded her term of service (see Finding 3).
5. One member did not serve the minimum service hours required to earn an education award (see Finding 3).

Schedule of Award and Claimed Costs
Communities in Schools of Georgia

Awards 03AFHGA0010001 & 03AFHGA0010015

		<u>Reference</u>
Approved Budget (Federal Funds)	<u>\$605,174</u>	Note 1
Claimed Federal Costs	<u>\$517,779</u>	Note 2
Questioned Costs:		
Unapproved Time Sheets	\$ 191	Note 3
Member Contract Signed After Start of Service	1,710	Note 4
Excess Administrative Costs	<u>334</u>	Note 5
Total Questioned Costs	<u>\$ 2,235</u>	
Questioned Education Awards:		
Unapproved Time Sheets	\$ 2,362	Note 3
Member Contract Signed After Start of Service	7,086	Note 4
Minimum Service Hours Not Met	<u>4,724</u>	Note 6
Total Questioned Education Awards	<u>\$ 14,172</u>	

Notes

1. The amount shown above as Approved Budget represents the total funding to Communities in Schools of Georgia according to the subgrantee agreements.
2. Claimed costs represent Communities in Schools of Georgia's reported Federal expenditures for the period October 1, 2004, through September 30, 2006.
3. Member time sheets were not always properly approved, which resulted in questioned living allowances and education awards (see Finding 3).
4. One member contract was not signed prior to the member's start date which resulted in questioned living allowances (see Finding 3).
5. Administrative costs (5.26 percent of other costs) were exceeded during program year 2004-2005 (see Finding 1).
6. Two members did not serve the minimum service hours required to earn an education award (see Finding 3).

Schedule of Award and Claimed Costs
Inner Harbour Hospitals, Ltd.

Award 03AFHGA0010010

		<u>Reference</u>
Approved Budget (Federal Funds)	<u>\$ 374,120</u>	Note 1
Claimed Federal Costs	<u>\$ 323,776</u>	Note 2
Questioned Costs:		
Unallowable Costs	\$ 103	Note 3
Accounting Records less than Claimed Costs	<u>6,593</u>	Note 4
Total Questioned Costs	<u>\$ 6,696</u>	

Notes

1. The amount shown above as Approved Budget represents the total funding to Inner Harbour Hospitals, Ltd. according to the subgrantee agreements.
2. Claimed costs represent Inner Harbour Hospitals' reported Federal expenditures for the period October 1, 2004, through September 30, 2006.
3. Unallowable rent and entertainment costs were claimed (see Finding 1).
4. The accounting records did not support the amount claimed on the PERs (see Finding 1). This resulted in an overstatement of claimed costs in program year 2004-2005.

Schedule of Award and Claimed Costs
Atlanta Outward Bound Center

Award 03AFHGA0010002

		<u>Reference</u>
Approved Budget (Federal Funds)	<u>\$ 297,974</u>	Note 1
Claimed Federal Costs	<u>\$ 261,254</u>	Note 2
Questioned Costs:		
Member Contract Signed After Start of Service	<u>\$ 545</u>	Note 3
Total Questioned Costs	<u>\$ 545</u>	
Total Questioned Education Awards	<u>\$ 4,725</u>	Note 3

Notes

1. The amount shown above as Approved Budget represents the total funding to Atlanta Outward Bound Center according to the subgrantee agreements.
2. Claimed costs represent the Atlanta Outward Bound Center's reported Federal expenditures for the period October 1, 2004, through September 30, 2006.
3. One member contract was not signed prior to the member's start date which resulted in questioned living allowances (see Finding 3).

**Schedule of Award and Claimed Costs
Metro Atlanta Task Force for the Homeless**

Award 03AFHGA0010007

		<u>Reference</u>
Approved Budget (Federal Funds)	<u>\$ 395,732</u>	Note 1
Claimed Federal Costs	<u>\$ 303,508</u>	Note 2
Questioned Costs:		
Unapproved Time Sheets	\$ 2,155	Note 3
Member Contract Signed After Start of Service	4,629	Note 4
Excess Administrative Costs	<u>16</u>	Note 5
Total Questioned Costs	<u>\$ 6,800</u>	
Questioned Education Awards:		
Unapproved Time Sheet	\$ 2,218	Note 3
Member Contract Signed After Start of Service	<u>15,181</u>	Note 4
Total Questioned Education Awards	<u>\$ 16,393</u>	

Notes

1. The amount shown above as Approved Budget represents the total funding to Metro Atlanta Task Force for the Homeless according to the subgrantee agreements.
2. Claimed costs represent the Metro Atlanta Task Force for the Homeless' reported Federal expenditures for the period October 1, 2004, through September 30, 2006.
3. Member time sheets were not always properly approved, which resulted in questioned living allowances and education awards (see Finding 3).
4. Contract for three of the four members tested were not signed prior to the members' start date which resulted in questioned living allowances (see Finding 3).
5. Administrative costs (5.26 percent of other costs) were exceeded during program year 2005-2006 (see Finding 1).

Schedule of Award and Claimed Costs
Hands On Atlanta, Inc.

Awards 03ACHGA0010001 and 06ACHGA0010003

		<u>Reference</u>
Approved Budget (Federal Funds)	<u>\$3,379,556</u>	Note 1
Claimed Federal Costs	<u>\$2,938,772</u>	Note 2
Questioned Costs:		
Contract Signed After Start of Service (06ACHGA0010003)	\$ 748	Note 3
Unallowable Costs (03ACHGA0010001)	<u>238</u>	Note 4
Total Questioned Costs	<u>\$ 986</u>	

Notes

1. The amount shown above as Approved Budget represents the total funding to Hands On Atlanta, Inc. according to the subgrantee agreements.
2. Claimed costs represent Hands On Atlanta's reported Federal expenditures for the period April 1, 2004, through March 31, 2007.
3. One member contract was not signed prior to the member's start date which resulted in questioned living allowances (see Finding 3).
4. Unallowable entertainment costs were claimed (see Finding 1).

**Schedule of Award and Claimed Costs
Georgia Commission for Service and Volunteerism**

Awards 04CAHGA001, 07CAHGA001, 05PTHGA001, 06CDHGA001, and 05ESHGA001

		<u>Reference</u>
Approved Budget (Federal Funds)	<u>\$1,588,517</u>	Note 1
Claimed Federal Costs	<u>\$ 696,435</u>	Note 2
Questioned Costs:		
Costs Incurred Before Award (07CAHGA001)	\$ 104	Note 3
Costs not Included in the Original or Amended Budgets (05PTHGA001)	34,287	Note 4
Costs not Appropriately Approved (05PTHGA001)	<u>4,900</u>	Note 5
Total Questioned Costs	<u>\$ 39,291</u>	

Notes

1. The amount shown above as Approved Budget represents the total funding to the Georgia Commission for Service and Volunteerism according to the grant award documents.
2. Claimed costs represent the Georgia Commission for Service and Volunteerism's reported Federal expenditures for the period July 1, 2005, through June 30, 2007.
3. Costs of \$104 were claimed to the Administrative grants prior to the start of the program. Also, unallowable costs for member recognition were claimed (see Finding 1).
4. Unallowable costs for services that were not part of the original or amended budgets were claimed to the PDAT grants (see Finding 1).
5. Costs paid to a nonprofit entity (Georgia Serves), in which the Commission's former Executive Director is the CFO, were authorized solely by him (see Finding 1).

Compliance and Internal Control

In addition to the costs and award results described in the Consolidated Schedules of Award Costs, results of our tests disclosed instances of noncompliance and deficiencies in internal controls.

Finding No. 1 – Inadequate Controls Over Recording and Reporting of Costs

Fieldwork at the Commission and subgrantee locations revealed inadequate controls, or established controls that were not fully implemented. We identified the weaknesses at the Commission and some tested subgrantees, as follows:

Georgia Commission for Service and Volunteerism (Commission). While performing the reconciliation for the 2003 Formula grant, we were not able to trace the claimed costs from the FSR reported to the Corporation by the Commission to the individual FSRs submitted to the Commission by its subgrantees. The Commission reported \$4,877,710 as claimed costs to the Corporation for the period ending 09/04/06; however, the Commission's subgrantees reported a total of \$5,192,583 in claimed costs to the Commission. The Commission stated that this difference relates to the cost claimed by the subgrantees during the 03-04 program year that will be reflected in their final FSR. A similar issue was noted while reconciling the 2003 Competitive grant. The amount reported in the FSR submitted to the Corporation, for the period ending 7/30/06, was \$2,370,122 while the individual subgrantees' FSRs totaled \$2,370,840.

Though the Commission reported these costs to the Corporation, the Commission was not able to provide documentation to support the claimed costs they reported to the Corporation. The Commission uses an outdated manual process for compiling the subgrantees FSRs which is susceptible to errors and omission of numbers.

The Commission claimed \$104 to the 2007 Administrative grant for food expenses that were incurred prior to the start of the program. Food was purchased from Honey Baked Ham for a Commission board meeting on November 8, 2006. However, payment for the food expenses was not processed until January 2007. Accounting personnel charged the expenses to the wrong grant.

The Commission made payments in the amount of \$4,900 to a non-profit organization, Georgia Serves. The Commission's former executive director is shown in Georgia state records as the entity's Chief Financial Officer. The payments processed through the Commission were authorized solely by that executive director. These transactions should have been authorized by someone else at the Commission with no interest in the non-profit organization. In a more detailed review of the Commission's general ledger, we found 17 additional invoices that were paid to this entity, totaling \$32,750. The Commission could not provide supporting documentation for these expenditures, and Georgia Serves' financial records were not available, as noted below.

Georgia Serves was created in the late 1990s by the Commission's former executive director as a fund raising entity. For a period of time, continued funding of Commission activities by the Corporation was uncertain; therefore, this entity was created to manage the Commission's fund raising efforts to continue supporting its subgrantees. Corporation funding was curtailed for several months but resumed thereafter, leading to a change of

mission for Georgia Serves. It then became a vehicle for coordinating conferences and training events.

We interviewed the Commission's current executive director and other staff but were unable to obtain any further financial information for Georgia Serves. We were told that financial records are being held by the former executive director (now retired) at his home near Atlanta. Commission personnel did not know when or if the records would be returned to the Commission. We were further informed that because Georgia Serves had no employees of its own, Commission personnel were used to arrange the training conferences, but we were not able to determine specifically which employees and how many hours were devoted to those activities. The time spent by Commission employees performing work for Georgia Serves is unallowable because these costs are not allocable. We also question the costs as unallowable professional service costs. Without any employees or contracts, invoices, or other documentation, we cannot determine if the training was performed by professionals meeting the requirements of OMB Circular A-87, Item 32.

We further noted that the Commission paid for services in the amount of \$34,287 that were not included in their original or amended budgets. These costs would have been allowable under the Admin-PDAT-Disability Provisions if the grantee would have requested written authorization from the Corporation.

Criteria

AmeriCorps Provisions, V, *General Provisions*, B., Financial Management Standards, states in part:

1. **General.** 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.

The attachments to OMB Circular A-87, *Cost Principles for State, Local, and Indian tribal Governments*, provides applicable criteria, as follows:

Attachment A, *General Principles for Determining Allowable Costs*, Section C, *Basic Guidelines*, states in part:

2. Reasonable costs. A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs. The question of the reasonableness of specific costs must be scrutinized with particular care in connection with organizations or separate divisions thereof which receive the preponderance of their support from awards made by Federal agencies. In determining the reasonableness of a given cost, consideration shall be given to:

(b) The restraints or requirements given imposed by such factors as: sound business practices; arms length bargaining, Federal, State and other laws and regulations; and terms and conditions of the Federal award.

(d) Whether the individual concerned acted with prudence in the circumstances considering their responsibilities to the governmental unit, its employees, the public at large, and the Federal Government.

3. Allocable Costs.

a. 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.

Attachment B, *Selected Items of Cost*, states in part:

31. Pre-award costs. Pre-award costs are those incurred prior to the effective date of the award directly pursuant to the negotiation and in anticipation of the award where such costs are necessary to comply with the proposed delivery schedule or period of performance. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the award and only with the written approval of the awarding agency.

32. Professional service costs.

a. Costs of professional or consultant services rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the governmental unit, are allowable, subject to subparagraphs b and c when reasonable in relation to the services rendered and when non contingent upon recovery of the costs from the Federal Government.

In addition, legal and related services are limited under Attachment B, section 10.

b. In determining the allowability of costs in a particular case, no single factor or any special combination of factors is necessarily determinate. However, the following factors are relevant:

(1) The nature and scope of the service rendered in relation to the service required.

(2) The necessity of contracting for the service, considering the governmental unit's capability in the particular area.

(3) The past pattern of such costs, particularly in the years prior to Federal awards.

(4) The impact of Federal awards on the governmental unit's business (i.e., what new problems have arisen).

(5) Whether the proportion of Federal work to the governmental unit's total business is such as to influence the governmental unit in favor of incurring the

cost, particularly where the services rendered are not of a continuing nature and have little relationship to work under Federal grants and contracts.

(6) Whether the service can be performed more economically by direct employment rather than contracting.

(7) The qualifications of the individual or concern rendering the service and the customary fees charged, especially on non-Federal awards.

(8) Adequacy of the contractual agreement for the service (e.g., description of the service, estimate of time required, rate of compensation, and termination provisions).

c. In addition to the factors in subparagraph b, retainer fees to be allowable must be supported by available or rendered evidence of bona fide services.

Admin-PDAT-Disability Provisions, B, *Special Provisions*, 1., *Purpose of the Program Development Assistance and Training (PDAT) Award*, states in part:

d. Member/participant training for a single local program should be funded from the sub-grantee's budget. Exceptional circumstances requiring PDAT resources to support member training in a single program may be allowed.

Admin-PDAT-Disability Provisions, B, *Special Provisions*, 4., *Budget and Programmatic Changes*, states in part:

b. Changes in the Budget. The Grantee must obtain the prior written approval of the Corporation's Office of Grants Management before deviating from the approved budget.

Communities in Schools of Georgia (CIS). For program year 2004-2005, CIS over claimed administrative costs for the Digital Opportunity program by \$334. CIS claimed costs at the budgeted amount and not at 5.26 percent of actual other expenses.

Criteria

2004 AmeriCorps Provisions, C., *General Provisions, Item 23., Administrative Cost*, states in part:

c. Fixed 5%. If approved on a case-by-case basis by the Corporation, the grantee may charge, for administrative costs, a fixed 5% of the total of the Corporation funds expended. In order to charge this fixed 5%, the grantee match for administrative costs may not exceed 10% of all direct costs expenditures. These rates may be used without supporting documentation and are in lieu of an indirect cost rate.

Inner Harbour Hospitals, Ltd. (Inner Harbour). Inner Harbour's accounting records do not support the amount reported on the PERs. The accounting records are used by the program manager to determine what is billable versus what is non-billable, but the methodology could not be determined as to how the claimed costs were derived. Inner Harbour claimed labor costs (salaries and fringe benefits) at an allocation percentage instead of costs of actual labor performed, but we could not determine how other costs were

claimed. This resulted in an overstatement of claimed costs in program year 2004-2005 of \$6,593, which is the net effect of all expense categories. Claimed costs were understated in program year 2005-2006; therefore, we did not question any costs during that year.

Time sheets were maintained that showed labor distribution to each program; however, allocation percentages were determined and used to claim fringe benefit expenses. Inner Harbour has actual costs by employee for FICA and 401K retirement expenses, and other fringe benefit expenses (i.e., unemployment compensation, life insurance, tuition reimbursement, employee assistance, healthcare, etc.) split evenly between employees. Based on this, each employee's fringe benefits are charged to the program at a flat rate as opposed to actual costs.

For program year 2004-2005, 3 of the 20 tested transactions were unallowable. One transaction for rent was charged as in-kind match. Inner Harbour determined a monthly rent expense for space used for the AmeriCorps program, even though Inner Harbour owns the property. The amount charged for space is limited to actual cost. The other two transactions were for entertainment activities. Atlanta Braves tickets were purchased for \$40, and bowling activities for an AmeriCorps member costing \$63 were charged. We consider these to be unallowable entertainment expenses.

Criteria

AmeriCorps Provisions, V, *General Provisions*, B., Financial Management Standards, states in part:

1. **General.** 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.

The attachments to OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, provides applicable criteria, as follows:

Attachment A, *General Principles*, A., *Basic Considerations*, Section 2., *Factors affecting allowability of costs*, states in part:

- To be allowable under an award, costs must meet the following criteria:
- (g) Be adequately documented.

Attachment B, *Selected Items of Cost*, Section 7., Compensation for personal services, states in part:

m. **Support of salaries and wages:**

2. (a) The reports must reflect an after-the-fact determination of the actual activity of each employee. Budget estimates (i.e., estimates determined before the services are performed) do not qualify as supports for charges to awards.

Attachment B, *Selected Items of Cost*, Section 14., *Entertainment Costs*, states:

Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable.

Section 46, *Rental Costs*, states:

b. Rental costs under sale and leaseback arrangements are allowable only up to the amount that would be allowed had the organization continued to own the property.

c. Rental costs under less-than-arms-length leases are allowable only up to the amount that would be allowed had title to the property vested in the organization. For this purpose, a less-than-arms-length lease is one under which one party to the lease agreement is able to control or substantially influence the actions of the other. Such leases include, but are not limited to, those between (i) divisions of an organization; (ii) organizations under common control through common officers, directors, or members; and (iii) an organization and a director, trustee, officer, or key employee of the organization or his immediate family either directly or through corporations, trusts, or similar arrangements in which they hold a controlling interest.

2004 AmeriCorps Provisions, C., *General Provisions*, Item 22., *Financial Management Provisions*, states in part:

b. Source Documentation. 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.

Atlanta Outward Bound Center (AOB). AOB does not have an accounting system in place that includes standard accounting practices or provides a clear audit trail. We determined that preparation of the PER was accomplished by manually extracting data from invoices and handwritten calculations. We also determined that there is no comparison of actual costs versus budgeted costs until the data is recorded in the PER. Lastly, costs recorded to the "Other" cost category sometimes had to be reconstructed for the periods under review because costs were charged to the wrong category.

Salaries of AOB employees charging time to the AmeriCorps grant were not supported by time sheets in accordance with grant provisions and OMB Circular A-122, *Cost Principles for Non-Profit Organizations*. Time sheets were not maintained that showed the labor distribution to each program. Time for three employees was charged to the program. AOB claimed labor costs to the program at an allocation percentage instead of costs of actual labor performed for one of the individuals, while the other two were charged 100 percent as they worked exclusively for the AmeriCorps program. We did not question the costs for the improper charging of AOB employees because we were able to perform alternative procedures to accept the labor charges. AOB representatives stated that they started

completing time sheets for program year 2007, as instructed by the Commission during one of its monitoring visits.

AOB claimed rent payments as match for its facilities, but the rental agreement does not specify a dollar amount to be paid for the space. AOB expressed that it has been renting the space for a long time and has a verbal agreement with the landlord regarding the rent amount to be paid.

Certain matching costs charged to the grant did not provide any benefit to the program. Proper controls were not in place to ensure that only allowable and allocable costs were being claimed to the grant. However, these costs were not questioned because the Commission satisfied its match requirement even after subtracting these costs.

Criteria

AmeriCorps Provisions, V, *General Provisions*, B., Financial Management Standards, states in part:

1. **General.** 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.

OMB Circular A-122, Attachment A, *General Principles*, A., *Basic Considerations*, Section 2., *Factors affecting allowability of costs*, states in part:

To be allowable under an award, costs must meet the following criteria:

- (a) Be reasonable for the performance of the award and be allocable thereto under these principles.
- (g) Be adequately documented.

Attachment B, *Selected Items of Cost*, Section 7., Compensation for personal services, states in part:

m. **Support of salaries and wages:**

(1) Charges to awards for salaries and wages, whether treated as direct costs or indirect costs, will be based on documented payrolls approved by a responsible official(s) of the organization. The distribution of salaries and wages to awards must be supported by personnel activity reports, as prescribed in **subparagraph (2)**, except when a substitute system has been approved in writing by the cognizant agency. (See **subparagraph E.2 of Attachment A.**)

(2) Reports reflecting the distribution of activity of each employee must be maintained for all staff members (professionals and nonprofessionals) whose compensation is charged, in whole or in part, directly to awards. In addition, in order to support the allocation of indirect costs, such reports must also be maintained for other employees whose work involves two or more functions

or activities if a distribution of their compensation between such functions or activities is needed in the determination of the organization's indirect cost rate(s) (e.g., an employee engaged part-time in indirect cost activities and part-time in a direct function). Reports maintained by non-profit organizations to satisfy these requirements must meet the following standards:

(a) The reports must reflect an *after-the-fact* determination of the actual activity of each employee. Budget estimates (i.e., estimates determined before the services are performed) do not qualify as support for charges to awards.

(b) Each report must account for the total activity for which employees are compensated and which is required in fulfillment of their obligations to the organization.

(c) The reports must be signed by the individual employee, or by a responsible supervisory official having first hand knowledge of the activities performed by the employee, that the distribution of activity represents a reasonable estimate of the actual work performed by the employee during the periods covered by the reports.

(d) The reports must be prepared at least monthly and must coincide with one or more pay periods.

(3) Charges for the salaries and wages of nonprofessional employees, in addition to the supporting documentation described in **subparagraphs (1) and (2)**, must also be supported by records indicating the total number of hours worked each day maintained in conformance with Department of Labor regulations implementing the Fair Labor Standards Act (FLSA) (29 CFR Part 516). For this purpose, the term "nonprofessional employee" shall have the same meaning as "nonexempt employee," under FLSA.

(4) Salaries and wages of employees used in meeting cost sharing or matching requirements on awards must be supported in the same manner as salaries and wages claimed for reimbursement from awarding agencies.

Metro Atlanta Task Force for the Homeless (Task Force). For program year 2005-2006, Task Force over claimed administrative costs by \$16. Task Force claimed costs at the budgeted amount, not at 5.26 percent of actual other expenses.

Criteria

2004 AmeriCorps Provisions, C., *General Provisions, Item 23., Administrative Cost*, states in part:

c. Fixed 5%. If approved on a case-by-case basis by the Corporation, the grantee may charge, for administrative costs, a fixed 5% of the total of the Corporation funds expended. In order to charge this fixed 5%, the grantee match for administrative costs may not exceed 10% of all direct cost expenditures. These rates may be used without supporting documentation and are in lieu of an indirect cost rate.

Hands On Atlanta, Inc. (HOA). HOA charged bowling and restaurant expenses to the grant during program year 2005-2006. The grant was charged for a bowling event for 50 AmeriCorps members, and for a Thanksgiving lunch for AmeriCorps staff at Piccadilly's restaurant. HOA did not believe that these expenses were entertainment costs. As a result, we questioned costs of \$238.

Attachment B, *Selected Items of Cost, Section 14., Entertainment Costs*, states:

Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable.

Recommendations

We recommend that the Corporation:

- 1a. Ensure that final FSRs for the 03 Formula and 03 Competitive grants reflect the actual amount claimed by the Commission subgrantees;
- 1b. Work with the Commission to update their controls for preparing and submitting the FSRs;
- 1c. Determine the allowability of the questioned costs and recoup unallowable costs that were charged to the grant, including administrative costs;
- 1d. Request additional information for all costs paid to Georgia Serves to determine if the costs claimed are allowable;
- 1e. Review all rent claimed as match by Inner Harbour and question the excess claimed over actual cost of ownership. After the match is limited to cost of ownership, determine if Inner Harbour met its match requirement.
- 1f. Ensure the Commission trains and monitors its subgrantees in establishing and implementing controls that specifically address weaknesses identified above. This effort includes developing an accounting system that assures that grant costs are properly segregated and recorded; developing timekeeping procedures that comply with grant requirements; and designing controls to verify the accuracy of costs claimed, including match costs.

Commission's Response

The Commission stated the \$104 expense for a Commission board meeting was incorrectly charged by the Georgia Department of Community Affairs accounting personnel to the 2007 Administrative grant. The accounting department was made aware of the mistake and has taken steps to prevent it from occurring in the future.

The Commission has enhanced the Department of Community Affairs financial procedures requiring the review and approval by the supervising assistant commissioner, of Commission payments exceeding \$1,000 and will not be conducting any further business with Georgia Serves, Inc. However, the Commission disagrees with questioning the \$4,900 payment and 17 invoices, totaling \$32,750, paid to Georgia Serves, Inc. The Commission stated that these costs were for the registration of AmeriCorps program staff to attend a conference on service and volunteerism, an allowable expense. In addition, the Commission has now secured all available records of Georgia Serves, Inc.

The Commission will seek guidance from the Corporation on the extent to which future PDAT budget applications should specify expenditures and is prepared to implement any Corporation requirements for budgets regarding the needed level of detail. However, the Commission disagrees with questioning the conference costs of \$34,287. Though the expenditures were not specified in the original or amended Commission PDAT budgets for 2005, the conference was an annual event and was included in the Commission's schedule of annual activities.

For CIS, the Commission's program has changed the method of reporting administrative costs to comply with Corporation rules and the Commission reviews the periodic expense reports to ensure that the administrative costs have been correctly calculated. In addition, the Commission has provided training, prior to the 2007-2008 program year subgrant awards, for calculating administrative costs based upon actual expenses.

The Commission stated Inner Harbour is no longer self-insured and now claims actual costs as reported in the program's monthly detail ledger. The Commission will ensure that claimed costs for both the fringe benefits and rent expenses for space used by the AmeriCorps program are based upon actual expenses. Finally, the Commission stated that Inner Harbour will provide documentation to demonstrate the service and training nature of the baseball tickets and bowling expenditures.

For AOB, the program has begun a full assessment of its financial spending and tracking procedures to ensure that it is in compliance with the grant agreement and OMB standards.

For Task Force, the Commission has reviewed the requirements for claiming administrative costs with Task Force staff and will closely monitor future reimbursements to ensure they do not exceed the allowed rate.

The Commission will provide guidance to HOA on labeling expenses to clearly explain the nature of the activities for which reimbursement is requested. However, the Commission and the program stated that the costs for member team building activities were intended to foster greater member teamwork and should not be questioned.

Auditor's Comment

The Corporation should consider the Commission's proposed actions. In addition, the Corporation should review all documentation currently available for Georgia Serves, Inc. and Inner Harbour and HOA expenditures classified as entertainment expenditures, as these documents were not made available to us during the audit.

Finding No. 2: Late Submission of Financial Status Reports, Member Program Forms, Progress Reports, and Periodic Expense Reports

The Commission and the six AmeriCorps subgrantees we tested did not always submit required reports by the due dates, as shown in the table below.

Commission	Description of Non-Compliance
Georgia Commission for Service and Volunteerism	<ul style="list-style-type: none"> • 24 of 30 FSRs submitted late
<p style="text-align: center;"><u>Subgrantees</u></p> Atlanta-Fulton Public Library	<ul style="list-style-type: none"> • 20 of 25 PERs submitted late • 10 of 10 FSRs submitted late • 4 of 4 progress reports submitted late • 7 of 7 tested enrollment forms submitted late • 2 of 7 tested exit forms submitted late
Communities in Schools of Georgia	<ul style="list-style-type: none"> • 36 of 48 PERs submitted late • 16 of 16 FSRs submitted late • 4 of 8 progress reports submitted late • 6 of 18 tested enrollment forms submitted late • 9 of 18 tested exit forms submitted late
Inner Harbour Hospitals, Ltd.	<ul style="list-style-type: none"> • 20 of 26 PERs submitted late • 10 of 10 FSRs submitted late • 3 of 4 progress reports submitted late • 3 of 7 tested enrollment forms submitted late
Atlanta Outward Bound Center	<ul style="list-style-type: none"> • 10 of 10 FSRs submitted late • 4 of 4 progress reports submitted late • 3 of 7 tested enrollment forms submitted late
Metro Atlanta Task Force for the Homeless	<ul style="list-style-type: none"> • 2 of 8 FSRs submitted late • 3 of 4 progress reports submitted late • 1 of 7 tested enrollment forms submitted late • 1 of 7 tested exit forms submitted late
Hands On Atlanta, Inc.	<ul style="list-style-type: none"> • 6 of 8 FSRs submitted late • 12 of 25 tested enrollment forms submitted late • 1 of 25 tested exit forms submitted late

Reporting requirements specified in the AmeriCorps Provisions are not being followed. Late submission of Commission FSRs precludes the Corporation from having a timely picture of expended grant funds and match. Late reports from subgrantees preclude the Commission from reviewing, tracking, and monitoring the subgrantees' activities. Timely submission of reports assists the Commission in monitoring and correcting any errors and/or deficiencies

noted. Member enrollment and exit forms are also required to be submitted on time to maintain the accuracy of National Service Trust Fund records.

Criteria

The cooperative agreement between the Commission and its subgrantees provide applicable criteria, as follows:

1. Each program must submit reimbursement requests for program expenses paid at least monthly. Programs must use the Web Based Reporting System (WBRS), utilizing the Periodic Expense Report form designed for this purpose. Requests must be received by 5:00PM on Tuesday for processing the next business day. The Commission may, from time to time, alter this schedule to meet staffing needs and/or Commission activities.
2. Quarterly FSRs must be submitted via WBRS by specified due dates. A signed paper copy must also be submitted to the Commission. Due dates for each calendar year are October 15, January 15, April 15, and July 15.
3. Programs are required to complete the Mid-Year and End of Year Annual Progress Report in WBRS. Due dates were November 3, 2004, April 15, 2005, November 4, 2005, and April 14, 2006.

AmeriCorps Provisions, IV, *AmeriCorps Special Provisions, N, Reporting Requirements*, states in part:

2. **AmeriCorps Member Related Forms.**
 - a. **Enrollment Forms.** Enrollment forms must be submitted no later than 30 days after a member is enrolled.
 - b. **Change of Status Forms.** Member Change-of-Status Forms must be submitted no later than 30 days after a member's status has changed.
 - c. **Exit/End-of-Term-of-Service Forms.** Exit/End-of-Term-of-Service Forms must be submitted no later than 30 days after a member exits the program or finishes his/her term of service.

Recommendation

We recommend that the Corporation:

- 2a. Work with the Commission to help streamline its FSR completion process to ensure that FSRs are completed and submitted within the required time frames.
- 2b. Ensure and verify that the Commission implements procedures to ensure that financial reports, progress reports, and member forms are completed on time.

Commission's Response

The Commission will implement a range of solutions with a goal of 100 percent on-time submission of all reports. The Commission will also conduct an annual review of the grant

award to update sub-grantee deadlines and requirements and create an internal control procedure to track on-time report submission.

Auditor's Comment

The Commission's proposed actions are noted. The Corporation should follow-up with the Commission to determine whether the proposed actions were implemented and are effective.

Finding No. 3 – Lack of Adequate Procedures to Ensure Program Compliance

Subgrantees did not always comply with requirements for criminal background checks, member contracts, living allowance payments, member time sheets, member evaluations, and required service hours.

Criminal Background Checks. All seven members tested at Task Force started their term of service prior to the completion of a criminal background check.

Member Contracts. Four tested AmeriCorps subgrantees permitted members to receive living allowances and record hours before member service agreements were signed.

Subgrantee	Description	Questioned Living Allowance	Questioned Fringe Benefits	Questioned Education Award
Communities in Schools of Georgia	5 of 18 members tested did not sign service agreements prior to start of service	\$1,581	\$129	\$7,086
Atlanta Outward Bound Center	1 of 7 members tested did not sign service agreement prior to start of service	\$468	\$77	\$4,725
Metro Atlanta Task Force for the Homeless	3 of 7 members tested did not sign service agreements prior to start of service	\$3,997	\$632	\$15,181
Hands On Atlanta, Inc.	3 of 25 members tested did not sign service agreements prior to start of service	\$569	\$179	See note below ¹

¹ We did not determine whether the education awards should be questioned because the program year was in progress during these procedures.

As a result, we questioned living allowances of \$6,615 and related fringe benefits of \$1,017 for living allowance payments disbursed prior to the member's signed service agreement. We also questioned service hours that were recorded prior to the members signing their service agreements. Education awards were questioned for members whose minimum service hours were not met after reducing the members' total service hours by the

questioned service hours. Questioned education awards total \$26,992, including an accrued interest forbearance award of \$1,006.

Living Allowance. Inner Harbour, AOB, Task Force, and HOA did not always pay member living allowances in equal increments. For Inner Harbour and Task Force, members were given half of the normal equal increment for the first living allowance payment because there was only a one-week pay period at the beginning of service. For AOB, living allowance payments were not consistent each month due to a lack of communication between the program manager and the accounting department. For HOA, members were given half of the normal equal increment for living allowance payments during Christmas and Spring break.

Additionally, AFPL paid additional living allowance to one member after the member concluded her term-of-service. The member's last day of service was August 12, 2005, and the last living allowance payment should have been September 2, 2005. However, the member received two living allowance payments during the month of September. As a result, we questioned the overpaid living allowance of \$166 and related fringe benefits of \$13.

Member Time Sheets. Certain time sheets were not signed by an individual with oversight responsibilities for the members. AFPL, CIS, and Task Force did not properly approve time sheets, as shown in the table below.

Subgrantee	Description	Questioned Living Allowance	Questioned Fringe Benefits	Questioned Education Award
Atlanta-Fulton Public Library	Time sheets not approved for 5 of 7 members tested	\$668	\$51	\$4,724
Communities in Schools of Georgia	Time sheets not approved for 5 of 18 members tested	\$177	\$14	\$2,362
Metro Atlanta Task Force for the Homeless	Time sheets not approved for 6 of 7 members tested.	\$2,002	\$153	\$2,218

We questioned living allowances of \$2,847 and related fringe benefits of \$218 for members whose time sheets were not signed. We also questioned service hours that were not properly approved. Education awards were questioned for members whose minimum service hours were not met after reducing the members' total service hours by the questioned service hours. Questioned education awards total \$9,304.

Member Evaluations. Certain members at CIS and AOB did not receive mid-term and/or end-of-term evaluations. Seven of the 18 members tested at CIS did not receive an end-of-term evaluation. CIS stated that the Commission issued guidance that the subgrantee did not have to conduct mid-term and end-of-term evaluations on half-time members. Hence, CIS performed only one evaluation on members' performance.

AOB did not conduct mid-term evaluations for two of the seven members tested, and did not conduct end-of-term evaluations for four of the seven members tested. AOB could not explain why member evaluations were not conducted.

Member Service Hours. Some AFPL and CIS members received education awards but did not complete the required minimum service hours. One member at AFPL did not serve the required 900 minimum service hours for half-time members. Per WBRS, the member's total service hours were 900, but time sheets totaled 852.75. Therefore, we questioned the member's education award of \$2,362.

Two members at CIS did not serve the required 900 minimum service hours for half-time members. Per WBRS, one member's total service hours were 917.25, but her time sheets totaled 889.15. The second member had 900 service hours in WBRS, but her time sheets totaled 876. Therefore, we questioned these members' education awards of \$2,362 each.

Criteria

AmeriCorps Provisions, IV, *AmeriCorps Special Provisions, C., Member Enrollment*, states in part:

7. Criminal Background Checks. Programs with members (18 and over) or grant-funded employees who, on a recurring basis, have access to children (usually defined under state or local law as un-emancipated minors under the age of 18) or to individuals considered vulnerable by the program (i.e. the elderly or individuals who are either physically or mentally disabled), shall, to the extent permitted by state and local law, conduct criminal background checks on these members or employees as part of the overall screening process.

The grantee must ensure, to the extent permitted by state or local law, that it maintains background check documentation for members and employees covered by this provision in the member or employee's file or other appropriate file. The documentation must demonstrate that, in selecting or placing an individual, the grantee or the grantee's designee (such as a site sponsor) reviewed and considered the background check's results.

The AmeriCorps Grant provisions, IV, *AmeriCorps Special Provisions, C., Member Enrollment*, states in part:

1. *Member Enrollment Procedures.*

- a. An individual is enrolled as an AmeriCorps member when all of the following have occurred:
 - i. He or she has signed a member contract;
 - ii. The program has verified the individual's eligibility to serve;
 - iii. The individual has begun a term of service; and
 - iv. The program has approved the member enrollment form in WBRS.

- b. Prior to enrolling a member in AmeriCorps, programs make commitments to individuals to serve. A commitment is defined as signing a member contract with an individual or otherwise entering into a legally enforceable commitment as determined by state law.

2. *AmeriCorps Members.* 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 by an individual with oversight responsibilities for the member.

AmeriCorps Provisions, IV, *AmeriCorps Special Provisions, I., Living allowances, Other In-Service Benefits and Taxes*, states in part:

1. *Living Allowance Distribution.* A living allowance is not a wage. Programs must not pay a living allowance on an hourly basis. Programs should pay the living allowance in regular increments, such as weekly or bi-weekly, paying an increased increment only on the basis of increased expenses such as food, housing, or transportation. Payments should not fluctuate based on the number of hours served in a particular time period, and must cease when a member concludes a term of service.

AmeriCorps Provision, IV, *Special Provisions, D., Training, Supervision and Support*, states in part:

6. **Performance Reviews.** The grantee must conduct and keep a record of at least a midterm and end-of-term written evaluation of each member's performance for Full and Half-Time members and an end-of-term written evaluation for less than Half-time members. The evaluation should focus on such factors as:

- a. Whether the member has completed the required number of hours;
- b. Whether the member has satisfactorily completed assignments; and
- c. Whether the member has met other performance criteria that were clearly communicated at the beginning of the term of service.

AmeriCorps Provisions, IV, *Special Provisions, E., Terms of Service*, states in part:

1. **Program Requirements.** Each Program must at the start of the term of service, establish the guidelines and definitions for the successful completion of the Program year, ensuring that these Program requirements meet the Corporation's service hour requirement as defined below:

- b. *Half-Time Members.* Half-time members must serve at least 900 hours during a period of one or two years as indicated in the approved budget.

Recommendations

We recommend that the Corporation ensure that the Commission:

- 3a. Provides training to its subgrantees to ensure they are familiar with program requirements and provisions;

- 3b. Reviews each member file and compares the member contract signed date to when members began recording service hours;
- 3c. Requires subgrantees to adhere to policies on distribution of living allowances (i.e. paid in equal increments);

We also recommend that the Corporation:

- 3d. Determine whether education awards for the three HOA members who did not sign their member service agreements prior to their start of service should be disallowed;
- 3e. Determine if the members earned sufficient hours during their service periods and disallow and recoup all education awards not earned; and
- 3f. Determine the allowability of the questioned costs and recover disallowed costs and applicable administrative costs.

Commission's Response

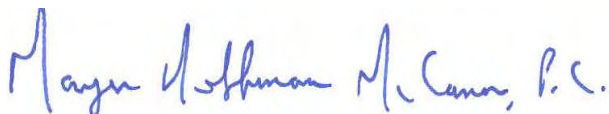
The Commission re-organized the staff and re-defined responsibilities, implemented new monitoring procedures, hired an additional program officer, consolidated policies and requirements, referenced them to the Provisions, and incorporated them in a new program monitoring tool. It also compiled rules, requirements and policies in a new program directors' manual. All these actions were implemented to address the above recommendations.

In addition, the Commission has implemented the requirement for all sub-grantees to attend pre-award conferences. These conferences will be used to make program staff personnel familiar with all programmatic and financial requirements. The Commission conducted the first pre-award conference and addressed all issues in the finding above.

Finally, the Commission has implemented a quarterly program site visit schedule to review the member documentation and legal files of each funded AmeriCorps program to ensure compliance with all requirements.

Auditor's Comment

The Commission's proposed actions are noted. The Corporation should follow-up with the Commission to determine whether the proposed actions were implemented and are effective.



Mayer Hoffman McCann P.C.
Woodbridge, Virginia
March 12, 2008

APPENDIX A

**Georgia Commission for Service and Volunteerism's
Response to Draft Report**



GEORGIA DEPARTMENT OF
COMMUNITY AFFAIRS

Mike Beatty
COMMISSIONER

Sonny Perdue
GOVERNOR

Feb. 21, 2008

Ms Carol Bates
Assistant Inspector General for Audit
Corporation for National and Community Service

Dear Ms Bates,

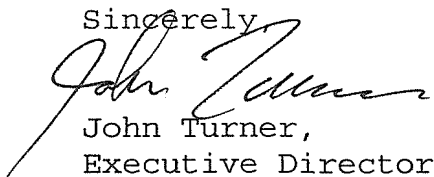
Thank you for the opportunity to comment on the draft report of the Agreed-Upon Procedures for Corporation for National and Community Service Grants Awarded to the Georgia Commission for Service and Volunteerism prepared by the contracted firm of Mayer Hoffman McCann P.C.

Since the creation of our state commission December 10, 1993, the Georgia Commission for Service and Volunteerism has fostered community based service and volunteerism that addresses unmet needs of Georgians in partnership with the Corporation for National and Community Service. Our commission is committed to continual improvement of our ability to effectively manage federal grants and we will use this audit as an important means to that end.

The enclosed commission narrative response addresses the questioned costs and findings contained in the draft of the audit report. The professionalism and helpfulness of Ron Huritz, OIG, and Wilfredo Corps and his team from Mayer Hoffman McCann, greatly assisted our commission staff in performing the tasks necessary to complete the first phase of the audit.

The Georgia Commission for Service and Volunteerism will work closely with the Corporation to resolve all findings and implement recommendations as needed. We look forward to a successful completion of the audit that will strengthen our partnership.

Sincerely,


John Turner,
Executive Director

**Georgia Commission for Service and Volunteerism
Response to Findings of the OIG Agreed Upon Procedures**

The Georgia Commission for Service and Volunteerism (Commission), under the auspices of the Georgia Department of Community Affairs, took significant steps during 2007 to improve its oversight of sub-grantees and the monitoring of all the grants awarded to it by the Corporation for National and Community Service (Corporation).

A new Commission executive director was hired May 1, 2007, and given direction by the Department of Community Affairs commissioner to strengthen the agency's ability to effectively fulfill its oversight responsibility. The Commission had already taken a specific step to accomplish that goal by conducting a workshop on compliance issues for Commission staff and sub-grantee staff provided by personnel from the Office of Inspector General in April, 2007. During the summer of 2007, the Commission also instituted new and more comprehensive monitoring procedures for both internal controls and sub-grantee operations.

The Office of Inspector General audit of the Georgia Commission is an important contribution to the Commission's oversight capacity. The findings and conclusions of the audit have already been used by the executive director, the Commission staff, and the Department of Community Affairs to strengthen the agency's ability to manage Corporation grants in an effective and responsible manner. The Commission will work closely with the Corporation to resolve all issues identified in the Draft Report and to implement recommendations for improvement.

Finding No. 1 - Inadequate Controls Over Recording and Reporting of Costs

1.1 Georgia Commission for Service and Volunteerism (Commission)

a) The Commission agrees with the finding that an expense of \$104 related to a Commission board meeting on Nov. 8, 2006, was incorrectly charged by Georgia Department of Community Affairs accounting personnel to the 2007 Administrative grant. The state of Georgia's fiscal year does not coincide with the Corporation's Administrative grant year, which closes on December 31. Some accounting department personnel did not realize that this 2006

transaction could not be carried past the calendar year. The accounting department was made aware of the mistake and has taken steps to prevent it from occurring in the future.

b) The Commission does not agree with the finding related to payments by the Commission in the amount of \$4,900 to a non-profit organization, Georgia Serves, Inc. The \$4,900 payments were for the registration of AmeriCorps program staff to attend a conference on service and volunteerism held Oct. 25 and 26, 2005, in Macon, Georgia, and were allowable expenses. The Commission agrees with the conclusion of the Draft Report that an official at the Department of Community Affairs other than the executive director of the Commission should have initiated the payment transaction in question and the reimbursement should have been reviewed and approved at a higher level.

At the time this transaction was made the Commission executive director reported to a division director at the Department of Community Affairs.

The Commission likewise does not agree with the finding of the Draft Report that 17 Commission invoices totaling \$32,750 to Georgia Serves, Inc. are unallowable costs. The invoices were for registration of AmeriCorps program staff and AmeriCorps members to attend the same conference on service and volunteerism in Macon in 2005 and are allowable for the same reasons.

The 2005 Macon conference on service and volunteerism was an appropriate activity for AmeriCorps participation and the Commission will provide supporting documentation for the questioned expenditures to demonstrate that they were allowable costs. The Department of Community Affairs and the Commission have taken steps to address the internal control over expenditures cited by the Draft Report. The following actions have been taken by the Georgia Department of Community Affairs with regard to the Commission and its relationship with Georgia Serves, Inc.:

- 1) The Commission has secured all available records of Georgia Serves, Inc. from the former Commission executive director, who also was the chief financial officer of Georgia Serves, Inc. In November, 2007, the current executive director of the Commission located additional records related to Georgia Serves, Inc. Those records show

that Georgia Serves, Inc. has been inactive since at least October, 2006, when the former executive director retired.

2) On Nov. 1, 2007, the commissioner of the Department of Community Affairs reorganized the department. As part of the reorganization, the Commission is now under the supervision of an assistant commissioner who was an assistant state attorney general and deputy inspector general in Georgia. The current executive director of the Commission has reported to the assistant commissioner since that date. Department of Community Affairs financial procedures require the review and approval by the supervising assistant commissioner of Commission payments exceeding \$1,000.

3) Upon review of the history of Georgia Serves, Inc. and the conclusions of the audit related to this finding, the deputy commissioner of the Department of Community Affairs determined on Feb. 19, 2008, that the Commission will conduct no further business with the non profit organization and will work to have Georgia Serves, Inc. dissolved in accordance with its bylaws as soon as a governing board can be reconstituted and the appropriate action can be taken.

c) The auditors examined 17 invoices totaling \$32,750 that were paid to Georgia Serves, Inc. during October, 2005. These transactions were registration payments for 342 AmeriCorps program staff and members to attend the 2005 Conference On Service & Volunteerism held Oct. 25 and 26 in Macon, Georgia. The Commission will provide the Corporation with the conference agenda that lists workshops, the trainers for those sessions, and the qualifications of the trainers.

The Draft Report of the audit, citing *OMB Circular A-87, Item 32*, questioned the appropriateness of retaining trainers for the workshops and further questioned whether the trainers at the conference met the requirements stipulated in the circular. *Paragraphs 1, 2, 6, and 7* of the OMB Circular are relevant to this event in determining whether the costs associated with the training workshops are allowable. The Commission staff of five persons was not sufficiently qualified, nor were enough Commission staff available, to provide the training activities for the 32 workshops that were conducted by the trainers. Surveys of

workshop participants demonstrated satisfaction with the qualifications of the trainers.

The payment of the 17 invoices with PDAT funds by the Commission to reimburse the AmeriCorps programs and trainers was consistent with the purpose of the PDAT grant as stipulated in *Admin-PDAT-Disability Provisions, (2005 edition) B, Special Provisions, 1.*, which states:

Grant funds are for capacity building and infrastructure development consistent with Administrative Standard Seven for Implementing Training and Technical Assistance and to use strategies that maximize the impact of resources provided to national service programs in the state.

The Draft Report by Mayer Hoffman McCann, in supporting its conclusion questioning the costs related to the conference, cited *Paragraph d. of the Special Provisions, B*, which states:

Member/participant training for a single local program should be funded from the sub-grantee's budget.

However, conference registrations for the event show that all 16 of the Commission-funded AmeriCorps sub-grantees in 2005 participated in the 2005 Conference. The 2005 Conference On Service & Volunteerism was an appropriate use for PDAT funds because it met the requirements of *Paragraphs a., c., h. and m.* of the same section of the Special Provisions.

During the first block of conference workshops, all Georgia AmeriCorps sub-grantees were required to attend a half-day training and technical assistance session (*Paragraph a. and Paragraph h.*) on Financial Management conducted by Walker & Co. LLP, a CNCS national T/TA provider. The topic of the training was compliance with CNCS and OMB rules on financial matters. For the remainder of the conference, program staff attended other workshops that promoted leadership development or offered technical assistance.

The statewide conference was a cost-effective means of providing training for both AmeriCorps members and AmeriCorps staff by bringing all sub-grantees from across Georgia together to a single location. The conference

provided required training for AmeriCorps members in diversity, First Aid, ethic of service and disability inclusion. (*Paragraph c.*)

AmeriCorps sub-grantee staff and Commission staff participated in workshops attended by numerous representatives of non-profit organizations and other potential sub-grantees, which resulted in community outreach as well as substantial public education about volunteerism and national service in Georgia. (*Paragraph m.*)

Speakers at the conference included AmeriCorps Director Rosie Mauk and a justice of the Georgia Supreme Court, and one of the plenary sessions featured a recorded message from Georgia Governor Sonny Perdue. (*Paragraph m.*)

Although the Commission agrees with the conclusion of the Draft Report that the questioned costs of \$34,287 for the conference were not specified in original or amended Commission PDAT budgets for 2005, it does not agree with the audit finding that the costs should be disallowed.

The Draft Report states that these costs related to the conference "would have been allowable under the Admin-PDAT-Disability Provisions had the grantee requested written authorization from the Corporation." The Draft Report refers to *Admin-PDAT-Disability Provisions, B, Special Provisions, 4., Budget and Programmatic Changes* to support the conclusion that the Commission needed written approval for the expenditure of the \$34,287 in PDAT funds.

However, *Section B, Budget and Programmatic Changes, Item 4.b* states:

Changes in the Budget. The Grantee must obtain the prior written approval of the Corporation's Office of Grants Management before deviating from the approved budget in any of the following ways:

i. Specific Cost Requiring Prior Approval Before Incurrence under OMB Circulars A-21, A-87 or A-122. For certain cost items, the circulars require approval of the awarding agency for the cost to be allowable. Examples of these costs are overtime pay, rearrangement and alteration costs, and pre-award costs.

ii. Purchases of Equipment over \$5,000 using grant funds unless specified in the approved application and budget.

Neither of these conditions or stipulations applies in this instance because the 2005 Conference On Service and Volunteerism did not constitute a change or deviation in the Corporation-approved Commission 2005 PDAT budget. The Georgia conference was an annual event and was included in the Commission's schedule of annual activities. CNCS officials attended and often spoke or participated during the conferences. The conference was cancelled in 2004 due to a hurricane which struck the Southeast, but the Commission hosted similar conferences on service and volunteerism in 2003, 2002 and 2000.

The Commission will seek guidance from the Corporation on the extent to which future PDAT budget applications should specify expenditures. The Commission is prepared to implement any Corporation requirements for budgets regarding the needed level of detail.

The Commission will provide to the Corporation the requested additional information relating to Georgia Serves, Inc. cited in *Recommendation 1b* of the Draft Report. Those records will demonstrate that Commission staff did not spend time or use Commission funds to support Georgia Serves, Inc. (*Recommendation 1c of the Draft Report*). The questioned activities of the staff were devoted to preparing for the annual conferences. The records will further demonstrate that the total questioned costs for Grant 05PTHGA001 of \$39,187 (\$4,900 plus \$34,287), cited in Schedule A-7 of the Draft Report, were appropriate expenditures that should not be disallowed.

Finding No. 1 also raised questions about controls and reporting of costs for five Commission sub-grantees.

1.2 Communities in Schools of Georgia (CIS)

The Commission provided training prior to the award of grants to sub-grantees for the 2007-2008 program year on the proper method of calculating administrative costs based upon actual expenses to prevent a repetition of this mistake. (*Recommendation 1e of the Draft Report*) CIS program staff attended the training on this subject. The program has changed the method of reporting administrative

costs to comply with CNCS rules and the Commission reviews the periodic expense reports of the program to ensure that the administrative costs have been correctly calculated.

1.3 Inner Harbour Hospitals, Ltd. (Inner Harbour)

a) The Commission agrees with the conclusion of the Draft Report regarding the allocation of percentages to determine and claim fringe benefit expenses at Inner Harbour for 2004-2005. This situation was unique within the portfolio of Georgia sub-grantees; Inner Harbour was self-insured for health care and calculated a percentage to be charged for each employee. The sub-grantee no longer self-insures its employees and now claims actual costs which are listed in the program's monthly detail ledger. The Commission will ensure that claimed costs are based upon actual expenses. *(Recommendation 1e of the Draft Report)*

b) The Draft Report of the audit determined that three of 20 tested transactions of the 2004-2005 program year were unallowable. The Commission agrees with the finding that sub-grantee match reported for Inner Harbour-owned space (housing provided for members) used by the AmeriCorps program should have been calculated based upon actual costs, which in this instance were difficult to determine. The Commission will closely examine claimed sub-grantee match for space in the future and determine actual costs based upon the guidance provided by the auditors. *(Recommendation 1d of the Draft Report)*

The Draft Report determined that expenditures of \$40 for baseball tickets and \$63 for bowling were unallowable entertainment expenses. The Commission does not agree with the finding. The expenses were related to service and member training activities involving Inner Harbour students and AmeriCorps members.

At-risk youth who were clients of Inner Harbour attended a baseball game (\$40 expense) with AmeriCorps members as part of the Transitional Coaching/ Life Skills program, which teaches appropriate social skills and behavior beyond the institutional environment of Inner Harbour. The Inner Harbour program conducted an end-of-the-year event for members which used bowling (\$63) as an esprit de corps and team-building activity. The program will provide documentation to demonstrate the service and training

nature of the two questioned activities. (*Recommendation 1e of the Draft Report*)

1.4 Atlanta Outward Bound Center (AOB)

The program has begun a full assessment of its financial spending and tracking procedures to ensure that it is in compliance with the grant and with OIG standards. Atlanta Outward Bound program staff has agreed to work with and report back to the Commission with the results of their assessment and retooling. (*Recommendation 1e of the Draft Report*)

1.5 Metro Task Force for the Homeless (Task Force)

The Commission agrees with the finding of the Draft Report that Task Force over claimed administrative costs by \$16. The Commission has reviewed the requirements for claiming administrative costs with Task Force staff and will closely monitor future reimbursements to ensure they reflect actual costs that do not exceed the allowed rate.

1.6 Hands On Atlanta (HOA)

Hands On Atlanta conducted a team building activity (bowling) for AmeriCorps members. At a separate event, the program provided a restaurant luncheon for program staff, their families, and individuals who had volunteered to perform community service through the AmeriCorps program. Both expenses were determined by the Draft Report to be for entertainment events (\$238 Federal Share and \$651 Grantee Share). The Commission does not agree that reimbursement for either of these activities was improper.

Hands On Atlanta conducted an esprit de corps team building day in the spring of 2006 to foster greater member teamwork. The bowling was part of an agenda of other training and team building activities planned for the day to refresh AmeriCorps member commitment and increase team cohesion with the goal of preparing members for a strong conclusion to their term of service. The program's accounting personnel did not clearly identify the reimbursement for the bowling as a team building event. However, Hands On Atlanta will provide supporting documentation to show that the bowling was part of an appropriate series of AmeriCorps activities for the esprit de corps day.

The questioned restaurant expense was a recognition day activity for AmeriCorps staff, their families and program volunteers and therefore was an appropriate expenditure. The staff of HOA mistakenly coded the expenditure on an HOA general cost reimbursement form instead of the HOA AmeriCorps cost reimbursement form.

The Commission will provide guidance to Hands On Atlanta regarding the future labeling of expenses to clearly explain the nature of the activities for which reimbursement is requested. Supporting documentation will be required to justify the reimbursements. (*Recommendation 1e of the Draft Report*)

Finding No. 2: Late Submission of Financial Status Reports, Member Program Forms, Progress Reports, and Periodic Expense Reports

The Commission agrees with the finding and *Recommendation 2.a.* of the Draft Report. In the past, the Commission has relied upon a process of reconciling accounts based upon data provided by the Department of Community Affairs Accounting Department to prepare and submit Financial Status Reports. While these reports have been meticulously prepared by the Commission grants compliance officer, receipt of the data used to prepare them has often been delayed, resulting in numerous requests for deadline extensions or FSRs submitted late.

The Commission will no longer follow this procedure. Rather, the Commission accepts the recommendation of the Draft Report and will submit all FSRs on or before the deadline based upon the data available.

The Commission also agrees with *Recommendation 2.b.* At a meeting of program directors Feb. 7, 2008, the Commission discussed the problem of late reporting. The Commission will implement a range of solutions that have the goal of one hundred percent on-time submission of all reports. The Commission will also conduct an annual review of the grant award to update sub-grantee deadlines and requirements. The deadlines will then be a topic for the Grant pre-award conference and will be specified for sub-grantees. The Commission will also create an internal control to track on-time submission of reports.

Finding No. 3 - Lack of Adequate Procedures to Ensure Program Compliance

The Commission has already followed *Recommendations 3.a., 3.b., and 3.c.* of the Draft Report through the following action:

Program compliance was greatly strengthened by the Commission through a re-organization of the staff and the implementation of new monitoring procedures in August, 2007. An additional Commission program officer was hired August 1, 2007. Staff responsibilities were re-defined by the executive director to make the Commission more responsive to sub-grantee needs and to intensify monitoring of grants. The Commission consolidated policies and requirements, referenced them to the Provisions, and incorporated them in a new program monitoring tool used by Commission program officers. The Commission also compiled rules, requirements and policies in a new program directors' manual that was provided to sub-grantees.

The Commission required program attendance at a pre-award conference August 17, 2007, to review compliance issues and make program staff personnel familiar with all programmatic and financial requirements (*Recommendations 3.a. & 3.c.*). The review by Commission staff and the executive director included each of the six compliance issues that were later listed in **Finding No. 3** of the Draft Report. Other compliance and financial issues were also reviewed during the pre-award conference. At the conclusion of the conference, programs were awarded their 2007-2008 grants.

Member issues were also reviewed during the pre-award conference. Subjects included were enrollment and eligibility to serve issues, requirements for member contracts, criminal background requirements, requirements for time sheets, education award eligibility, grievance procedure requirements and Commission rules and procedures.

The pre-award conference will be required for all sub-grantees in the future.

The Commission implemented a quarterly program site visit schedule for the fall of 2007 for every funded program in the Georgia portfolio to ensure that all member documentation was obtained and service hours did not accrue before members were eligible to be credited for them. The

Commission created new program compliance instruments to track and record program documentation (*Recommendation 3.b.*). The Commission executive director reviewed the legal files of each funded AmeriCorps program in December, 2007, to ensure full compliance with all requirements. The executive director evaluated Commission staff on their job performance in this area.

3.1 Criminal Background Checks

Commission program officers stressed to program staff during the August 17, 2007, pre-award conference the importance of obtaining criminal background checks prior to member service. Program officers also check the member files of each program to ensure that this regulation is followed. (*Recommendation 3.a.*)

3.1a Metro Atlanta Task Force for the Homeless

The Task Force program has had five different program directors during the period covered by the Draft Report. The current program director, hired during the summer of 2007, has attended all Commission trainings and has instituted new procedures to ensure compliance with all requirements. The Commission has worked with the program to ensure that applicants complete criminal background checks prior to enrollment.

3.2 Member Contracts

The Commission staff now examines the contract of each member to determine that the signature date conforms to the beginning of service and no service hours have been entered prior to the correct date. (*Recommendation 3.b.*)

3.2a Communities In Schools of Georgia

After a period of staff turnover at this program in 2004-2005, Communities In Schools of Georgia has hired a new director who has attended Commission trainings and worked diligently to overcome the problems identified in the Draft Report.

3.2b Atlanta Outward Bound Center

A turnover in staff at this program occurred after the member contracts were signed and the Commission, with the

assistance of the new staff, was unable to determine the reason for the discrepancy cited in the Draft Report. Other member contracts for the same year were signed prior to the start of service.

3.2c Metro Atlanta Task Force for the Homeless

Member contracts at this program are now executed prior to the start of service and Commission program officers check to ensure the eligibility of members to begin accruing service hours.

3.2d Hands On Atlanta

The Hands On Atlanta AmeriCorps program uses two documents, a Letter of Understanding and a Code of Excellence, to inform members of expectations and to accept members into the program for a term of service. The Draft Report of the audit identified three members who signed the Code of Excellence after they began their service.

Hands On Atlanta has always considered the Letter of Understanding to be the member contract. The three members cited by the Draft Report signed that document prior to the beginning of their service and their service hours for that period should therefore not be questioned. The Hands On Atlanta Letter of Understanding states:

By signing this Letter of Understanding, you are agreeing to fully participate in the program, meet all expectations of the Hands On Atlanta program and comply with its policies and procedures. The Hands On Atlanta staff will fully present the Code of Excellence and Hands On Atlanta AmeriCorps personnel policy at the orientation. In addition, it is our understanding that you are a United States citizen by birth, a naturalized United States citizen, or an alien permanent resident of the United States. Hands On Atlanta reserves the right to amend the terms and conditions of your participation in the Hands On Atlanta AmeriCorps program as the need arises.

The Hands On Atlanta Code of Excellence is a document that outlines a code of conduct and serves as a policy and procedures manual for AmeriCorps members. It is presented in a question-and-answer format and is provided to members during their orientation.

To resolve the confusion over which of these documents should serve as the official member contract, Hands On Atlanta staff have proposed for future years to obtain member signatures on both documents on or before the start date of the AmeriCorps member term of service. During the first program site visit of each year, the Commission will confirm that signatures on both documents are obtained on or before start dates.

3.3 Living Allowance

The Commission reviewed the regulations governing living allowances during the financial portion of the pre-award conference on August 17, 2007. (*Recommendation 3.c.*)

3.3a Inner Harbour

The staff at Inner Harbour is now aware that stipends must be paid in equal increments and has taken steps to ensure that living allowances are not adjusted down for the end or beginning of the program year.

3.3b Atlanta Outward Bound Center

The program has agreed to ensure that the amount of the member living allowance is consistently and regularly paid in equal increments and that the amount is reflected correctly in the program budget.

3.3c Metro Atlanta Task Force for the Homeless

The Commission has reviewed the requirements for paying the first stipend amount of a program year with the staff at Task Force to ensure that the Provisions are clearly understood and the living allowances are paid consistently in equal increments.

3.3d Hands On Atlanta

The Commission has given Hands On Atlanta staff guidance on this issue and the program has agreed to ensure that the amount of the member living allowance is consistently and regularly paid in equal increments and that the amount is reflected correctly in the program budget.

3.3f Atlanta-Fulton Public Library

The Commission agrees with the finding. The program made an error in calculating the final living allowance for a member at the end of the term. The Atlanta-Fulton Public Library AmeriCorps program will complete its final program year in February, 2008, and will not be a funded sub-grantee for the 2008-2009 program year.

3.4 Member Time Sheets

The Commission has instructed sub-grantees to carefully review member time sheets for completeness and accuracy. Sub-grantees that have multiple sites and site supervisors are required to provide training to ensure that every staff person with AmeriCorps member responsibility is familiar with CNCS rules. The Commission program officers review all member service logs to determine whether they are signed by staff who have oversight responsibility for members.
(Recommendation 3.a.)

3.4a Atlanta-Fulton Public Library

The Commission recognizes that some timesheets for three 2004-2005 members of the library program were unsigned. Two of the members did, in fact, serve the hours (900) needed for an education award.

The lack of a supervisor's signature was due to staff turnover that resulted in a change in responsibility for supervision of members. This change created confusion about who was responsible for signing timesheets. The librarian who had been supervising the members was transferred to another library branch. The project manager confirmed the members' hours by initialing the timesheets, but during that transition the timesheets were inadvertently left unsigned on the designated line.

The project director, the project manager and the staff of the computer lab confirm that the members served during the times in question. These staff officials observed them assisting patrons in the computer lab with resumes and job searches, teaching or assisting a teacher with computer classes and teaching classes for TANF clients. Further corroboration of their service during the time in question consists of their signed attendance sheets at weekly team meetings, class participants' signed and dated evaluation forms of classes taught by members (these forms name the

member who taught the class), and their dated Daily Patron Assistance Logs, which members complete, and which document how they helped patrons in the computer lab.

In addition, two members served during Martin Luther King, Jr. Day, which occurred during one of the questioned weeks. Both the project director and project manager participated in and confirm their service during MLK Day and during the entire week in question. Both members appear in photos of the team's newsletter taken during the MLK Day of Service.

Further corroborating evidence of one of the member's service during one week in question is the fact that he signed and dated a written warning that was also signed by the project director and the project manager during that week. On one of the member's timesheets, the project manager wrote a note to him about an incorrect entry and reduced his hours.

The program made a good faith attempt to assure that the members completed their service. Members received periodic print-outs of their hours from WBRS to keep them on track and they were encouraged or disciplined when necessary to assure they would complete their service.

3.4b Communities in Schools of Georgia

Three members of this program during the 2004-2005 year served at multiple sites and the program did not always obtain the signatures of supervisors. To correct this, the new staff of the program has instituted training for site supervisors and has published written guidelines on time sheet requirements. The program also reviews member files on a quarterly basis for compliance and the staff performs weekly reconciliations between WBRS and service logs.

3.4c Metro Atlanta Task Force for the Homeless

The program director of Task Force has instituted new procedures to review member time sheets and ensure accuracy. The Commission program officer assigned to Task Force reviews time sheets during a site visit.

3.5 Member Evaluations

The Commission program officers review all member files to ensure that mid-term and end-of-term evaluations are completed. (*Recommendation 3.a.*)

3.5a Communities In Schools of Georgia

The program has created an internal checklist to ensure that every member has both a mid-year and end-of-term evaluation. Files are reviewed by staff on a quarterly basis.

Communities In Schools of Georgia enrolled only part time (600 hour) members for the 2004-2005 program year and therefore mid year evaluations were not required. However, changes made to the Provisions for the 2004-2005 required mid year evaluations for less than full time members. The Commission has provided guidance to the program staff to eliminate any confusion on the requirement for mid year evaluations for less than full time members.

3.5b Atlanta Outward Bound Center

The Commission completed a file visit after a turnover in staff at the program and discovered that the evaluations referred to in the Draft Report were not in the files. The new program director searched the office for the evaluations, but could not locate them. Based on the presence of evaluations in other member files for that year and prior years, the program has determined that the evaluations for these members were misplaced.

3.6 Member Service Hours

The Commission closeout procedure for sub-grantees includes a review of time sheets to ensure member eligibility for education awards. During the final site visit, the Commission staff person assigned to the program checks for signatures on service logs. The Commission also advises sub-grantees to audit the time sheets for accuracy. (*Recommendation 3.a*)

3.6a Atlanta-Fulton Public Library

The Commission recognizes the finding that some timesheets for one 2005-2006 AmeriCorps member were unsigned. The program contends that the member did, in fact, serve the

hours indicated on the time sheets (total 962 hours) and completed the hours (900) needed for an educational award.

The lack of a supervisor's signature was due to staff turnover at that time. The member's time sheets were not signed during a period when the project manager resigned and the project director had to carry out the duties of the project manager, in addition to carrying out her regular library duties, and the duties of an unfilled library staff position in her office. The service logs were moved from the AmeriCorps Office to the Volunteer Office so that an administrative assistant could assist by tallying the hours for entry into WBRS. During that transition, the member's timesheets were put back in the files and inadvertently left unsigned.

However, the project director and library staff confirm that the member served during that time. They observed her assisting patrons in the computer lab with resumes and e-mail addresses, teaching a PowerPoint class, and assisting with other computer classes. Further evidence of the member's service during the time in question is the member's signed attendance sheet at weekly team meetings and her Daily Patron Assistance Logs which report how she helped patrons in the computer lab.

3.6b Communities In Schools

Quarterly reviews by the staff of this program to reconcile member service logs with WBRS will result in stronger internal monitoring of member service hour status and eligibility for education awards. The Commission program officer assigned to Communities In Schools will review the program's service logs during a site visit.

APPENDIX B

**Corporation for National and Community Service's
Response to Draft Report**

Corporation for
NATIONAL &
COMMUNITY
SERVICE 

To: Carol Bates, Assistant Inspector General for Audit

From: Margaret Rosenberry, Director of Grants Management /by *Claire Moreno*

Cc: Kristin McSwain, Director of AmeriCorps
Sherry Blue, Audit Resolution Coordinator

Date: February 22, 2008

Sub: Response to OIG Draft of Agreed-Upon Procedures of Grants Awarded to the Georgia Commission for Service and Volunteerism

Thank you for the opportunity to review the draft Agreed-Upon Procedures report of the Corporation's Grants Awarded to the Georgia Commission for Service and Volunteerism.

The Office of Grants Management does not have specific comments at this time. The Corporation will address all of the findings during audit resolution after the audit is issued as final.