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C O R P O R A T I O N

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S E R V I C E

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## OFFICE OF THE INSPECTOR GENERAL

Review of

The Shriver Center at the  
University of Maryland at Baltimore  
CNS Award # 95ADNMD017

**This report is issued to CNS Management. According to OMB Circular A-50, *Audit Follow Up*, the Corporation must make final management decisions on the report's findings and recommendations no later than June 22, 1997. 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.**

Office of the Inspector General  
Review of  
The Shriver Center at the University of Maryland at Baltimore  
CNS Award # 95ADNMD017



Leonard G. Birnbaum and Company, under contract to the Office of Inspector General, performed a limited review of The Shriver Center's accounting systems and management controls and the applicable portions of the University of Maryland at Baltimore County's (UMBC) accounting systems and management controls to determine whether they are adequate and suitable for managing Corporation for National Service grant award number 95ADNMD017 in accordance with its terms and conditions and applicable laws and regulations. We have reviewed the report and workpapers supporting its conclusions and agree with the findings and recommendations presented.

Based on their review, the accounting systems and system of internal controls of The Shriver Center and the applicable portions of UMBC's accounting systems and system of internal controls are inadequate to report grant expenditures in accordance with grant requirements and to safeguard Federal funds. Leonard G. Birnbaum and Company identified several conditions which warrant correction. These conditions include:

- lack of adequate oversight by management led to lapses in financial controls,
- labor costs charged to the grant for non-professorial and non-professional staff were not based on an after-the-fact labor distribution system; we questioned \$58,531 of salaries and related costs,
- Member time sheets were not signed by a supervisor at one of the three operating sites,
- Financial Status Reports were not always submitted on time, and
- there were instances of noncompliance with certain provisions in the subgrant agreements.

A draft of this report was provided to CNS and The Shriver Center for comment. CNS did not provide comments. The Shriver Center generally concurred with the findings and stated that they are taking corrective action.

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# LEONARD G. BIRNBAUM AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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**Inspector General**  
**Corporation for National Service**  
**1201 New York Avenue, N.W.**  
**Washington, DC 20525**

We performed a limited review, as described in the Scope and Methodology section of this report, of The Shriver Center's accounting systems and management controls and the applicable portions of the University of Maryland at Baltimore County's (UMBC) accounting systems and management controls to determine whether they are adequate and suitable for managing Corporation for National Service grant award number 95ADNMD017 in accordance with its terms and conditions and applicable laws and regulations. Our review covered the period January 1, 1996 through June 30, 1996.

## SUMMARY RESULTS

Based on our review we concluded that the accounting systems and system of internal controls of The Shriver Center and the applicable portions of UMBC's accounting systems and system of internal controls are inadequate to report grant expenditures in accordance with grant requirements and to safeguard Federal funds. Our review identified several conditions which warrant correction. These conditions include:

- lack of adequate oversight by management led to lapses in financial controls,
- labor costs charged to the grant for non-professorial and non-professional staff were not based on an after-the-fact labor distribution system; we questioned \$58,531 of salaries and related costs,
- Member time sheets were not signed by a supervisor at one of the three operating sites,

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- Financial Status Reports were not always submitted on time, and
- there were instances of noncompliance with certain provisions in the subgrant agreements.

## BACKGROUND

The Shriver Center, a component of UMBC, is responsible for managing the AmeriCorps program. The mission of the Shriver Center, established in December 1993, is to:

- focus the resources of greater Baltimore's colleges and universities on the pressing urban issues of the region,
- engage faculty, students and the community in strengthening existing learning service programs and developing initiatives to improve the quality of urban life, and
- lead the nation in ensuring that higher education more effectively relates the work of faculty and students to urgent social issues.

The Shriver Center's activities include service, training, research and public education in the area of jobs and economic development, health, education and juvenile justice.

The Shriver Center was awarded \$625,337 from the Corporation for National Service (CNS) to fund an AmeriCorps program titled Community Lead Education and Reduction Corps (CLEARCorps) for the period January 1, 1996 to March 31, 1997. The CLEARCorps program, operating in three cities (Baltimore, Maryland; Minneapolis, Minnesota; and Charleston, South Carolina), is intended to focus on targeted, feasible and cost effective solutions to reduce lead exposure in at-risk neighborhoods where problems continue despite the dramatic decline in children's blood-lead levels in the nation as a whole. During the program, AmeriCorps members will:

- test homes for lead-dust levels,
- clean, repair and help make homes lead safe, and
- educate parents and other members of their communities on lead risk reduction.

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The AmeriCorps grant provides support for the program as follows:

<u>Cost Category</u>	<u>CNS Award*</u>
Living Allowances (44 Full Time and 2 Part Time AmeriCorps Members)	\$303,885
FICA and Worker's Compensation	31,773
Health Care	44,880
Member Training, Education and Uniforms	<u>4,300</u>
Subtotal	384,838
Staff Salaries, Benefits and Training	146,000
Travel, Transportation, Supplies and Other	53,750
Internal Evaluation	9,500
Administrative Expenses	<u>31,249</u>
Subtotal	240,499
<b>Total Operating Grant</b>	<b><u>\$625,337</u></b>
Total Operating Grant	\$625,337
Post Service Education Awards	<u>212,626</u>
<b>Total Available CNS Funding</b>	<b><u>\$837,963</u></b>
* Under the grant, UMBC is to provide an additional \$296,922 in matching funds for the program.	

### SCOPE AND METHODOLOGY

We performed our review during the period August 12 through August 16, 1996. Our procedures included site visits to The Shriver Center, housed at the University of Maryland at Baltimore County, and the operating site located in Baltimore, Maryland. The Baltimore site does not have a separate accounting system as all financial transactions are handled by The Shriver Center. In addition, we interviewed representatives of the operating sites located in Charleston, South Carolina and Minneapolis, Minnesota as to their knowledge of selected AmeriCorps provisions and inquired as to their procedures to ensure compliance with selected AmeriCorps Provisions. We obtained an understanding of The Shriver Center's accounting system and management controls and applicable portions of UMBC's accounting system and management controls and performed limited testing to determine whether they were operating as intended.

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Our procedures included:

- interviewing key accounting and program personnel at The Shriver Center and the Baltimore site;
- testing a judgmental sample of financial transactions related to the grant;
- reviewing the supplementary A-133 audit report of the University of Maryland System for the year ended June 30, 1995; and
- reviewing the policies and procedures of the operating sites located in Charleston and Minneapolis.

We performed our review in accordance with *Government Auditing Standards* (1994 Revision) 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 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 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 CNS and The Shriver Center officials for their comments. CNS did not respond. The Shriver Center's response is presented as Appendix A of this report and summarized after each finding.

This report is intended for the information and use of the CNS Office of Inspector General and CNS' management and The Shriver Center's management. However, this report is a matter of public record and its distribution is not limited.

## FINDINGS AND RECOMMENDATIONS

### Finding No. 1

UMBC has established separate accounts for tracking program expenditures by funding source (Federal vs. non-Federal) for each of the operating sites and the parent organization. Based on the amounts recorded in each of these accounts for the period ended June 30, 1996, we prepared summary schedules of the total expenses incurred by each of the operating sites and the parent

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organization by funding source (Attachments A and B). Our review of these schedules disclosed the following:

- The administrative costs claimed under CNS funding exceeded the maximum limit of five percent of total costs expended.
- The labor cost of the parent organization had been recorded in the account established for the Baltimore site.
- The total amount incurred for living allowance at the Baltimore site had been recorded as funded by CNS and all but one of the invoices submitted by the Minneapolis site had been recorded as totally funded by CNS.

Our discussion of the above issues with the The Shriver Center's National Program Director disclosed that the National Program Director had not been aware of the improper recording of expenditures by funding source and the entity incurring the cost. We feel, therefore, that management lacks adequate oversight of the program. Failure to correct any previously recorded expenditures or failure to ensure that future expenditures are recorded properly could result in The Shriver Center being cited for noncompliance or amounts being questioned during any future audit of this grant since AmeriCorps Provision 24b states, "the maximum Corporation share of Administrative costs cannot exceed 5% of total Corporation funds actually expended" and AmeriCorps Provision 12a states, in part, "the Corporation will only fund up to 85% of the minimum living allowance..." In addition, the grant award stipulates that the grantee will share in the expenses of the program.

#### Recommendation

We recommend that management take a more active role in the financial aspects of the program in terms of oversight and monitoring. As part of this oversight, The Shriver Center should establish policies and procedures to ensure that future expenditures are properly recorded. We further recommend that The Shriver Center review the previously recorded expenditures of the program to determine whether corrections need to be made to record them properly.

#### UMBC's Comments

The Shriver Center concurred with the finding and stated that it has begun to take corrective action.

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### Finding No. 2

UMBC, which includes the Baltimore site, does not utilize an after-the-fact labor distribution system for non-professorial or non-professional staff. While all UMBC employees submit time sheets, the time sheets are merely time and attendance records since they only reflect total hours worked as opposed to the number of hours worked attributable to each sponsored program. Labor costs charged to sponsored programs for all employees are based on predetermined percentages. According to section 8 of Subpart J of OMB Circular A-21, only those employees classified as professorial and professional staff applicable to sponsored programs may distribute salaries and wages under a method based on budgeted, planned, or assigned work activity which is updated to reflect any significant changes in work distribution. Since The Shriver Center does use an after-the-fact labor distribution system, we were unable to determine the actual labor costs expended on this grant. We have, accordingly, questioned \$52,126 of direct salaries and wages claimed for the Baltimore site through June 30, 1996, together with related fringe benefits of \$6,405.

### Recommendation

We recommend that The Shriver Center implement an after-the-fact labor distribution system to allocate labor costs to the grant for non-professorial and non-professional staff. We further recommend that The Shriver Center review and adjust as appropriate the claimed labor costs which cannot be supported.

### UMBC's Comments

The Shriver Center concurred with the finding and indicated that a separate time keeping sheet has been established for this program in order to document actual hours worked rather than the use of percentages. Furthermore, The Shriver Center stated that "the \$52,126.00 of salaries and \$6405 of benefits are being reviewed and unauthorized amounts will be transferred out of the grant accounts."

### Finding No. 3

The AmeriCorps Member timesheets at the Baltimore site are not signed by a supervisor. The supervisor's signature on the timesheets indicates approval of the hours worked and recorded by the Members. AmeriCorps Provision 23c states, in part, that "time and attendance records must be signed by both the Member and by an individual with oversight responsibilities for the Member."



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#### Recommendation

We recommend that the Baltimore site implement policies and provisions to ensure that all Member time sheets are signed by a supervisor.

#### UMBC's Comments

The Shriver Center concurred with the finding and stated that "although the signature was not present, there were many steps to verify the actual payments. The timesheets are now not only reviewed, but **signed** at the Baltimore site. No time sheet will be accepted by the Administrative Assistant without the supervisor's signature."

#### Finding No. 4

Not all quarterly financial reports were submitted within the specified time period by UMBC. OMB Circular A-110, Subpart C, Section .52(a)(1)(iii) states, in part, that "the Federal awarding agency shall require recipients to submit the SF-269 or SF-269A (an original and no more than two copies) no later than 30 days after the end of each specified reporting period for quarterly and semi-annual reports, and 90 calendar days for annual and final reports. Extensions of reporting due dates may be approved by the Federal awarding agency upon request of the recipient." According to instructions from CNS to the grantee, the Financial Status Report (SF-269) for the quarter ended June 30 was due by July 31. Although the SF-269 for the quarter ended June 30, 1996, was dated August 8, 1996, we found no indication that The Shriver Center had requested or received approval for an extension.

#### Recommendation

We recommend that The Shriver Center establish and implement policies and procedures to ensure that quarterly reports are either submitted on time or that an extension be requested in the event that circumstances prevent the report from being submitted by the due date.

#### UMBC's Comments

According to The Shriver Center, it is aware of the reporting requirements and that the Administrative Assistant is responsible for the preparation and submission of these reports. In addition, The Shriver Center stated that the report for the quarter ended June 30 was submitted late because responsibility for the accounts were being transferred to the Administrative Assistant at the time and the year end reports were not ready when expected. The Shriver Center further

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stated that "in the future, we will request an extension for the June 30th reports whenever the first closing of our year end is delayed."

#### Reviewer's Response

Based on The Shriver Center's comments, we feel that appropriate corrective action is being taken so long as the procedure to request an extension is not limited to just the June 30 reports if circumstances occur which would result in late submission of reports for another period.

#### Finding No. 5

Payment for reimbursement and reporting requirements stipulated in the agreements between The Shriver Center and the subrecipients were not adhered to by the subrecipients. The agreements include the following requirements:

- "Payment will be made quarterly for services performed in the previous quarter."
- "...must maintain records and provide detailed reports of all project costs that are claimed as matching contributions by category per Appendix B. All matching contributions must be submitted in conjunction with the invoices listed in Article III."

Our review of the invoices submitted by the Minneapolis site disclosed that invoices were being submitted on a monthly basis as opposed to the quarterly basis stipulated in its agreement. In addition, we found no indication that matching contributions were being reported. As of June 30, 1996, the Charleston site had not submitted any invoices. The National Program Director, however, stated that The Shriver Center anticipated that the Charleston site would also be submitting invoices on a monthly basis.

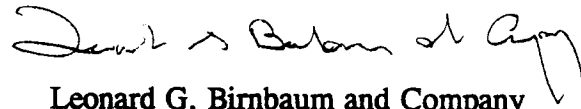
#### Recommendation

We recommend that The Shriver Center either enforce the requirements of its agreements or amend the agreements to reflect the existing practices.

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UMBC's Comments

The Shriver Center concurred with our finding and stated that it has begun to take corrective action.

  
Leonard G. Birnbaum and Company

Alexandria, Virginia  
August 16, 1996

University of Maryland at Baltimore County  
Corporation for National Service - Award Number 95ADNMD017  
Schedule of Claimed Costs - Federal Funding  
For the Period Ended June 30, 1996

	Parent Organization	Baltimore Site (A)	Minneapolis Site	Charleston Site	Total	Questioned Costs
<b>Member Support Costs</b>						
Full-time	\$ -	\$ -	\$ 6,377	\$ -	\$ 6,377	\$ -
Part-time	-	-	-	-	-	-
FICA	-	-	416	-	416	-
Workers compensation	-	-	410	-	410	-
Unemployment insurance	-	-	-	-	-	-
Health care	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>7,203</u>	<u>-</u>	<u>7,203</u>	<u>-</u>
<b>Other Member Costs</b>						
Training & education	-	-	-	-	-	-
Uniforms	-	-	-	-	-	-
Other	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Staff</b>						
Salaries	-	52,126	16,002	-	68,128	52,126
Benefits	-	6,405	1,330	-	7,735	6,405
Training	-	-	3,254	-	3,254	-
Other	-	-	-	-	-	-
	<u>-</u>	<u>58,531</u>	<u>20,586</u>	<u>-</u>	<u>79,117</u>	<u>58,531</u>
<b>Operating Costs</b>						
Travel	2,584	10	2,706	-	5,300	-
CNS sponsored Meetings	-	-	-	-	-	-
Transportation	-	-	47	-	47	-
Supplies	47	1,646	2,513	-	4,206	-
Equipment	-	-	-	-	-	-
Other	34	22	1,349	-	1,405	-
	<u>2,665</u>	<u>1,678</u>	<u>6,615</u>	<u>-</u>	<u>10,958</u>	<u>-</u>
<b>Internal Evaluation</b>	<u>2,191</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,191</u>	<u>-</u>
<b>Administration</b>	<u>243</u>	<u>2,258</u>	<u>9,335</u>	<u>-</u>	<u>11,836</u>	<u>-</u>
<b>Total</b>	<u>\$ 5,099</u>	<u>\$62,467</u>	<u>\$43,739</u>	<u>\$ -</u>	<u>\$ 111,305</u>	<u>\$58,531</u>

(A) The living allowance amount is reflected in the salary line item.

University of Maryland at Baltimore County  
Corporation for National Service - Award Number 95ADNMD017  
Schedule of Claimed Costs - Federal Funding  
For the Period Ended June 30, 1996  
Notes

The direct labor and revised benefits claimed by the Baltimore site has been questioned in their entirety because UMBC, which includes the Baltimore site, does not utilize an after-the-fact labor distribution system for non-professorial or non-professional staff. Please refer to Finding No. 2 for additional details.

University of Maryland at Baltimore County  
 Corporation for National Service - Award Number 95ADNMD017  
 Schedule of Claimed Costs - Non-Federal Funding  
 For the Period Ended June 30, 1996

	<u>Parent Organization</u>	<u>Baltimore Site</u> (A)	<u>Minneapolis Site</u>	<u>Charleston Site</u>	<u>Total</u>
<b>Member Support Costs</b>					
Full-time	\$ -	\$ -	\$ 1,087	\$ -	\$ 1,087
Part-time	-	-	-	-	-
FICA	-	-	61	-	61
Workers compensation	-	-	130	-	130
Unemployment insurance	-	-	-	-	-
Health care	-	-	-	-	-
AmeriCorps health	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>1,278</u>	<u>-</u>	<u>1,278</u>
<b>Other Member Costs</b>					
Training & education	-	-	-	-	-
Uniforms	-	-	-	-	-
Other	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Staff</b>					
Salaries	16,473	7,254	1,832	-	25,559
Benefits	2,188	570	307	-	3,065
Training	-	-	-	-	-
Other	-	-	-	-	-
	<u>18,661</u>	<u>7,824</u>	<u>2,139</u>	<u>-</u>	<u>28,624</u>
<b>Operating Costs</b>					
Travel	224	1,306	-	-	1,530
CNS sponsored Meetings	-	-	-	-	-
Transportation	-	-	209	-	209
Supplies	228	1,618	-	-	1,846
Equipment	1,993	1,164	-	-	3,157
Other	4,227	3,093	526	-	7,846
	<u>6,672</u>	<u>7,181</u>	<u>735</u>	<u>-</u>	<u>14,588</u>
Internal Evaluation	<u>30</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30</u>
Administration	<u>1,169</u>	<u>647</u>	<u>750</u>	<u>-</u>	<u>2,566</u>
<b>Total</b>	<u>\$26,532</u>	<u>\$15,652</u>	<u>\$ 4,902</u>	<u>\$ -</u>	<u>\$ 47,086</u>

(A) The living allowance amount is reflected in the salary line item.



# UMBC

The Shriver Center

**Shriver Center  
National Advisory Board**

December 5, 1996

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Alexandria, VA 22310

Dear Mr. Leiper:

I am writing in response to your letter dated 10/31/96 regarding the Initial Review of Corporation for National Service Award Number 95ADNM017 to The Shriver Center at the University of Maryland Baltimore County. The review covered the time period January 1, 1996 through June 30, 1996.

First, I would like thank you for the opportunity to be reviewed so early in the grant in order to help us to run the program as efficiently as possible. We were able to learn from this review, and to proceed with a much better understanding of what the Corporation for National Service expects of us.

After careful review of your report, we are asking that you set aside some of the findings that were already discovered and addressed by our budget staff prior to the review. Please keep in mind that we were still setting up some of our procedures due to a delayed start and the unexpected assumption of the Parent duties for the ClearCorps project.

We are confident that all of our expenses meet the intent and spirit of the project; and using your recommendations, will also meet the requirements of the actual agreement.

We will address all of the review findings in the same order as your report.

FINDINGS AND RESPONSESFinding No. 1: Auditee's Comments

The administrative costs (5%) are automatically calculated by our Financial Accounting System. When processing the journal entry to instruct the computer what subcodes to base the 5% administrative cost on, the data was entered incorrectly in our accounting department. This error was discovered by our business manager and the correction had already been requested prior to the review.

The labor costs were entered in the Baltimore site due to a misunderstanding of the accounts set up for this grant. The two budget staff working on this project were not employed by The Shriver Center until March of this year. The error was discovered by the Business Manager prior to the review, but the corrections did not show on our financial statements until July 1996. The corrections were shown to the auditors in August.

The total amounts for the living allowances appear in the accounts due to the procedures required by our payroll system. This was explained to the auditors in August. A memo was provided to Regina Dull for her records (attachment #1). The adjustments for the 85/15% split are processed manually.

The invoices provided by the Minneapolis Site were not distributed between the accounts properly. This had already been observed by the budget department and the redistribution was being calculated while the review was being conducted. The auditors were told that an adjustment would be made when the FAS ledgers were available.

It was also cited that the National Program Director was not aware of every detail of the findings. At the time of the review, the accounts were still being set up so the Business Manager was the actual person overseeing expenditures. It was decided that the program was too large for just one "manager" to handle efficiently; therefore an Administrative Assistant was hired in March to handle the administrative and accounting details of the grant. The Business Manager was still in the process of organizing the administration of the eight accounts involved in the grant while the Program Director and his



Administrative Assistant were still working out the details of their individual responsibilities. In order to do this with as little negative affects on the actual work being done at the sites, meetings and cross training had been kept to a minimum. This is no longer the case, as the full responsibility for the eight accounts has been assumed by the Administrative Assistant. The Program Director and his Assistant have been networked to the accounting system in order to track all expenditures more carefully. The Business Manager will review all reports and periodically review the accounting system for compliance with the AmeriCorps' provisions.

Finding #2 : Auditee's Comments

Due to the fact that our payroll system is not under our control, the actual time sheets can not be altered. We have had to set up a separate time keeping sheet for this program in order to document actual hours worked rather than use the percentages. The \$52,126.00 of salaries and \$6,405 of benefits are being reviewed and unauthorized amounts will be transferred out of the grant accounts. Much of this money has already been transferred to the correct accounts (see Finding # 1 , paragraph 2).

Finding # 3 : Auditee's Comments

All time sheets are reviewed by the immediate supervisor, then the Administrative Assistant before they are forwarded to our Executive Assistant and our Payroll Clerk. No paychecks are issued without the supervisor's authorization. Although the signature was not present, there were many steps to verify the actual payments. The timesheets are now not only reviewed, but signed at the Baltimore site. No time sheet will be accepted by the Administrative Assistant without the supervisor's signature.

Finding # 4 : Auditee's Comments

The system to track members' hours at the Baltimore Site has been changed by amending the Member Service Hour & Daily Sign in sheet to track hours for non-direct activities such as education and training. The supervisor at the Baltimore site was aware of the requirements but has been instructed that he must keep more formal records to track the members' hours.

*Reviewer's Comments:*

*Based on our discussion with the CNS  
OIG, this finding has been removed  
from the report.*

Finding # 5 : Auditee's Comments

Mid-term written evaluations were conducted for each member and are included in the member files. End-of-term written evaluations will be conducted for each member.

The statement of the auditors regarding provision 14d contradicts itself. It states that the value of direct community service performed by volunteers can not be included as part of our matching obligation. Neither in our grant submission or reports have we indicated anything contrary to this provision. These services are not being included in our match.

*Reviewer's Comments:*

*Based on our discussion with the CNS  
OIG, this finding has been removed  
from the report.*

Finding # 6 : Auditees' Comments

We are aware of the reporting requirements and the dates they are due. The Administrative Assistant is responsible for the preparation of these reports, and keeps a chart to assure that they are completed when due. The lateness of the June 30th report was due to two circumstances at that time. We were in the process of transferring the responsibility of accounts to the Administrative Assistant and our year end reports were not ready when we expected them. We can not always predict when the final reports will be issued for our year end (6/30) since we do not control the accounting system. Because we can not predict when the problems will occur, we would not usually have the time to request an extension. In the future, we will request an extension for the June 30th reports whenever the first closing of our year end is delayed.

Finding # 7 : Auditee's Comments

The subrecipients have been notified that they must include the matching contributions with their invoices.

The invoices were submitted on a monthly basis due to the preference of our accounting department. It was also believed that the monthly cash flow would benefit the sites. An amendment has been requested to keep the monthly billing. If denied, we will notify the accounting department and go back to quarterly immediately. Charleston will submit their invoices based on the outcome of the amendment request.

**Summary**

The majority of the findings were already noted by our budget department and actions had already begun to correct them. We had been reviewing our own procedures since this program was essentially still in the "set-up" mode in many areas.

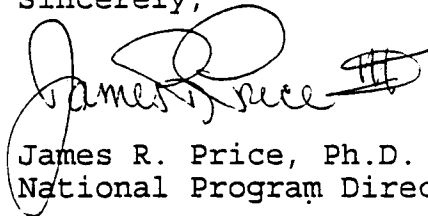
Those items that we had not found ourselves, have been handled as suggested in your recommendations. We will continue to use your recommendations as we implement any new procedures.

In all of the findings, the intent of the program was always first in our minds. We have not incurred any expenses that were not allowable in the program. The most prevalent cause of the listed findings, was administrative errors, not programmatic. All errors were easily corrected.

Again, we thank you for the review and the useful findings and recommendations. We hope that based on the information we have provided, you will set aside some or all of your findings.

Thank you in advance for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "James R. Price". The signature is written in dark ink and includes a stylized flourish at the end.

James R. Price, Ph.D.  
National Program Director

JRP/pak



# UMBC

The Shriver Center

Professional Practice  
 Cooperative Education  
 Internships  
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 Community Service and Learning  
 Student Literacy Corps  
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 Service Delivery  
 The Choice Program  
 The Choice Middle Schools Program  
 Choice Jobs  
 CLEARCorps

## MEMORANDUM

TO: Regina Dull, Leonard G. Birnbaum and Co.

FROM: Parry Keys, Business Manager *Parry*

DATE: August 23, 1996

RE: CLEARCorps living allowance

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CLEARCorps members receive a living allowance. In each CLEARCorps account a separate budget line item has been set up for these living allowances. Our members at the Baltimore site are paid their living allowances on a bi-weekly basis. These payments appear on our FAS reports as a salary instead of a living allowance. The reason for this is the members have to be paid out of the University Payroll system which does not have a separate line item to distinguish the difference between a living allowance and salary.

We are aware that the living allowances need to be reported separately, but we can not do this reporting on our FAS statements or payroll journals. All budgets and financial reports will list the living allowances and salaries separately. They will also be cross referenced to make the separation very clear.

cc: Jamie Price  
 Cheryl Case  
 Karen Rhinehart

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