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CORPORATION

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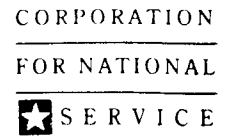
**OFFICE OF THE INSPECTOR GENERAL**

**Review of the  
Notre Dame Mission Volunteer Program  
Award Number 95ADNMD006**

**This report is issued to the Corporation's Management. Under the laws and regulations governing audit follow up, the Corporation must make final management decisions on the report's findings and recommendations no later than June 20, 1998, and complete its corrective action by December 22, 1998. 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  
Notre Dame Mission Volunteer Program  
Award Number 95ADNMD006



The Office of the Inspector General, Corporation for National and Community Service, contracted with Leonard G. Birnbaum and Company to audit the amounts claimed by the Notre Dame Mission Volunteer Program (Notre Dame) under Grant No. 95ADNMD006 awarded by the Corporation. The grant has a period of performance from August 1, 1995 through December 31, 1997. The scope of the audit was limited to the \$813 thousand of costs claimed for the period August 1, 1995 through September 30, 1996.

As required by the Single Audit Act and OMB Circular A-133, *Audits of State, Local Governments, and Nonprofit Organizations*, Leonard G. Birnbaum and Company reviewed the work of Notre Dame's independent auditor prior to beginning its work. Based on their review of the independent auditor's work, Leonard G. Birnbaum and Company concluded that a separate audit of the costs incurred was not necessary, and that their work could be limited to applying certain agreed-upon procedures related to the costs claimed under the grant. CNS OIG concurred with this decision.

The procedures performed by Leonard G. Birnbaum and Company included reviewing the audited financial statements for Notre Dame's fiscal year ended August 31, 1996, reviewing audit programs prepared by Notre Dame's independent auditor, determining that the audit programs had been executed as planned, reviewing the reports on internal controls and compliance, and developing an exhibit of claimed costs. We have reviewed Leonard G. Birnbaum and Company's report and work papers supporting its conclusions and agree with the findings and recommendations presented.

Based on their work Leonard G. Birnbaum and Company reported that

- Unallowable costs were claimed in the amount of \$1,095 for purchasing local Program uniforms.<sup>1</sup>
- Total expenditures reported on the Financial Status Report for the quarter ended September 30, 1996, did not reconcile with the audited financial statements for the year ended August 30, 1996, by an immaterial difference of \$1,510.
- The Program did not have workman's compensation liability insurance for its Maryland and Florida sites.

Therefore, we are questioning \$1,095 of the costs claimed under the award and \$1,510 in matching funds. We also recommend that the Corporation follow up to confirm that Notre Dame has obtained the required insurance. These and other matters are discussed in greater detail in the report.

A draft of this report was provided to the Corporation and Notre Dame for comment. The Corporation did not respond. Notre Dame essentially agreed with the findings but suggested that the report separate the amounts questioned between Corporation and matching funds. The report was revised to adopt Notre Dame's suggestions. Notre Dame's response is included in its entirety as Appendix A.

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<sup>1</sup>Uniforms bearing only the local Program's insignia.

**LEONARD G. BIRNBAUM AND COMPANY, LLP**

CERTIFIED PUBLIC ACCOUNTANTS

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MEMBERS OF THE  
AMERICAN INSTITUTE  
OF CPAS

June 17, 1997

Inspector General  
Corporation for National Service

We have applied certain agreed-upon procedures, as discussed below, to the amounts claimed by the Notre Dame Mission Volunteer Program (Notre Dame) under Grant No. 95ADNMD006 awarded by the Corporation for National Service. We applied the agreed-upon procedures in accordance with *Government Auditing Standards*. The grant has a period of performance from August 1, 1995 through December 31, 1997. The scope of our review, however, was limited to the period August 1, 1995 through September 30, 1996.

**BACKGROUND**

The Notre Dame Mission Volunteer Program, established in the State of Massachusetts in 1992, is a nonprofit organization under section 501 (c) (3) of the Internal Revenue Code.

Award Number

Award Description

95ADNMD006

The purpose of the grant is to provide funds for the implementation and operation of AmeriCorps Programs that focus on developing holistic educational programs for at risk children in economically disadvantaged communities within the states of California, Maryland, Massachusetts, and Ohio. Its staff recruits, trains and supervises qualified volunteers from the communities served in order to link the education of a child to life skill development for a parent.

Based on the results of our review, the costs incurred as presented in Exhibit A are accurate and in conformance with the terms and conditions of the grant, with the following exceptions.

Notre Dame included in its claim an amount of \$1,095 for purchasing local Program uniforms. The cost of local Program uniforms is not allowable as stipulated in the AmeriCorps Grant Provisions. Provision 3(c) of the AmeriCorps Special Provisions states "The Grantee may not use Corporation funds to purchase local Program uniforms." Furthermore, the total expenditures reported on the Financial Status Report for the quarter ended September 30, 1996, did not reconcile with the audited financial statements for the year ended August 30, 1996, by a difference of \$1,510. Accordingly, we have questioned these amounts and refer the matters to the grants officer for final determination.

The procedures we performed are summarized as follows:

- (A) We reviewed the audited financial statements for Notre Dame's fiscal year ended August 31, 1996, as well as the accompanying auditor's report. We determined that the independent auditor's report conformed to applicable generally accepted auditing standards, *Government Auditing Standards* and Office of Management and Budget Circular A-133, Audits of Institutions of Higher Education and Other Non-Profit Institutions.
- (B) We reviewed the audit programs, prepared by Notre Dame's independent auditor, related to (1) the financial statements, (2) the internal control structure and (3) compliance with laws and regulations and determined that they were appropriate to the circumstances.
- (C) We sampled individual audit steps and determined that the audit programs had been executed as planned.
- (D) We determined that the findings cited by the independent auditor did not result in a material misstatement of the amounts claimed.
- (E) We developed Exhibit A to present the amount of claimed costs from August 1, 1995 to September 30, 1996, and the amount of questioned costs. The rationale for the questioned cost is presented in Exhibit B of this report.
- (F) We found an immaterial difference of \$1,510 between the amount of outlays reported to the Corporation in the Financial Status Report (FSR) for the quarter ended September 30, 1996, and the total amount of outlays reported in the A-133 audit report for the year ended August 31, 1996. A calculation of the difference is presented as Exhibit C.
- (G) We reviewed the reports on the internal control structure and compliance.

The independent auditor's reports on the internal control structure included the following reportable conditions and corrective actions:

### Finding

“Internal Control over cash disbursements should be strengthened. Currently, the Executive Director and the Accountant have signatory power on the checking account, but only one signature is required on checks written for less than \$1,000. Because both of these individuals have access to the bank statements and may assist in the reconciliation, we feel there is not adequate control over the cash account.”

### Corrective Action

“The Program has agreed to give signatory powers to two volunteer members of the Board of Directors, require two signatures on all checks and have a volunteer sign on any check over \$1,000.”

### Finding

“The Program was required by the AmeriCorps grant provisions to have adequate workman’s compensation liability insurance. The Program does not have this insurance for their Maryland or Florida sites. This is a requirement of State law and it is possible there may be some penalties or interest incurred.”

### Corrective Action

“The Program has agreed to obtain workman’s compensation insurance for their Maryland and Florida sites.”

The independent auditor’s reports on compliance included the following immaterial instance of noncompliance:

### Finding

“Under the AmeriCorps grant provisions, the Program is not allowed to use AmeriCorps grant funds to purchase local Program uniforms. The Program used grant funds to purchase local Program uniforms for a cost of \$1,460 of which \$1,095 (75%) was charged to Grant funds. However, it should be noted, the approved AmeriCorps budget for uniforms was \$1,600 of which \$1,200 (75%) was included as chargeable to the Grant.”

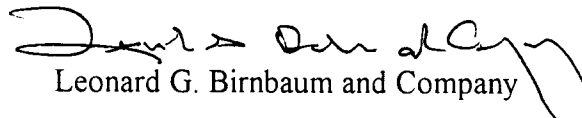
### Corrective Action

The Program noted the finding and has promised not to purchase local Program uniforms with the Corporation's funds in the future.

Because the above procedures do not constitute an audit conducted in accordance with *Government Auditing Standards*, we do not express an opinion on the amounts presented in Exhibit A, Exhibit B or Exhibit C. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the costs claimed by Notre Dame, except those presented in Exhibit A, were unallowable under the terms and conditions of the grant. Had we performed additional procedures or had we conducted an audit of the claimed costs in accordance with generally accepted auditing standards and *Government Auditing Standards*, other matters might have come to our attention that would have been reported to you. This report relates to the grant specified above and does not extend to any financial statements of Notre Dame taken as a whole.

We provided a draft of this report to CNS' Office of Grants Management and to Notre Dame for comments. While CNS did not respond, Notre Dame's response is presented as Appendix A of this report. Notre Dame essentially agreed with the findings but suggested an alternative presentation for purposes of clarity. We have revised the report adopting Notre Dame's suggestions.

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

  
Leonard G. Birnbaum and Company

Notre Dame Mission Volunteer Program  
Corporation for National Service, Grant No. 95ADNMD006  
Schedule of Award Costs  
From August 1, 1995 to September 30, 1996  
Interim

<u>Cost Category</u>	<u>(B) Approved Budget</u>	<u>(A)(B) Claimed Costs</u>	<u>Questioned Costs</u>	<u>Exhibit B Reference</u>
<b>Member Support Costs:</b>				
Living Allowance	\$ 270,120	\$ 277,240		
Payroll Tax Exp. (FICA)	20,260	21,239		
Workman's Comp. Ins.	4,315	2,502		
Health Ins.	<u>40,800</u>	<u>26,034</u>		
Subtotal	<u>335,495</u>	<u>327,015</u>	<u>-</u>	
<b>Other Member Costs:</b>				
Training and Education	16,850	13,131		
Uniforms	1,200	1,125	\$ 1,095	1
Other	<u>-</u>	<u>202</u>		
Subtotal	<u>18,050</u>	<u>14,458</u>	<u>1,095</u>	
<b>Staff:</b>				
Salaries	130,695	125,275		
Payroll Taxes & Benefits	22,949	18,599		
Training	5,200	2,336		
Other	<u>-</u>	<u>-</u>		
Subtotal	<u>158,844</u>	<u>146,210</u>	<u>-</u>	
<b>Operating Costs:</b>				
Travel	22,068	15,469		
Corp. Sponsored Meeting	5,750	-		
Transportation	10,425	4,431		
Supplies	18,648	17,143		
Equipment	17,441	14,434		
Other	<u>30,755</u>	<u>18,988</u>		
Subtotal	<u>105,087</u>	<u>70,465</u>	<u>-</u>	
Internal Evaluation	<u>6,900</u>	<u>3,576</u>	<u>-</u>	
Administration	<u>24,559</u>	<u>8,847</u>	<u>-</u>	
TOTAL CNS FUNDS	<u>648,935</u>	<u>570,571</u>	<u>1,095</u>	
MATCHING FUNDS	<u>375,683</u>	<u>242,451</u>	<u>1,510</u>	2
TOTAL FUNDS	<u>\$ 1,024,618</u>	<u>\$ 813,022</u>	<u>\$ 2,605</u>	

Notre Dame Mission Volunteer Program  
Corporation for National Service - Award No. 95ADNMD006  
Schedule of Award Costs  
From August 1, 1995 to September 30, 1996  
Interim

- (A) The total presented as Claimed Costs reconciles with the grantee's financial records, the external audit report, and the expenditures reported on the Financial Status Report - Federal Share of Outlays as of the quarter ended September 30, 1996. However, total expenditures (claimed costs plus matching funds) presented in the grantee's financial records and external audit report do not agree to the total expenditures reported on the Financial Status Report for the quarter ended September 30, 1996, by an amount of \$1,510. The calculation of this difference is presented in Exhibit C.
- (B) The amounts presented as Approved Budget represent the amounts set forth in the budget for the first year (August 1, 1995 through December 31, 1996) of grant performance. The second year of performance began in September 1996 and, hence, overlaps the closing months of the grant's first year. The grantee did not segregate costs incurred during the period September through December 1996 between the first or second year of the grant. Accordingly, the amounts presented as Claimed Costs may include expenditures associated with the second year of the program.



Notre Dame Mission Volunteer Program  
Corporation for National Service - Award No. 95ADNMD006  
Explanation of Questioned Costs  
From August 1, 1995 to September 30, 1996  
Interim

1. The independent audit of Notre Dame's financial statements as of, and for the year ended, August 31, 1996, performed in accordance with OMB Circular A-133 identified \$1,095 as having been claimed against the grant for the purchase of local Program uniforms. Provision 3(c) of the AmeriCorps Special Provisions states "The Grantee may not use Corporation funds to purchase local Program uniforms." Accordingly, we have questioned this amount.
2. A reconciliation performed by Notre Dame's independent auditors of the Financial Status Report for the quarter ended September 30, 1996, and the audited financial statements for the year ended August 30, 1996, disclosed an unreconcilable difference of \$1,510 in total expenditures. The difference is attributable to matching costs. This reconciliation is shown as Exhibit C.

Notre Dame Mission Volunteer Program  
Difference Between September 30, 1996 Financial Status Report (FSR)  
and August 31, 1996 Audit Report

AmeriCorps Receipts

Total grant funds per September 30, 1996 FSR		\$ 569,037
Adjustments:		
Add: Audit adjustments posted after FSR was filed	\$ 1,430	
Cancelled checks posted after FSR was filed`	24	
Unemployment insurance posted after FSR was filed	<u>80</u>	<u>1,534</u>
Adjusted grant receipts		570,571
Less: Grant receipts for the month of September 1996		<u>32,897</u>
AmeriCorps receipts per audit report		<u>\$ 537,674</u>

Total Outlays

Total outlays per September 30, 1996 FSR		\$ 884,992
Add: Adjustment for canceled check fee and Unemployment insurance	\$ 147	
Non-AmeriCorps program outlays	<u>6,258</u>	6,405
Less: In-kind education only expenses	69,109	
Net property, plant and equipment	26,939	
Audit adjustments posted after FSR was filed	<u>1,500</u>	<u>97,548</u>
Adjusted total outlays		793,849
Less: Total outlays for the month of September 1996		<u>43,185</u>
Sub-Total		750,664
Less: Total expenditures per audit report		<u>749,154</u>
Unreconciled difference in expenditures		<u>\$ 1,510</u>

**APPENDIX A**

**THE NOTRE DAME MISSION VOLUNTEER PROGRAMS'  
COMMENTS TO THE REPORT**

November 13, 1997

Ms. Regina Dull, CPA  
Leonard G. Birnbaum and Company, LLP  
Washington Office  
6285 Franconia Road  
Alexandria, VA 22310-2510

Dear Ms. Dull,

Thank you for the opportunity to comment on your "agreed-upon procedures" report which will be issued to the Corporation for National Service. The narrative explaining audit findings and corrective actions as delineated in our A-133 audit report has been addressed when the report was originally issued in November 1996. Therefore, I will reserve my comments to the exhibits prepared by your firm, although I would be happy to discuss any issues that the Corporation deems warranted.

**Exhibit A (Page 1 of 2)**

Beneath the "Questioned Costs" column, adjacent to the line item "TOTAL CNS FUNDS" appears the number \$2,605. This number represents \$1,095 of grant money used to purchase Americorps uniforms and \$1,510 of **matching** expenses included in the FSR that remain unreconciled to the A-133 audit report. I believe that this number (\$2,605) should be segregated between CNS funds and matching funds within the "Questioned Costs" column by decreasing the costs pertaining to total CNS funds to \$1,095 and placing the difference, \$1,510, in the line item below with the coordinates "MATCHING FUNDS" and "Questioned Costs." As presented, it appears that you are questioning grant expenditures of \$2,605, and not \$1,095 for the uniforms, as indicated in your narrative.

**Exhibit A (Page 2 of 2)**

Paragraph "A" states: "The total presented as **Claimed Costs**, which agrees with the grantee's financial records and the external audit report, does **not** agree with the expenditures reported on the Financial Status Report – Federal Share of Outlays as of the quarter ended September 30, 1996 by an amount of \$1,510."

I believe this statement to be inaccurate. Per your Exhibit C, **Claimed Costs** (CNS's share of expenditures) listed on the FSR agree with the grantee's financial records and the external audit report. The discrepancy is not with Claimed Costs, but with matching funds.

I believe the paragraph would read better if worded: The total presented as Claimed Costs, which agrees with the grantee's financial records and the external audit report, **agrees** with the expenditures reported on the Financial Status Report – Federal Share of Outlays as of the quarter ended September 30, 1996. However, **total expenditures** (claimed costs plus matching funds) presented in the grantee's financial records and the external audit report do not agree to the total expenditures reported on the Financial Status Report of the quarter ended September 30, 1996 by an amount of \$1,510.

**Exhibit B**

The program operated within the parameters of the approved budget for fiscal year 1996. Because the budget was approved, allocating a portion of the uniform cost to the grant, we viewed this as acceptable by the Corporation.

Our fiscal year 1997 budget was approved allocating a portion of the uniform cost to the grant; however, we did not charge the grant for this expense.

Regina, Notre Dame Mission Volunteer Program desires to be the epitome of public/private partnership for community empowerment and social progress. We have reached out to technical assistance providers and experts in various vocations to plan financial sustainability and mission effectiveness. Our program is proof-positive that cooperative partnerships can "get things done" for America. We welcome comments about all facets of the program, both financial and non-financial. I, personally, welcome any feedback that you may provide assisting me to hone my skills as a financial manager of a grant award.

Thank you for your attention to our program.

Sincerely,



Michael R. Naccarato  
Financial Manager  
Notre Dame Mission Volunteer Program, Inc.