

CORPORATION

FOR NATIONAL

 SERVICE

OFFICE OF THE INSPECTOR GENERAL

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

Initial Year Review

Neighborhood Green Corps

Boston, Massachusetts

Grant Number 94ADNMA014

This report is issued to CNS Management. According to OMB Circular A-50, *Audit Followup*, the Corporation must make a final management decision within 180 days of the report. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented or the amount of disallowed costs.

The Inspector General must approve any request for public release of the report.

Corporation for National Service
Office of Inspector General
Initial Year Review
Grant Agreement #94ADNMA014
Awarded to Neighborhood Green Corps

We performed a limited review¹ of the Neighborhood Green Corps' financial reporting and accounting systems to assess their ability to comply with Federal fiscal accounting and reporting requirements applicable to its AmeriCorps grant and to safeguard related funds.

Results

Neighborhood Green Corps' accounting system and system of internal controls does not comply with Federal and grant requirements and safeguard Federal funds because:

- Neighborhood Green Corps' policies and procedures manual does not require signed personnel activity reports for staff who allocate hours charged to the grant;
- Neighborhood Green Corps does not require AmeriCorps members to sign time and attendance sheets; and
- Neighborhood Green Corps did not maintain adequate documentation for in-kind contributions used to meet its requirement to provide matching funds under the CNS grant.

Background

Neighborhood Green Corps is a nonprofit association headquartered in Boston, Massachusetts. It serves as a field school for environmental organizing, public education, and research activities for state and national environmental organizations. Neighborhood Green Corps' mission is to train youth to become environmental leaders, provide support to state, national, and local organizations, and work on the nation's critical environmental issues.

The purpose of its AmeriCorps program is to address environmental problems in distressed cities. AmeriCorps teams will work with local community groups in 11 cities to identify low income residents in need of conservation services, perform energy audits, install weatherization devices, and conduct workshops and develop strategies to combat lead poisoning in children.

¹As described in the Scope and Methodology section of this report.

The AmeriCorps grant, totaling \$805,000, is Neighborhood Green Corps' first Federal award. The grant provides support for the program as follows:

<u>Cost Category</u>	<u>CNS Award</u>
AmeriCorps Member -- Living Allowances	\$ 357,170
-- FICA and Worker's Compensation	47,536
-- Health Care	56,100
-- Training and Education	<u>71,040</u>
Subtotal	531,846
Staff Salaries, Benefits, and Training	131,212
Travel, Transportation, Supplies, and Equipment	97,762
Internal Evaluation	4,180
Administrative Expenses	<u>40,000</u>
Total Neighborhood Green Corps Award	<u>\$ 805,000</u>
<hr/>	
Total Neighborhood Green Corps Award	\$ 805,000
Post Service Education Awards	<u>259,875</u>
Total CNS Funding	<u>\$1,064,875</u>

Under the grant, Neighborhood Green Corps must provide an additional \$206,243 in matching funds for its programs. The grant covered the period from July 1, 1994, through September 30, 1995.

Neighborhood Green Corps' program is administered by a Project Director located in Washington, D.C., East and West Coast Coordinators, and Team Leaders at each site. Team Leaders are responsible for the day-to-day management and supervision of the AmeriCorps member's activities and coordination with service partners. Neighborhood Green Corps reported it has 52 AmeriCorps members at the following sites:

Boston, MA (4 members); Washington, D.C. (4 members); New Haven, CT (5 members);
 New York, N.Y. (5 members); Philadelphia, PA (5 members); Newark, N.J. (5 members);
 Sacramento, CA (4 members); San Francisco, CA (5 members); San Jose, CA (5 members);
 Los Angeles, CA (5 members); Portland, OR (5 members);

Scope and Methodology

We performed our review at Neighborhood Green Corps' offices, in Boston, Massachusetts, and Washington, D.C., during the period May 24 through August 2, 1995. We obtained an understanding of Neighborhood Green Corps accounting system and management controls and performed limited testing to determine whether they were operating as intended. Our procedures included:

- interviewing key accounting and program personnel;
- documenting and nominally testing key management controls over Neighborhood Green Corps' accounting and reporting systems;
- reviewing prior audit reports on Neighborhood Green Corps' financial statements and management controls; and
- testing a judgmental sample of financial transactions related to the grant.

We performed our review in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. However, our procedures were substantially less in scope than an audit, and accordingly, did not include elements essential to the expression of an opinion on management controls. Accordingly, we do not express such an opinion. Further, if additional audit procedures had been performed other matters might have come to our attention that would have been reported. Also, projections of any evaluation of the internal control structure over financial reporting to future periods are subject to the risk that the internal control structure may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

We provided a draft of this report to Neighborhood Green Corps and CNS officials. Neighborhood Green Corps' response is presented as Exhibit A. CNS' response is presented as Exhibit B.

This report is intended for the information and use of the Corporation's and Neighborhood Green Corps' management. However, this report is a matter of public record and its distribution is not limited.

Findings and Recommendations

I. Staff hours are not supported by personnel activity reports.

During our review, we noted that two project officials who charged time to the CNS grant and to other projects carried out by Neighborhood Green Corps did not prepare personnel activity reports to allocate their time. Under the terms and conditions of the grant award, "Salaries and wages

chargeable between this grant and other programs or functions of the grantee organization must be supported by individual time distribution records” (AmeriCorps*USA-Direct Grant Provisions, Section 18(c)). The reports must be signed by the individual employee or a supervisor with firsthand knowledge of the activities performed (OMB Circular A-122, *Cost principles for nonprofit organizations*, Attachment B, 6(l)(2)(c)).

We recommend that Neighborhood Green Corps require all staff whose compensation is supported by two or more funding sources prepare and sign personnel activity reports allocating their time between these sources.

II. AmeriCorps members are not required to sign time and attendance sheets.

Neighborhood Green Corps requires AmeriCorps members to complete a “Service Log” identifying their service hours on a daily basis for 30-day periods, allocating their time between direct service, training, and miscellaneous service. The log serves as the members’ time and attendance sheet and forms the basis for assuring that AmeriCorps members meet the 1,700 hour service requirement. However, we found that neither the AmeriCorps member nor a supervisor with first hand knowledge of the member’s activities signed the log. A consolidated “attendance roll” for all members reporting days of service on a biweekly basis was reviewed by the Project Director. Under the terms and conditions of its grant award, salaries, wages, and living allowances charged directly to this grant or charged to matching funds must be supported by signed time and attendance records for each individual employee and participant (AmeriCorps*USA-Direct Grant Provisions, Section 18c).

We recommend that Neighborhood Green Corps require all AmeriCorps members to prepare and sign individual time and attendance sheets.

III. In-kind contributions used as matching funds are not adequately documented.

We found that Neighborhood Green Corps’ documentation for contributions used as matching funds consisted of summary memorandum containing a brief description and an estimate of the value for the goods and/or services. The memorandum did not provide sufficient documentation to assess the valuation of the donated item. For example, Neighborhood Green Corps applied \$21,000 to its CNS grant match for the value of donated supplies used in winterizing homes. The support documenting this donation and its valuation consisted of a memo noting that

“The NGC teams did weatherization projects as part of the Energy Conservation Project. All supplies for these weatherizations were donated or provided by the partner organizations. On average the supplies represent the following in-kind contribution:

\$75 x 240 kits + \$120 x 25 kits”

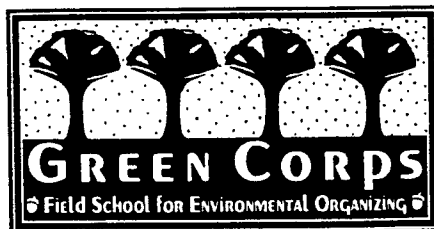
Neighborhood Green Corps did not provide any receipts or other documentation establishing the basis for these valuations. As of its March 31, 1995, Financial Status Report, Neighborhood Green Corps had applied \$67,963 of in-kind contributions toward its matching requirement based on similar supporting documentation.

Under CNS regulations, third party in-kind contributions used to meet matching fund requirements must be verifiable from the grantee's records (OMB Circular A-110, *Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*, Subpart C, 23(a)(1) and 45 CFR 2543.23). These regulations also specifically require grantees to document the basis for determining the value of the donated goods and services.

In addition, Neighborhood Green Corps' documentation did not establish that in-kind training services applied toward its grant match were acceptable under OMB Circular A-110. OMB Circular A-110 states that in-kind service may be used for matching requirements, if they are allowable under applicable costs principles. The cost principles applicable to Neighborhood Green Corps state that training costs are allowable if the training enhances the "vocational effectiveness of employees" or meet other specific criteria (OMB Circular A-122, *Cost Principles for Non-Profit Organization*). The documentation provided by Neighborhood Green Corps did not demonstrate that the in-kind training applied to its matching requirement met these criteria.

We recommend that Neighborhood Green Corps provide adequate supporting documentation for all in-kind goods and services used to meet its grant match requirements. If Neighborhood Green Corps is unable to provide adequate documentation, we recommend that CNS require Neighborhood Green Corps to meet its matching requirement through other means.

GREEN CORPS
218 D Street, SE
Washington, DC 20003
(202) 547-9178 - phone
(202) 546-2461 - fax



GREEN CORPS
29 Temple Place
Boston, MA 02111
(617) 426-8506 - phone
(617) 292-8057 - fax

September 13, 1995

Luise S. Jordan
Inspector General
Corporation for National Service
1201 New York Ave., NW
Washington, DC 20525

Dear Luise,

I am in receipt of your limited review of Green Corps' financial and reporting systems.

I appreciate your comments and we are eager to make the changes needed to have a fully adequate accounting system and system of internal controls.

There were three areas mentioned. Below I have outlined the changes we will make for the new grant cycle starting September 30, 1995.

1. Documentation of in-kind contributions. We will provide full documentation so that the valuation of the donated items can be more easily assessed and demonstrate that all in-kind contributions meet the needed criteria under the grant.
2. Personnel activity reports. Each staff person whose compensation is supported by two or more funding sources will prepare and sign personnel activity reports allocating his/her time between these sources.
3. AmeriCorps member time and attendance sheets. All AmeriCorps members will sign their time and attendance sheets.

Please feel free to contact me at our Boston office if you have any questions.

Sincerely,



Leslie Samuierich
Executive Director



Advisory Board: David Brower, Earth Island Institute • Barbara Dudley, Greenpeace
Janet Domenitz, MASSPIRG • Lois Gibbs, Citizen's Clearinghouse for Hazardous Waste
Denis Hayes, Bullitt Foundation • Dolores Huerta, United Farm Workers of America
Randall Hayes, Rainforest Action Network • Nick Keller, National Wildlife Federation
Steve Kest, ACORN • Jim Maddy, League of Conservation Voters • Connie Mahan, National
Audubon Society • Robert K. Musil, Physicians for Social Responsibility • Alden Mayer, Union of
Concerned Scientists • John O'Connor, Jobs and the Environment • Douglas Phelps, U.S.PIRG
Kenneth Ward, National Environmental Law Center. (Partial list)





AmeriCorps National Service CORPORATION
FOR NATIONAL
SERVICE

MEMORANDUM

September 28, 1995

TO: Luise Jordan
FROM: Mike Kenefick *mk*
RE: Draft Report No. 95-10 - Green Corps

Thanks very much for forwarding a draft copy of your initial year review of Green Corps.

I believe Green Corps has forwarded a letter to you indicating how they plan to correct the three problems cited in your report. I concur with their proposed changes.

My staff and I will monitor their program to ensure that they implement the necessary changes.


Please contact me if you have any further questions regarding this matter.

1201 New York Avenue, NW
Washington, DC 20525
Telephone 202-606-5000

Getting Things Done.
AmeriCorps, National Service
Learn and Serve America
National Senior Service Corps

September 29, 1995

Leslie Samuelrich
Executive Director
Neighborhood Green Corps
29 Temple Place
Boston, Massachusetts 02111

CORPORATION
FOR NATIONAL
 SERVICE

Dear Ms. Samuelrich,

Enclosed is a copy of our final report. If you have any questions related to the resolution process, please contact Gary Kowalczyk, the CNS Chief Financial Officer at (202) 606-5000, extension 340. If you have any questions pertaining to this report, please contact Bill Anderson at (202) 606-5000 extension 395.

Thank you for the cooperation extended by your staff during this review.

Sincerely,



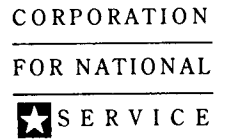
Luise S. Jordan
Inspector General

Enclosure

1201 New York Avenue, NW
Washington, DC 20525
Telephone 202-606-5000


Getting Things Done.
AmeriCorps, National Service
Learn and Serve America
National Senior Service Corps

MEMORANDUM



DATE: September 29, 1995

TO: Gary Kowalczyk
Acting Chief Financial Officer

FROM: Luise S. Jordan 
Inspector General

SUBJECT: Report No. 95-10
Neighborhood Green Corps

We performed a limited review of the Neighborhood Green Corps' financial reporting and accounting systems to assess their ability to comply with Federal fiscal accounting and reporting requirements applicable to its National AmeriCorps grant and to safeguard related funds.

Neighborhood Green Corps' accounting system and system of internal controls does not comply with Federal and grant requirements and safeguard Federal funds because:

- Neighborhood Green Corps' policies and procedures manual does not require signed personnel activity reports for staff who allocate hours charged to the grant;
- Neighborhood Green Corps does not require AmeriCorps members to sign time and attendance sheets; and
- Neighborhood Green Corps did not maintain adequate documentation for in-kind contributions used to meet its requirement to provide matching funds under the CNS grant.

In her response to our draft report, Leslie Samuelrich, Executive Director, Green Corps, stated that Neighborhood Green Corps will make the changes needed to have a fully adequate accounting system and system of internal controls.

Attachment

c: Shirley Sagawa
Larry Wilson
Levon Buller

1201 New York Avenue, NW
Washington, DC 20525
Telephone 202-606-5000

Getting Things Done.
AmeriCorps, National Service
Learn and Serve America
National Senior Service Corps