

**Office of the Inspector General**

**Audit of  
Corporation for National Service  
Award Number 94ADNKS060  
Youth Volunteer Corps of America**

**Report Number 98-16  
April 1, 1998**

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This report was issued to Corporation management on June 29, 1998. 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 December 26, 1998, and complete its corrective action by June 29, 1999. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented or the amount of disallowed costs.

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Office of the Inspector General  
Audit of  
Youth Volunteer Corps of America  
Corporation for National Service  
Award Number 94ADNKS060



Leonard G. Birnbaum and Company, under contract to the Office of the Inspector General, performed an audit of the amounts claimed by Youth Volunteer Corps of America (YVCA) under Grant No. 94ADNKS060. The audit covered the costs (\$2,482,433) claimed during the grant period from June 29, 1994 through December 31, 1997, and included tests to determine whether financial reports prepared by YVCA presented fairly the financial condition of the award and the award costs reported to the Corporation were documented and allowable in accordance with the terms and conditions of the award. We have reviewed the report and work papers supporting its conclusions and agree with the findings and recommendations presented.

The primary finding in the report is that YVCA lacked adequate controls in its financial management system in regard to documentation supporting its matching contributions. As a result, we questioned \$187,676 in matching costs that were not supported by adequate documentation. We also questioned \$2,430 of claimed costs which were not allocable to the grant.

In its response to the report, the Corporation stated that it was unable to provide detailed comments or specifically concur with the report's findings or recommendations (see Appendix A). YVCA described actions it has taken to address the findings and recommendations (see Appendix B).

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

Office of the Inspector General  
Corporation for National Service  
Report Number 98-16

Corporation for National Service  
Grant Number 94ADNKS060  
to  
Youth Volunteer Corps of America  
Overland Park, KS

Financial Schedules  
and  
Independent Auditor's Reports

For the Period  
June 29, 1994 to December 31, 1997

Prepared by  
Leonard G. Birnbaum and Company  
Certified Public Accountants  
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Alexandria, Virginia 22310  
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Office of the Inspector General  
Corporation for National Service  
Audit of Youth Volunteer Corps of America

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**REPORT SUMMARY AND HIGHLIGHTS**

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

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Inspector General  
Corporation for National Service

We have performed an audit of the funds awarded by the Corporation for National Service (Corporation) to Youth Volunteer Corps of America (YVCA) for the AmeriCorps program under Grant No. 94ADNKS060 for the period June 29, 1994 through December 31, 1997. Our audit covered the costs claimed during the entire grant period.

**SUMMARY OF AUDIT RESULTS**

Our audit of the costs claimed by YVCA for its AmeriCorps program disclosed the following:

Award Budget	\$ 2,513,369
Claimed Costs	2,482,433
Questioned Costs	190,106

As a result of our audit of the aforementioned award, we are questioning costs totaling \$190,106 which are summarized below and detailed in Exhibit A to the Independent Auditor's Report. Questioned costs are costs for which there is documentation that the claimed costs were expended in violation of the law, regulations, or specific conditions of the award or those costs which require additional support by the grantee or which require interpretation as to allowability by the Corporation.

Inspector General  
Corporation for National Service

The following summarizes the costs questioned on the above award by reason:

<u>Explanation</u>	<u>Amount</u>
• Matching costs were not supported by adequate documentation	\$187,295
• Member health insurance costs were claimed which were not allocable to the grant (\$2,160 Federal funds and \$381 matching funds)	2,541
• Costs were not allocable to the grant	<u>270</u>
Total Questioned Costs	<u>\$190,106</u>

We used a judgmental sampling method to test the costs claimed by the auditee. Based upon this sampling plan, questioned costs in this report may not represent total costs that may have been questioned had all expenditures been tested. In addition, we have made no attempt to project such costs to total expenditures claimed, based on the relationship of costs tested to total costs. For a complete discussion of these questioned costs, refer to the Independent Auditor's Report.

COMPLIANCE

Our audit did not disclose any instances of noncompliance.

INTERNAL CONTROL STRUCTURE

Our audit disclosed the following material weakness in the internal control structure and its operations:

- YVCA lacked adequate controls in its financial management system in regard to documentation supporting its matching contributions. (Independent Auditor's Report on Internal Control Structure, Finding No. 1)

PURPOSE AND SCOPE OF AUDIT

Our audit covered the costs claimed for the period June 29, 1994 through December 31, 1997, under Grant No. 94ADNKS060 which was the entire award period. The objectives of our audit were to determine whether:

1. Financial reports prepared by YVCA presented fairly the financial condition of the award;
2. The internal control structure was adequate to safeguard Federal funds;
3. YVCA had adequate procedures and controls to ensure compliance with Federal laws, applicable regulations and award conditions;
4. The award costs reported to the Corporation were documented and allowable in accordance with the award terms and conditions; and
5. YVCA had adequate procedures and controls to track and report progress toward achievement of the program objectives.

We performed the audit in accordance with generally accepted auditing standards, and *Government Auditing Standards* (1994 Revision) issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the amounts claimed against the grant award as presented in the schedule of award costs (Exhibit A), are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in Exhibit A. An audit also includes assessing the accounting principles and significant estimates made by the auditee, as well as evaluating the overall financial schedule presentation. We believe our audit provides a reasonable basis for our opinion.

The Corporation's Office of Grants Management comments to a draft of this report are presented as Appendix A. The Corporation's Office of Grants Management did not provide detailed comments or specifically concur with the report's findings since their review was limited to information contained in the report.

YVCA provided detailed comments and responses. Their responses, excluding attachments, are presented as Appendix B. A synopsis of each of the comments made in regard to a specific finding or questioned amount is presented in the body of the report immediately following the finding or questioned amount.



Inspector General  
Corporation for National Service

### BACKGROUND

Youth Volunteer Corps of America is a national nonprofit organization whose mission is to create and increase volunteer opportunities to enrich America's youth, address community needs and develop a lifetime commitment to service. Effective June 29, 1994, YVCA was awarded grant number 94ADNKS060 by the Corporation to operate an AmeriCorps program. YVCA's AmeriCorps program focuses on school readiness and crime prevention as it relates to success in school. The program uses YVCA affiliates as host sites to provide support assistance and supervision for the AmeriCorps members to further early childhood development by working with teen parents to help them prepare their young children to learn and succeed in school and to reduce the incidence of violence in schools and communities by training youth volunteers in conflict resolution and peer counseling.

### REPORT RELEASE

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

**INDEPENDENT AUDITOR'S REPORT**

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Corporation for National Service

**INDEPENDENT AUDITOR'S REPORT**

We have audited the costs claimed by Youth Volunteer Corps of America (YVCA) to the Corporation for National Service (Corporation) on the Financial Status Report - Total Federal Share for the award number listed below. The claimed costs, as presented in the schedule of award costs (Exhibit A), is the responsibility of the Grantee's management. Our responsibility is to express an opinion on Exhibit A based on our audit.

<u>Award Number</u>	<u>Award Period</u>	<u>Audit Period</u>
94ADNKS060	June 29, 1994 to December 31, 1997	June 29, 1994 to December 31, 1997

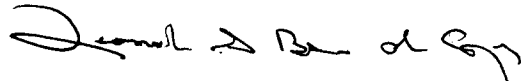
We conducted our audit in accordance with generally accepted auditing standards, and *Government Auditing Standards* (1994 Revision), issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial schedule presentation. We believe our audit provides a reasonable basis for our opinion.

The accompanying financial schedules were prepared for the purpose of complying with the requirements of the award as described in Note 1, and are not intended to be a complete presentation of financial position in conformity with generally accepted accounting principles.

Inspector General  
Corporation for National Service

In our opinion, except for \$190,106 in questioned costs, the schedule of award costs (Exhibit A) referred to above presents fairly, in all material respects, the costs claimed for the period June 29, 1994 to December 31, 1997, in conformity with the award agreements.

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



Leonard G. Birnbaum and Company

Alexandria, Virginia  
April 1, 1998

**FINANCIAL SCHEDULES**

Youth Volunteer Corps of America  
 Corporation for National Service - Award No. 94ADNKS060  
 Schedule of Award Costs  
 From June 29, 1994 to December 31, 1997  
 Final

<u>Cost Category</u>	<u>Approved Budget</u>	(A) <u>Claimed Costs</u>	<u>Questioned Costs</u>	<u>Exhibit B Note Reference</u>
Member Support Costs:				
Living allowance	\$1,344,955	\$1,416,601		
FICA & worker's comp	121,417	134,114		
Health care	<u>107,329</u>	<u>74,686</u>	\$ 2,160	1
Subtotal	<u>1,573,701</u>	<u>1,625,401</u>	<u>2,160</u>	
Other Member Costs:				
Training and education	233,039	318,544		2
Uniforms	14,324	16,202		
Other	<u>10,747</u>	<u>20,967</u>		
Subtotal	<u>258,110</u>	<u>355,713</u>	<u>-</u>	
Staff:				
Salaries	254,386	242,597		
Benefits	40,997	36,862		
Training	38,690	20,005		
Other	<u>10,000</u>	<u>16,036</u>		
Subtotal	<u>344,073</u>	<u>315,500</u>	<u>-</u>	
Operational:				
Travel	144,695	46,843		
Corporation sponsored Mtg.	10,750	3,080		
Transportation	2,700	310		
Supplies	10,010	9,607		
Equipment	23,500	12,816		
Other	<u>20,750</u>	<u>7,485</u>		
Subtotal	<u>212,405</u>	<u>80,141</u>	<u>-</u>	
Internal Evaluation:	<u>29,300</u>	<u>11,032</u>	<u>270</u>	3
Administration	<u>95,780</u>	<u>94,646</u>	<u>-</u>	
CORPORATION FUNDS	2,513,369	2,482,433	2,438	
MATCHING FUNDS	<u>1,214,388</u>	<u>1,066,249</u>	<u>187,676</u>	4
TOTAL FUNDS	<u>\$3,727,757</u>	<u>\$3,548,682</u>	<u>\$ 190,106</u>	

(A) Claimed costs reported above were taken directly from the auditee's books of account. The claimed costs agree with the amount reported on Financial Status Report - Total Federal Share for the quarter ended December 31, 1997.

Youth Volunteer Corps of America Service Corps  
Corporation for National Service - Award No. 94ADNKS060  
Notes to Financial Schedules

1. Summary of Significant Accounting Policies

Accounting Basis

The accompanying financial schedule, Exhibit A, has been prepared from the reports submitted to the Corporation. The basis of accounting utilized in preparation of these reports differs from generally accepted accounting principles. The following information summarizes these differences.

A. Equity

Under the terms of the award, all funds not expended according to the award agreement and budget at the end of the award period are to be returned to the Corporation. Therefore, Youth Volunteer Corps of America does not maintain any equity in the award and any excess of cash received from the Corporation over final expenditures including any excess interest retained in accordance with OMB Circular A-110, is due back to the Corporation.

B. Equipment

Equipment is charged to expense in the period during which it is purchased instead of being recognized as an asset and depreciated over its useful life. As a result, the expenses reflected in the statement of award costs include the cost of equipment purchased during the period rather than a provision for depreciation.

Title to equipment under Federal grants rests in Youth Volunteer Corps of America while used in the program for which it is purchased or in other future authorized programs. However, the Corporation has a reversionary interest in the equipment. Its disposition, as well as the ownership of any proceeds therefrom, is subject to Federal regulations.

C. Inventory

Minor materials and supplies are charged to expense during the period of purchase. As a result, no inventory is recognized for these items in the financial schedules.

2. Income Taxes

Youth Volunteer Corps of America is a not-for-profit organization under Internal Revenue Code 501(c)(3).

Youth Volunteer Corps of America  
Corporation for National Service - Award No. 94ADNKS060  
Explanation of Questioned Costs  
From June 29, 1994 to December 31, 1997  
Final

1. Health care

We have questioned \$2,160 of the Member health care costs which were not allocable to the grant based on our analysis of invoice numbers 10400, 10800, and 11184 which covered the period of July 1997 to November 1997. This amount was questioned as a result of premiums being paid for Members after they had left the program and for Members of another grant funded by the Corporation.

YVCA's Comments

"YVCA is working with Allianz to investigate the refund YVCA is due because of health insurance premium overpayment. YVCA now has a system in place to carefully check each month's list of participants to ensure accuracy."

2. Training and education

We have questioned \$2,082 of the amount claimed for training and education. \$682 (Check No. 2844) represents the portion of a CPR class that was attended by persons other than AmeriCorps Members and \$1,400 (Check No. 2160) was not supported by adequate documentation.

YVCA's Comments

According to YVCA, all persons that attended the spring 1996 training in CPR were AmeriCorps Members during the 1995-96 program year. Furthermore, YVCA stated that the training expense in the amount of \$1,400 was documented through an original cancelled check by the Edmonds School District since YVCA was unable to obtain an original invoice.

Auditor's Response

We have no longer questioned the training and education costs. Upon review of the additional information provided as an attachment to YVCA's comments, we determined that the costs are allowable.



Youth Volunteer Corps of America  
Corporation for National Service - Award No. 94ADNKS060  
Explanation of Questioned Costs  
From June 29, 1994 to December 31, 1997  
Final

3. Internal evaluation

We have questioned \$270 (Check No. 4512) of the amount claimed for internal evaluation. The supporting documentation indicated that only 89 percent of the total invoice should be charged to the AmeriCorps program. The remaining 11 percent related to YVCA sites included in the evaluation that are not AmeriCorps sites.

YVCA's Comments

According to YVCA, it reviews all invoices to ensure proper allocation and it regrets this inadvertent oversight. Furthermore, YVCA indicated that \$270 was transferred to the AmeriCorps checking account on June 2, 1998.

4. Matching funds

We have questioned \$187,676 of the amount claimed as matching costs. Of this amount, \$381 represents the matching portion of the questioned health care costs and \$187,295 represents the matching costs reported by the operating sites and claimed by YVCA for which adequate supporting documentation was not available.

<u>Operating Site</u>	<u>Amount</u>
Tucson, AZ	\$ 12,359
Colorado Springs, CO	23,825
Marquette, MI	25,602
Muskegon, MI	32,273
Portland, OR	18,646
Bremerton, WA	43,526
Seattle, WA	<u>31,064</u>
	<u>\$187,295</u>

YVCA's Comments

YVCA described several steps that it has taken and efforts it is continuing to make in order to resolve this issue. Specifically, YVCA stated that it "is in the process of arranging a meeting with CNS and to request suggestions & guidelines regarding this matter" and "in addition, YVCA is working with our auditing firm, KPMG Peat Marwick, to determine ways to properly document local match."

INDEPENDENT AUDITOR'S REPORTS  
ON  
COMPLIANCE AND INTERNAL CONTROL STRUCTURE

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Corporation for National Service

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

We have audited the schedule of award costs, as presented in Exhibit A, which summarizes the financial reports submitted by Youth Volunteer Corps of America (YVCA) to the Corporation for National Service (Corporation) for the award listed below, and have issued our report thereon dated April 1, 1998.

<u>Award Number</u>	<u>Award Period</u>	<u>Audit Period</u>
94ADNKS060	June 29, 1994 to December 31, 1997	June 29, 1994 to December 31, 1997

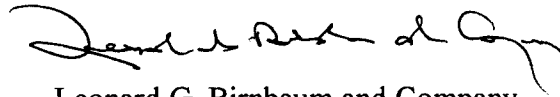
We conducted our audit in accordance with generally accepted auditing standards, and *Government Auditing Standards* (1994 Revision), issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial schedules are free of material misstatement.

Compliance with laws, regulations, and the provisions of the award is the responsibility of YVCA's management. As part of obtaining reasonable assurance about whether the financial schedules are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, and the terms and conditions of the award. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests of compliance indicate that, with respect to the items tested, YVCA has complied in all material respects, with the provisions referred to in the third paragraph of this report.

Inspector General  
Corporation for National Service

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



Leonard G. Birnbaum and Company

Alexandria, Virginia  
April 1, 1998

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE

We have audited the schedule of award costs, as presented in Exhibit A, which summarizes the financial reports submitted by Youth Volunteer Corps of America (YVCA) to the Corporation for National Service (Corporation) for the award listed below, and have issued our report thereon dated April 1, 1998.

<u>Award Number</u>	<u>Award Period</u>	<u>Audit Period</u>
94ADNKS060	June 29, 1994 to December 31, 1997	June 29, 1994 to December 31, 1997

We conducted our audit in accordance with generally accepted auditing standards, and *Government Auditing Standards* (1994 Revision), issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial schedules are free of material misstatement.

In planning and performing our audit of Exhibit A for the period June 29, 1994 to December 31, 1997, we considered YVCA's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial schedules and not to provide assurance on the internal control structure.

YVCA's management is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs on internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not

Inspector General  
Corporation for National Service

absolute, assurance that assets are safeguarded against loss from authorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial schedules in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

- Cash Disbursements
- Cash Receipts
- Payroll/timekeeping
- Record keeping

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we have assessed control risk.

We noted the following matter involving the internal control structure and its operation that we consider to be a material weakness under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial schedules being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Finding No. 1

YVCA lacked adequate controls in its financial management system in regard to documentation supporting its matching contributions in accordance with Federal Regulations (45 CFR Part 2543, *Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations*). Section 21(b) of this regulation stipulates the standards for financial management systems. One standard provides that the accounting records, including cost accounting records, are to be supported by source documentation. As cited in the reports on audits performed in accordance with Office of Management and Budget Circular A-133 and related management letters for the years ended April 30, 1995 and 1996, YVCA does not maintain adequate documentation to support the matching expenses claimed by local sites. The recommendation included in these audit reports and

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Corporation for National Service

management letters was for YVCA to “obtain these records and use them to monitor the site’s compliance with grant requirements.” In response to this recommendation, YVCA held training classes for the local sites on the grant’s documentation requirements. In addition, YVCA sent a memorandum to each of the local sites requesting documentation to support the claimed amount of matching costs for the period September 1, 1996 to August 30, 1997. As of the date of this report, however, the local sites have either not provided the requested documentation; or the documentation provided by the local sites has not been complete or organized. As a result of this lack of controls, we have questioned \$187,295 of the amount claimed for matching as detailed in Note 4 of Exhibit B.

### Recommendation

We recommend that YVCA enforce current policies and procedures and implement new policies and procedures, as necessary, to maintain adequate records to support matching contributions.

### YVCA’s Comments

YVCA indicated several steps that it has taken and efforts it is continuing to make in order to resolve this issue. Specifically, YVCA stated that it “is in the process of arranging a meeting with CNS and to request suggestions & guidelines regarding this matter” and “in addition, YVCA is working with our auditing firm, KPMG Peat Marwick, to determine ways to properly document local match.”

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses as defined above.

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



Leonard G. Birnbaum and Company

Alexandria, Virginia  
April 1, 1998

## **Appendix A**

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### **Response of the Corporation's Office of Grants Management**



CORPORATION  
FOR NATIONAL  
★ SERVICE

Cooperative Agreement Number 94ADNKS060  
Draft audit report 98-16

May 19, 1997

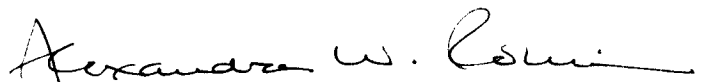
Ms. Leslie A. Leiper  
Senior Partner  
Leonard G. Birnbaum and Company, LLP  
6285 Franconia Road  
Alexandria, VA 22310-2510

Dear Ms. Leiper:

The Office of Grants Management has received the draft audit report 98-16 for Cooperative Agreement number 94ADNKS060 awarded to Youth Volunteer Corps of America.

Our review primarily was limited to information contained in the report. We have not conducted a more comprehensive review and analysis, obtained comments from the awardee, or considered other information, factors or alternatives to the recommendations. Therefore we are unable to provide detailed comments or specifically concur with the report's findings or recommendations at this time. Nevertheless, we have no objections to the report being issued.

Sincerely yours,



Alexandra W. Rollins  
Senior Grants Officer

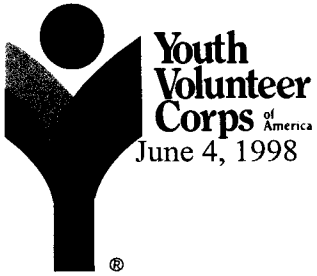
cc. CNS Audit Coordinator  
CNS Inspector General



## **Appendix B**

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### **Response of Youth Volunteer Corps of America**



Leslie A. Leiper  
Senior Partner  
Leonard G. Birnbaum and Co., LLP  
Certified Public Accountants  
Washington Office  
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Dear Ms. Leiper,

Thank you for the opportunity to respond to the draft report on the results of your work. I have included comments regarding each of the four findings from the audit from the period June 29, 1994 to December 31, 1997.

All of us at YVCA enjoyed working with your firm and please do not hesitate to contact my staff or me should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'David Battey', is written over a horizontal line.

David Battey  
President

DB/mlr

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Youth Volunteer Corps of America  
Corporation for National Service – Award No. 94ADNKS060  
Management Responses to Findings  
From June 29, 1994 to December 31, 1997

1. **Health care**

**We have questioned \$2,160 of the Member health care costs which were not allocable to the grant based on our analysis of invoice number 10400, 10800, and 11184 which covered the period of July 1997 to November 1997. This amount was questioned as a result of premiums being paid for Members after they had left the program and for Members of another grant funded by the Corporation.**

YVCA is working with Allianz to investigate the refund YVCA is due because of health insurance premium over-payment. YVCA now has a system in place to carefully check each month's list of participants to ensure accuracy.

2. **Training and education**

**We have questioned \$2,082 of the amount claimed for training and education. \$682 (Check No. 2844) represents the portion of a CPR class that was attended by persons other than AmeriCorps Members and \$1,400 (Check No. 2160) was not supported by adequate documentation.**

No non-AmeriCorps members were given CPR training at the spring 1996 training. Seventy-one AmeriCorps participants were trained. Perhaps the auditors did not realize that the 1995-96 AmeriCorps class was significantly larger than any other year's class. See the attached roster of 1995-96 AmeriCorps members.

The \$1,400 training bill was documented through an original cancelled check issued to the Edmonds School District (attached). They no longer provide this type of training therefore we were unable to get the actual original invoice. However, we did receive verbal confirmation regarding the training and the number of Americorps members who participated.

3. **Internal evaluation**

**We have questioned \$270 (Check No 4512) of the amount claimed for internal evaluation as the supporting documentation indicated that only 89 percent of the total invoice should be charged to the AmeriCorps program. The remaining 11 percent related to YVCA sites that were included in the evaluation service that are not AmeriCorps sites.**

We have transferred from YVCA checking account to AmeriCorps checking account \$270 on June 2, 1998. We check all invoices very carefully to ensure proper allocation and regret this inadvertent oversight.

4. **Matching funds/Response to internal control finding number one**

**We have questioned \$187,676 of the amount claimed as matching costs. Of this amount, \$381 represents the matching portion of the questioned health care costs and \$187,295 represents the matching costs reported by the operating sites and claimed by YVCA for which adequate supporting documentation was not available.**

<u>Operating Site</u>	<u>Amount</u>
Tucson, AZ	\$12,359
Colorado Springs, CO	23,825
Marquette, MI	25,602
Muskegon, MI	32,273
Portland, OR	18,646
Bremerton, WA	43,526
Seattle, WA	31,064
	<u>\$187,295</u>

YVCA has conducted training for all AmeriCorps Program Directors on grant documentation requirements. Human Resource Development Institute, a CNS technical assistance provider, has conducted training on this issue also. YVCA has sent status reports by each quarter to each site, requesting documentation to support the claimed amount of matching costs. YVCA sites have made their best effort to provide documentation, but sometimes relations between sites & their parent organization has made it difficult or impossible for them to have access to supporting documentation. YVCA has spent a significant amount of staff time and efforts to resolve this issue. Currently, YVCA is in the process of arranging a meeting with CNS and to request suggestions & guidelines regarding this matter. YVCA will follow their guidelines and try to resolve this issue as soon as possible.

In addition, YVCA is working with our auditing firm, KPMG Peat Marwick, to determine ways to properly document local site match. YVCA's Field Service Representatives will be more involved in oversight of local site matching costs during all site visits. They will be trained by the Director of Finance to conduct on-site audit procedures. We feel this process will help alleviate this significant challenge.