

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

**AGREED-UPON PROCEDURES OF
CORPORATION FOR NATIONAL AND
COMMUNITY SERVICE EDUCATION AWARD
GRANT AWARDED TO
UNITED STATES VETERANS INITIATIVE**

OIG REPORT NUMBER 08-04



Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

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

This report was issued to Corporation management on November 21, 2007. Under the laws and regulations governing follow-up, the Corporation is to make final management decisions on the report's findings and recommendations no later than May 21, 2008, and complete its corrective actions by November 21, 2008. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.



OFFICE OF INSPECTOR GENERAL

November 21, 2007

TO: Kristin McSwain
Director, AmeriCorps State*National

Margaret Rosenberry
Director, Office of Grants Management

FROM: Carol Bates (signature on file)
Assistant Inspector General for Audit

SUBJECT: Report 08-04, *Office of Inspector General (OIG) Agreed-Upon Procedures of Corporation for National and Community Service Grant Number 03NDHCA001 Awarded to United States Veterans Initiative*

Attached is the final report on our application of agreed-upon procedures to Grant Number 03NDHCA001 awarded by the Corporation to United States Veterans Initiative, (USVI).

Under the Corporation's audit resolution policy, a final management decision on the findings in this report is due by May 21, 2008. Notice of final action is due by November 21, 2008.

If you have questions pertaining to this report, please call Stuart Axenfeld at 202-606-9360.

Attachment

cc: Dwight Radcliff, Acting Chief Executive Officer, USVI
Jerry Bridges, Chief Financial Officer
William Anderson, Deputy Chief Financial Officer
Sherry Blue, Audit Resolution Coordinator



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**OFFICE OF INSPECTOR GENERAL
AGREED-UPON PROCEDURES FOR
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
EDUCATION AWARD GRANT AWARDED TO
UNITED STATES VETERANS INITIATIVE**

TABLE OF CONTENTS

Executive Summary.....	1
Background	1
Agreed-Upon Procedures Scope and Results.....	2
Appendices	
A: Agreed-Upon Procedures	
B: USVI's Response to Agreed-Upon Procedures Report	
C: Corporation's Response to Agreed-Upon Procedures Report	

EXECUTIVE SUMMARY

We questioned \$41,984 of the \$253,600, or 16.5 percent, of United States Veterans Initiative's (USVI) grant reimbursements and \$98,409 of education awards claimed due to noncompliance with law, regulations and grant terms and conditions and reimbursed based on AmeriCorps member enrollment in excess of actual member enrollment.

The following internal control findings are also addressed in this report:

1. AmeriCorps member program requirements were not followed.
2. Member contracts were signed after service began.
3. Member timesheets did not support eligibility for education awards, and timesheet hours were not accurately recorded in the Corporation's Web-Based Reporting System (WBRs).
4. USVI improperly certified education awards for 14 members who left the program early.
5. After the grant period was completed, USVI entered nine members into WBRs.

BACKGROUND

The National and Community Service Trust Act of 1993 established the Corporation for National and Community Service (Corporation). The Corporation funds opportunities for Americans to engage in service that fosters civic responsibility, strengthens communities, and provides educational opportunities for those who make a substantial commitment to service. The AmeriCorps program is one of the Corporation's three major service initiatives. Approximately three-quarters of all AmeriCorps grant funding goes to governor-appointed State service commissions, which award competitive grants to nonprofit groups that then recruit AmeriCorps members to respond to local needs. The Corporation distributes most of the balance of its funding directly to multi-State and national organizations such as USVI through a competitive grant process.

AmeriCorps Education Award Program (EAP) grants are fixed-amount awards. In determining the amount of these awards, the Corporation considers the number of "full-time equivalents" (FTEs) that the grantee agrees to enroll. One FTE equals a full-time education award for which a minimum of 1,700 hours of service has to be completed. The Corporation sets a limit on the grant support per FTE. That amount has varied over the years due to program funding levels.

Because EAP awards are based on fixed amounts rather than incurred costs, grantees are not required to document their expenditures or submit Financial Status Reports. However, EAP grantees must still comply with laws, regulations and grant provisions.

AGREED-UPON PROCEDURES SCOPE AND RESULTS

We performed the agreed-upon procedures listed in Appendix A for USVI's Education Award-Only grant for Program Years (PYs) 2000-2001, 2001-2002 and 2002-2003.

We conducted our field work from January to May 2007 and also considered information provided after the June 1, 2007, exit conference. Our agreed-upon procedures engagement covered grant activity from the date of the award through August 31, 2004. We conducted our agreed-upon procedures engagement in accordance with generally accepted government auditing standards, issued by the Comptroller General of the United States.

The Office of Inspector General audited USVI's grant No. 03NDHCA001 and issued audit report number 07-21, dated September 10, 2007, that presented many of the same issues described above. For each of the issues, the Corporation should perform on-site monitoring or other oversight methods to ensure implementation of corrective actions and adherence to grant provisions and regulations. The USVI policies and procedures need to be tested by the Corporation to verify the controls are effective.

This report pertains only to the performance of agreed-upon procedures to determine if funds reimbursed from the Corporation to USVI were allowable, and whether USVI complied with applicable Federal laws, regulations, and the terms and conditions set forth in the grant. We did not perform an examination on the subject matter of this report, the objective of which would be to express an opinion. Accordingly, we do not express such an opinion. Had we performed additional procedures, other reportable matters might have come to our attention.

Results of Agreed-Upon Procedures

<u>Cost Category</u>	<u>Claimed</u>	<u>Questioned</u>	<u>Notes</u>
Drawdown	\$ 253,600	\$ 41,984	1
Education Awards	<u>0</u>	<u>98,409</u>	2
Total	<u>\$ 253,600</u>	<u>\$140,393</u>	

- 1. Excess Drawdowns** USVI drawdowns were excessive due to its inability to enroll the number of members included in the grant budget. The excessive drawdown is computed below, with the members enrolled at the established grant amount for each member enrolled in the program:

Year	Enrollment Type	Required Hours	Fixed Grant Amount Per Member (Note i)	Members Enrolled	Total Amount of Reimbursement and Questioned Overdraw
2000/01	Full-time	1700	\$500.00	34	\$ 17,000
2000/01	Half-time	900	264.71	123	32,560
2000/01	Quarter-time	450	132.35	79	10,456
2001/02 and 2002/03	Full-time	1700	\$400.00	157	\$62,800
2001/02 and 2002/03	Half-time	900	211.76	284	60,140
2001/02 and 2002/03	Quarter-time	450	105.88	265	<u>28,058</u>
Subtotal					\$211,014
Pause Period Adj. Subtotal					<u>602</u>
					\$211,616
Total Grant Amount					<u>253,600</u>
Amount Overdrawn					<u>\$ 41,984</u>

- i. The grant terms state that USVI would be paid \$500 in the Program Year 2000/01 and \$400 in PYs 2001/02 and 2002/03 for each eligible full-time member enrolled. For the half-time and quarter-time members, USVI was to be paid a percentage of the full-time fixed amount. For example, a half-time member was reimbursed at $900/1700 \text{ hours} \times \$500 = \$264.71$.

On January 29, 2007, the Corporation's Office of Grants Management issued a demand letter to USVI for the \$41,984. On March 27, 2007, USVI responded to the demand letter, requesting a repayment plan for the \$41,984.

USVI's Response:

USVI responded that it experienced recruiting challenges brought on by relocation of program staff to Kentucky.

Auditors' Comments:

As noted above, the Corporation issued a demand letter for the amount overdrawn and USVI has agreed to repay \$41,984.

2. Education Awards. We questioned the following education awards:

Type	Number of Members	Questioned Education Awards	Reference
Ineligible Member - Employee	1	\$ 5,505	Note a
Member Contract Issues	6	7,087	Note b
Insufficient Hours	6	18,900	Note c
Inadequate Documentation of Compelling Personnel Circumstances	14	27,301	Note d
Ineligible Members	9	39,616	Note e
Total		<u>\$ 98,409</u>	

a. AmeriCorps member requirements were not followed.

We found one member who was an employee of a USVI placement site and listed as having earned an education award. We determined that the member was an employee based on an interview of a staff member at the member’s operating site, and a review of his timesheet. The computation of hours enabling this person to receive an education award duplicated his regular employment hours. As a result, we question the \$4,725 education award and \$780 interest forbearance.

This problem stems from USVI's approach in administering the grant, as well as its lack of clear understanding of specific grant provisions.

AmeriCorps Education Award Program Provisions, Section B.6 - *Eligibility, Recruitment, and Selection*, states in part:

f. Member Classification. AmeriCorps members are not employees of the program or of the federal government. The definition of "participant" in the National and Community Service Act of 1990 as amended applies to AmeriCorps members. As such, "a participant (member) shall not be considered to be an employee of the program in which the participant (member) is enrolled". Moreover, members are not allowed to perform an employee's duties or otherwise displace employees.

b. Member contracts were not signed before applicants started service.

We tested 51 member contracts and determined that, in six instances, the member contracts were not signed before the member started service. Applicants become members only after signing the contract; therefore service hours recorded before the contract is signed are not eligible to count toward earning an education award.

In all six instances, service hours recorded subsequent to the contract signing date were insufficient to warrant an education award. We therefore question the following education awards:

<u>Member</u>	<u>Contract Signed Late</u>	<u>Contract Not Signed</u>	<u>Questioned Education Awards</u>	<u>Notes</u>
#1	X		\$2,362.50	Contract signed 5 months late.
#2	X		0	Contract signed 7 days late. Award questioned in Note # a above.
#3	X		0	Contract signed 5 months late. Award questioned in Note # c below.
#4	X		0	Contract signed 34 months late. Award questioned in Note # e below.
#5		X	2,362.50	Contract not signed.
#6	X		<u>2,362.50</u>	Contract signed 3 months late.
Total	<u>5</u>	<u>1</u>	<u>\$ 7,087.50</u>	

AmeriCorps Education Award Program Provisions, Section B.7.c., *Training, Supervision and Support, Member Contracts*, requires members to sign contracts that stipulate responsibilities and rights. Failure to sign member contracts that include all necessary stipulations could result in members being unaware of their rights and responsibilities.

Section 8.d. (a) *Terms of service, Members Enrollment Procedures*, states that members are not considered enrolled in the program until the contract is signed. Thus, service hours recorded before signing the member contract should not be counted toward member education awards.

c. Member timesheets did not support eligibility for education awards, and timesheet hours were not accurately recorded in the Corporation’s WBRs.

We tested 51 member contracts and determined that, in 6 instances, service hours recorded in WBRs could not be supported. In one instance, a member recorded 25 hours in one day on the timesheet because the member recorded the number of homeless veterans contacted as the daily hours, rather than the number of hours spent serving veterans. USVI subsequently entered the inflated hours amount in WBRs. We also noted other irregularities, including timesheets that were reproduced with copied, and not original, signatures, as follows:

<u>Member</u>	<u>Signed After Service Start</u>	<u>Questioned Education Amounts</u>	<u>Notes</u>
#1	X	\$2,362.50	Most timesheets were signed on 8/3/01
#2	X	4,725.00	Timesheets were 39 hours short of WBRs hours
#3	X	2,362.50	All timesheets contained copied signatures
#4	X	2,362.50	All timesheets contained copied signatures
#5	X	4,725.00	All of the timesheets were copied, only the dates were changed
#6	<u>X</u>	<u>2,362.50</u>	Hours represented veterans contacted, not the number of hours served
Total	<u>6</u>	<u>\$18,900.00</u>	

Because timesheets for members were copied, did not document the hours served, and had other errors, the eligibility of these members to earn education awards is not supported. We therefore questioned \$18,900 of education awards for these members.

The AmeriCorps Education Award Program Provisions Section B.8.a., *Terms of Service, Program Requirements*, states that to be eligible for an education award:

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

USVI did not have procedures in place to verify the accuracy of hours recorded in WBRS and on timesheets or to ensure that member timesheets were maintained. USVI could not explain several discrepancies between hours recorded on the timesheets and entered in WBRS or why timesheets were duplicated. It appears that USVI did not monitor its Kentucky office to ensure compliance with AmeriCorps requirements.

AmeriCorps requirements do not specifically address timesheet procedures. It is, however, good business practice to initial changes, make corrections without pencil or whiteout, sign and date documents, and check the accuracy of hours recorded on timesheets. Without procedures to verify member activities or timesheet accuracy, the potential exists that members may receive unearned education awards.

d. USVI improperly awarded education awards to 14 members who left the program early.

Fourteen members were released early and incorrectly received partial education awards. These members withdrew from the program to attend school, due to financial hardship, and for other reasons, but USVI had no documentation of the circumstances for the members exiting early, compelling or otherwise. We therefore question \$27,301 of education awards for these members.

AmeriCorps Education Award Program Special Provisions, Section 9.a, *Release from Participation, Compelling Circumstances*, states:

Compelling personal circumstances do not include leaving a program:

- To enroll in school;
- To obtain employment, other than in moving from a welfare to work or in leaving a program that includes in its approved objectives the promotion of employment among its members; or
- Because of dissatisfaction with the program.

If the member resigns for any of these reasons or other reasons that are within his or her control, the individual should receive no portion of the AmeriCorps education award. The member has

the primary responsibility for demonstrating that compelling personal circumstances prevent the member from completing the term of service.

In some cases, USVI did not maintain documentation to support the circumstances or its decision to grant education awards. USVI did not have procedures to ensure that reasons for early releases, with prorated education awards, were proper or that the reasons for early release were properly documented. Without such procedures, members may earn partial education awards contrary to grant provisions and regulations.

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

e. USVI entered nine members into WBRS after the grant was completed.

USVI did not enter nine members into the Corporation's Web-Based Reporting System (WBRS) within 30 days of member service start dates. Nine members were entered in WBRS after their service period was complete. They were input into WBRS sometime after September 2004, the period when the Corporation reviewed the grant for close-out purposes. We note that the grant end date was modified to August 31, 2004. One of these members did not have any timesheets; one signed the member contract in 2006; another had reproduced timesheets with different dates while all other data was identical; and we were told by USVI that its California AmeriCorps Program Director was instructed to place another member into WBRS without any paperwork, which was later produced. We have no confidence that these members met their service requirements and, therefore, we questioned \$39,616 of education awards for these members.

AmeriCorps Education Award Program Special Provisions, Section 16.d.i., *AmeriCorps Member Related Forms, Enrollment Forms*, requires enrollment forms to be submitted no later than 30 days after the member is enrolled.

USVI officials stated that member contracts, timesheets and other records were missing due to the abrupt closing of their Kentucky office, and that the members and their supervisors reproduced these documents after determining that they could not locate the originals. However, this explanation does not explain why the members were not placed in WBRS at the start of their service and not entered into WBRS until after their service was purportedly complete.

Recommendation: We recommend that the Corporation:

- Disallow, and if already used, recover education awards awarded to the ineligible member, members with insufficient service hours, members without timesheets that support the service hours required to earn an award, and members who lacked documented compelling personal circumstances to exit the program.

- Require USVI to develop and implement policies and procedures for verifying the accuracy and reasonableness of service hours reported on timesheets, and to ensure that member files are maintained as required.
- Require USVI to develop and implement policies and procedures to ensure compliance with grant requirements for documenting decisions to grant partial education awards to members who leave for compelling personal circumstances.

USVI's Response:

USVI's response indicates that it is aware of AmeriCorps member requirements and of proper procedures for verifying the accuracy and reasonableness of service hours. USVI also states that the program was administered from an office in Kentucky and, unlike other AmeriCorps programs, the Program Director could not meet personally with members to obtain paperwork. It noted that the program staff is knowledgeable of AmeriCorps requirements but the placement sites, although trained and instructed, did not follow through with program requirements.

USVI did not provide a specific response to finding 2a.

For finding 2b, USVI states that five of the six member contracts were not signed, prior to the initiation of service, due to the remote location of the Program Director's office, and that the signatures were obtained when it was determined that they were late. For the sixth member, USVI stated it was merely a mistake that the contract was never signed, but that all of the members served.

USVI provided individual responses for each of the six questioned education awards that lacked support in finding 2c. USVI agreed that policies were not followed, that duplicate signatures existed (Members #1, #3, #4 and #5), and that timesheets for another member were all prepared on the same day. However, USVI explains that these discrepancies were done for efficiency purposes, and that the members served. USVI agrees that the timesheet hours were less than the WBRS hours for Member #2, and that timesheets for Member #6 incorrectly represented the service hours. USVI states that these two members also served.

USVI states, in finding 2d, that documentation with the reasons for each member's departure exists in the member files.

Regarding the nine members who were entered late in WBRS, finding 2e, USVI states that: 1) the Corporation, recognizing that the service requirements were met, instructed USVI to enroll the members into WBRS; 2) it is incorrect that one member does not have any timesheets; and 3) timesheets and paperwork were provided to the auditor during fieldwork.

USVI notes that errors were made but that documentation exists to support the members' eligibility and service hours; thus the education awards and interest forbearance payments should not be disallowed.

Auditors' Comments:

USVI is responsible for ensuring that the laws, regulations and grant provisions are followed. Although personnel at the placement sites were trained on AmeriCorps member requirements, monitoring throughout the grant cycle should have alerted USVI to the documentation issues during grant performance.

For finding 2b, the AmeriCorps Provisions state that members are not considered enrolled until the contract is signed, therefore service hours recorded prior to signing the contract should not be counted toward member education awards.

USVI did not provide additional records to address the questioned education awards for the six members questioned in 2c. Although the members may have served, without the required timesheets with the appropriate member and supervisory signatures, we have no evidence that the members served the required hours to earn an education award.

USVI's response to finding 2d was general and did not address the improper partial awards. While documentation may exist in the member files, the documentation was insufficient to support the partial education award. For example, AmeriCorps Provisions specifically do not allow partial awards for members to enroll in school. The USVI response did not explain why partial awards were granted to members in these instances.

In response to the nine members whose education awards are questioned in finding 2e: 1) the Corporation's guidance to USVI was based on the fact that the two members met their service requirements and were not entered into WBRS in a timely manner. The Corporation was unaware of the other facts involving these members. For example, the USVI AmeriCorps Program Officer informed our office that a member contacted her after the grant was terminated and wished to serve a second term, but had not yet enrolled. The AmeriCorps Program Officer informed her that it was too late to enroll. The Program Officer informed our office that "the paperwork magically appeared and the member was subsequently enrolled." We do not believe that the Corporation was aware of this, and other facts, when it advised USVI to enroll these members; 2) one member's timesheets was not provided to the auditor for the second period of service, only the timesheets for the first period of service were provided; and 3) while it is true that timesheets and miscellaneous other paperwork was provided to the auditor, the documentation provided to the auditor is insufficient because, for example, timesheets were dated two years after the service was purportedly performed and, in another example, included duplicated signatures.

USVI's response does not adequately explain why the members were not placed in WBRS prior to their service, or anytime during their service, as were the hundreds of other USVI AmeriCorps members who served. AmeriCorps Special Provisions require that grantees notify the Corporation within 30 days of a member's enrollment. This did not occur. In summary, USVI did not provide documentation that changed our findings or recommendations.

EXIT CONFERENCE

We conducted an exit conference with USVI and Corporation representatives on June 1, 2007. Following that conference, a draft of the report was issued to both USVI and the Corporation for comment. Their responses to the draft report are included as Appendices B and C, respectively, of the final report.

(signature on file)

Carol Bates, Assistant Inspector General for Audit

APPENDIX A
AGREED-UPON PROCEDURES

APPENDIX A
AGREED-UPON PROCEDURES

We originally sampled 51 USVI members, using National Trust member rosters obtained from the Corporation, and expanded the sample to include all 24 of the members who earned partial education awards. We performed the following procedures:

- Verified that contracts were signed by members.
- Verified that timesheets supported member eligibility to earn education awards and verified that member service hours reported in WBRS agreed with hours recorded on member timesheets.
- Verified eligibility for education awards for those members released for compelling personal circumstances.
- Verified that member timesheets, forms, and contracts were in member files and were signed, dated, and did not contain discrepancies.
- Verified that the USVI drawdowns were accurate

Our fieldwork was performed from January 2007 to March 2007. Our agreed-upon procedures engagement covered grant activity from the date of the award through August 31, 2004. We conducted exit conferences with USVI and the Corporation on June 1, 2007. We conducted our agreed-upon procedures engagement in accordance with generally accepted government auditing standards, issued by the Comptroller General of the United States.

APPENDIX B

USVI'S RESPONSE TO AGREED-UPON PROCEDURES REPORT



October 22, 2007

TO:
MR. STUART AXENFELD, AUDIT MANAGER
(202) 606-9397

FROM:
UNITED STATES VETERANS INITIATIVE
(702) 313-3721

8 PAGES, INCLUDING COVER

RESPONSE OF UNITED STATES VETERANS
INITIATIVE TO DRAFT REPORT OF AGREED-
UPON PROCEDURES FOR GRANT NUMBER
03NDHCA001



United States Veterans Initiative
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October 22, 2007

Mr. Stuart Axenfeld
Audit Manager
1201 New York Avenue, NW
Suite 830
Washington, DC 20525

Dear Mr. Axenfeld,

This letter covers the response of United States Veterans Initiative to the Draft Report of the Agreed-Upon Procedures for Grant Number 03NDHCA001 issued by your office on September 21, 2007. You are now in receipt of a written response to each of your findings. You have also received this response via email and fax. Please let me know if there are any questions. I can be reached at 310-348-7600 ext 3122.

Sincerely,

Dwight Radcliff
Acting Chief Executive Officer
United States Veterans Initiative



BACKGROUND

The Corporation for National and Community Service Office of the Inspector General conducted an agreed-upon procedures review of the Education Award-Only Program of United States Veterans Initiative (USVI). The Education Award Only program was administered from an office in Jamestown, Kentucky. The program placed members in service to homeless veterans across the country in the Midwest, the South, and the East and West Coasts. Members served in more than 25 states in placement sites such as outpatient clinics and homeless programs of the Veterans Administration, Veteran resource centers, and Veteran housing programs.

Unlike other AmeriCorps programs administered by USVI, the Program Director of the Education Award-Only Program could not meet personally with members to obtain required paperwork due to their widespread placement in the nation. The program relied on placement site supervisors to obtain paperwork, such as contracts and enrollment forms, and send them to the Kentucky program office for the Member file.

The Education Award Only program of USVI received notification that it would not be continued only weeks before the stated end date. Some members had just begun service and were completing enrollment paperwork yet program staff was laid off. The program staff disconnected the phone, fax, and email and closed the Post Office Box as soon as the program ended, although paperwork was still in need of submission. Several months after the program ended when the paperwork arrived to USVI's corporate headquarters in Los Angeles, it was found that documents were missing or incomplete. USVI did attempt to obtain and correct these documents.



RESULTS OF AGREED-UPON PROCEDURES

Finding One - Excess Drawdowns

As mentioned in the audit report, this AmeriCorps Education Award grant is a fixed-amount grant. The funding level is determined by the number of full-time equivalents enrolled in the program multiplied by a fixed rate. This report encompasses three program years, 2000-2003, in which the level of funding was examined based on the above calculation. The report questions \$41,984 of drawdown funds which resulted from the enrollment of Education Award members that was below the projected number. The entire amount of these questioned costs relates to the first program year of the grant. It was during that year that program management staff relocated to the state of Kentucky. This transition period resulted in challenges in recruitment, but once established, recruitment stabilized - as evidenced by meeting enrollment projections in program years two and three. In both those years, USVI met its enrollment projections, thus resulting in no questioned costs.

The drawdown process on this grant was to initiate draws on a reimbursement basis of actual allowable costs incurred within budget parameters approved to operate the program. The majority of the questioned costs were fixed in nature and would have been incurred regardless of the level of enrollment.

Finding Two – Education Awards

a. “AmeriCorps Member requirements were not followed”

USVI disagrees with the audit report that states the problem stemmed from USVI’s approach in administering the grant, as well as from a lack of clear understanding of specific grant provisions. USVI understands the AmeriCorps provisions on AmeriCorps Education Awards and Member Classification that “a participant (member) shall not be considered to be an employee of the program in which the participant (member) is enrolled”. While USVI program staff understood this provision, the placement site did not uphold this provision, although trained and instructed to do so.

In accordance with AmeriCorps provision, Members are not considered employees of the program in which they are enrolled. USVI trains program staff and implements controls during recruitment to insure that Members are not employees of the program and its placement sites. This includes training of all placement sites and site supervisors.



b. “Member contracts were not signed before applicants started service.”

USVI understands the AmeriCorps provisions that state that members are not considered enrolled in the program until the contract is signed. The audit report lists 6 instances where member contracts were not signed before the member started service.

In 5 of these 6 cases, the contracts were signed when the program realized that it was not signed prior to service. Due to the remote setup of the Program Director’s office, the placement site staff was responsible for obtaining Member paperwork and applicable signatures. The Program Director would audit the paperwork upon it arriving to the office. Despite training offered to the placement site supervisors, some forms were returned without signatures. To correct the mistakes, a Member’s signature was obtained when it was found missing, rather than not at all. It is the policy of USVI for Members to review contracts prior to service. USVI can provide alternate methods to verify the Member’s start date. USVI contests that these Member education awards be questioned because Members served and completed their hours, as evidenced by member timesheets and activity logs.

In 1 of the 6 cases, the contract was not signed altogether. This was a mistake. USVI contests that these Member education awards be questioned because Members USVI does have the entire file for the Member, along with a record of completed timesheets to verify when the Member began service. USVI contests that this Member education award be questioned because the Member served and completed hours, as evidenced by member timesheets and activity logs.

USVI implements policies and procedures for ensuring that member files are maintained as required. USVI conducts annual site visits as well as desk monitoring to insure compliance in AmeriCorps provisions regarding Member files. Member contracts are reviewed to ensure that signatures are in place, and that Members sign contracts prior to beginning service.

c. “Member timesheets did not support eligibility for education awards, and timesheet hours were not accurately recorded in the Corporation’s WBRS.”

USVI understands the AmeriCorps Education Award Program Provisions Section B.8.a, which states how many hours a Member must serve to be eligible for an education award. In the 6 instances listed in the report where Member service hours were recorded in WBRS but could not be supported, the following reasons led to the discrepancies:



Member #1: All timesheets were signed on the same day, 08/03/01. The Member recorded activity on placement site logs. The Member was then instructed to transfer her activity from site logs to timesheets, which the Member signed and dated all at once. While this is not the procedure that USVI follows, there is record to show that the Member did serve.

Member #2: Timesheets were 39 hours short of WBR hours due to data entry error when inputting hours in WBR.

Member #3: The member tried to be efficient by signing a blank timesheet, then making duplicate copies for use each pay period. The member hoped to eliminate having to sign every timesheet, and instead would only complete the hours and dates. This is not the policy of USVI but there is proof that the timesheets were originals. The signature was Xerox copied each pay period but the rest of the timesheet was not.

Member #4: The member tried to be efficient by signing a blank timesheet, then making duplicate copies for use each pay period. The member hoped to eliminate having to sign every timesheet, and instead would only complete the hours and dates. This is not the policy of USVI but there is proof that the timesheets were originals. The signature was Xerox copied each pay period but the rest of the timesheet was not.

Member #5: The member tried to be efficient by duplicating timesheets and signature, however, all of the supervisor signatures on those timesheets were originals indicating that the timesheets and the listed activities were reviewed and approved.

Member #6: Hours were incorrectly represented. Instead of hours served, the Member indicated how many veterans were served each day. While this is not the policy of USVI, the activity logs are filed and labeled by date, indicating that this Member did actually serve on the days accounted for on the timesheet.

USVI contests the questioning of the education awards. Alternate methods can be provided to verify the hours of the Members in question.

USVI implements policies and procedures for verifying the accuracy and reasonableness of service hours reported on timesheets. USVI maintains a checks and balance system between its payroll processor and program staff. Program Directors review the completed timesheets for accuracy before sending them to be recorded in WBR by the payroll processor. This allows for two separate opportunities to identify and correct any discrepancies or math errors.



Member timesheets are also reviewed in monitoring visits and desk audits. The audit report states good business practices regarding timesheets. All of these listed practices are already enforced with AmeriCorps Members and with program staff who review and approve the timesheets. These practices are listed as instructions on the Member timesheet.

d. "USVI improperly awarded education awards to 14 members who left the program early."

USVI understands the AmeriCorps Education Award Program Special Provisions regarding release from participation for compelling circumstances. These provisions state what circumstances are not considered personal and compelling. However, other circumstances will arise during a Member's term of service by which the Program must decide whether the Member is eligible for a partial education award. Documentation was found in Member files stating the reasons for each Member's exit. This documentation was provided to the auditor. USVI disagrees with the auditor's position that the reasons for exit were not compelling personal circumstances. It is USVI's expectation that these circumstances be reviewed individually for each Member to resolve this finding.

USVI implements policies and procedures to ensure compliance with grant requirements in documenting decisions to grant partial education awards to members who leave for compelling personal circumstances. Program Directors are responsible for exiting Members and are trained to document the reason for any early exit of Members in accordance with the Code of Federal Regulations. USVI conducts site visits, file audits, and monitoring that includes the review of documentation for any Member exited for compelling personal circumstance.

e. "USVI entered nine members into WBRS after the grant was completed."

USVI understands the AmeriCorps Education Award Program Special Provisions, Section 16.d.i, which requires Member enrollment forms to be submitted no later than 30 days after the member begins service.

There were circumstances that led to the late entry of these Members into WBRS. Because of the geographic diversity of this Education Award Only Program, placement site supervisors would obtain Member forms and then submit them to the Kentucky office. In some instances, program staff did not receive these forms in a timely manner. This explains why Members were not enrolled in WBRS at the start of their service. Some forms and timesheets were not submitted until after the closing of the Kentucky office. The forms finally arrived in the Los Angeles office which alerted program staff that some Member enrollment forms had not been entered into WBRS. Corporation officials were contacted in two of these cases. Recognizing that these Members did meet service requirements, the Corporation provided instructions to USVI to enroll the



October 22, 2007
DRAFT Audit Response

Agreed-Upon Procedures for Grant Number 03NDHCA001

Members in WBRS, although late. USVI maintains the correspondence with the Corporation that indicates this and it was submitted to the auditor during fieldwork. Following this guidance, seven other Members were also enrolled late upon receiving the paperwork that indicated they served and completed their terms of service.

The audit report states that the auditor has no confidence that these members met their service requirements. USVI disagrees with this statement. Timesheets and Member paperwork were presented to the auditor for all of the nine Members in question. The statement that one Member did not have any timesheets is incorrect. While Member enrollment forms were entered late into WBRS, the timesheets and Member files prove that Members served and completed their hours.

USVI disagrees with the questioning of education awards for these nine members due to late WBRS enrollment forms. USVI contests that these Members are considered ineligible for education awards. While enrollment forms were entered late into WBRS, Members did meet service requirements.

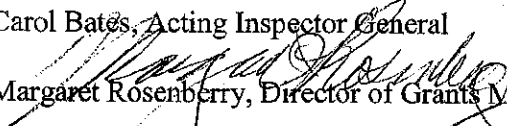
USVI contests the \$5,291 amount of interest included in the questioned costs for one member. In addition to the amount being excessive, USVI is unsure why interest is being included in the total questioned costs.

APPENDIX C

CORPORATION'S RESPONSE TO AGREED-UPON PROCEDURES REPORT

Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

To: Carol Bates, Acting Inspector General

From: 
Margaret Rosenberry, Director of Grants Management

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

Date: October 22, 2007

Sub: Response to OIG Draft of Agreed-Upon Procedures Report of the Corporation's
Education Award Grant awarded to United States Veterans Initiative

Thank you for the opportunity to review the draft Agreed-Upon Procedures report of the Corporation's Education Award Grant awarded to United States Veterans Initiative.

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.