
**Office of the Inspector General
Corporation for National Service**

**Assessment of AmeriCorps
Service Hour Reporting**

**Report Number 98-19
June 19, 1998**

This report is issued to Corporation 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 February 23 and complete its corrective actions by August 27, 1999. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.

Office of the Inspector General
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Assessment of AmeriCorps Service Hour Reporting



AmeriCorps Members performing service in Corporation funded programs are awarded post-service education benefits based on the hours of service they perform. In prior Office of the Inspector General (OIG) audits and reviews of AmeriCorps programs,¹ OIG found that AmeriCorps Members' service hours were not always accurately reported by grantees and indications that service hours were credited to AmeriCorps Members who performed inappropriate activities. Congressional committee oversight staff have also requested information on the Corporation's oversight of the activities performed by AmeriCorps Members and on the awarding of benefits to AmeriCorps Members who prematurely leave the program.

To address these matters the Office of the Inspector General contracted with KPMG Peat Marwick LLP, to evaluate controls over AmeriCorps service hour reporting and to assess whether the service performed was in accordance with the National and Community Service Trust Act of 1993, as amended. Their assessment was at the program operating site level because the sites are responsible for direct oversight of the AmeriCorps Members and the systems that report the information to the National Service Trust. The Corporation relies on this information when paying post-service benefits, to support its financial records, and as the database from which many statistics on participation in national service programs are derived.

This report cites material management control deficiencies that increase the likelihood of errors or irregularities, including fraud, in the reporting of AmeriCorps service hours and could result in the calculation of a materially incorrect service award liability, the reporting of inaccurate membership data, and educational awards being paid to AmeriCorps Members who have not successfully completed the required term. KPMG's summary of high risk concerns includes the following —

Membership rosters prepared at the Corporation disagree with membership records at the program sites.

Not all program sites have effective procedures to monitor the types of activities performed by AmeriCorps Members.

¹OIG Report 98-22, *Summary of the Results of Audits and Reviews of Grants, Fiscal Years 1995 through 1997*, dated March 20, 1998, summarizes management control weaknesses and other conditions, including inaccurate reporting of AmeriCorps service hours and that service hours were credited to AmeriCorps Members who performed inappropriate activities, noted during 60 audits and reviews issued during this period.

Not all program sites have procedures in place to ensure that an independent review of education award certifications is performed. These program sites were generally unaware of what constitutes a sound control environment for award certification.

At two of the 40 sites visited, pro-rated awards were granted for questionable reasons, such as to obtain employment or to avoid negative publicity.

We have reviewed the report and work papers supporting its conclusions and agree with the findings and recommendations presented. We provided a draft of this report to Corporation management and their response is included herein.

In its August 7, 1998, response to the draft report, the Corporation stated that:

“ . . . The report emphasizes the administration of the program at the subgrantee and site levels, and does not discuss the responsibilities and roles of state commissions and national direct parent organizations. The Corporation has no direct contractual relationship with operating or placement sites. Accordingly, the Corporation’s efforts are focused on strengthening state commissions and parent organizations so that they conduct proper training and oversight at the local level. We think the report should reflect this reality.

Even though a direct contractual relationship does not exist, the Corporation emphasizes the importance of proper training and monitoring at the operating site level and placements where AmeriCorps Members serve. The Corporation also provides national training sessions which include, among other things, sessions on fiscal oversight, prohibited activities, and the National Service Trust, including service hour reporting. The Corporation will continue to provide guidance to all AmeriCorps programs through training sessions and written material. We will continue to examine current policies and update them as necessary. . . . ”

The lack of a direct contractual relationship, however, does not relieve the Corporation of its responsibility as the Federal agency providing AmeriCorps funding to establish effective controls over compliance with laws and regulations related to the program. CNS OIG continues to view the absence of controls that provide reasonable assurance as to the accuracy of information used as the basis for Federal payments, financial records, and performance data as an area of high risk for the Corporation. This report indicates that the Corporation's actions to date have not effectively corrected root causes of the conditions we have reported.

Four OIG reports on the Corporation's financial controls and numerous OIG reports on individual grantee awards have cited deficiencies relating to service hour reporting and recommended corrective actions. In our most recent report on the auditability of the Corporation's financial systems and records (OIG Report 98-23, *Auditability Assessment of the Corporation for National Service at September 30, 1997*, issued July 1998), we classified the National Service Trust System as “materially weak” and reported that, among other deficiencies, membership roster confirmations designed to validate the accuracy and completeness of the data used to calculate the service award

liability are ineffective; and quality control procedures are not in place to ensure file maintenance and data entry errors are detected and corrected in a timely manner. The *Auditability Assessment* also reported that the Corporation has not fully implemented corrective actions to address deficiencies related to oversight of service hour reporting that were first reported in 1995.

In addition, OIG has conducted numerous inquiries into allegations or other accusations involving AmeriCorps Member time sheets and service hour accounting in general. The investigative findings that OIG reported to management since early 1995 have ranged from AmeriCorps Members claiming and receiving certified service hours for inappropriate activities such as working at McDonald's to "novel" approaches to accruing service hours such as the "team concept" where everyone on a team earns the total accumulated hours of the team for any given day and the "inherited service hours" where new AmeriCorps Members "inherit" the service hours of a departing Member. We obtained a guilty plea in Federal District Court for the most basic instance of service hour reporting abuse, namely reporting and certifying service for someone who never performed any service hours, but was enrolled merely on paper.

In July 1998, the Corporation requested authority to reprogram funds to increase its administrative funding. As part of its justification, the Corporation wrote

“ We need to provide greater oversight of grantees. A recent draft audit has confirmed what we already knew, that there are issues about the quality of service record keeping and reporting with some grantees. We need to add resources to our oversight program. These would take the form of additional staff and contract support, and support for increased training ”

To provide reasonable assurance that resources are appropriately directed toward effective corrections, OIG recommends that the Corporation implement a ***comprehensive corrective action plan*** that takes into consideration the Corporation's need for accurate information for the National Service Trust's operations and expenditure of Federal funds and its performance reporting, the oversight and responsibility role of state commissions and national direct grantees, and the actual performance of national service activities at the program site level. We recommend that the comprehensive plan

- identify and address all reported oversight and management control deficiencies related to service hour reporting,
- assess risk and provide detailed descriptions of specific corrective actions,
- identify the individuals responsible implementing the corrective actions, and
- require quarterly progress reporting to the Corporation's Chief Executive Officer and to other interested oversight entities.

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Inspector General
Corporation for National Service:

At your request, KPMG Peat Marwick LLP (KPMG) performed an assessment of service hour reporting to evaluate controls over AmeriCorps Member service hours and to assess whether the service performed was in accordance with the National and Community Service Trust Act of 1993, as amended, for a sample of AmeriCorps programs. Our procedures included an evaluation of controls over and documentation maintained related to (1) eligibility and existence of AmeriCorps Members, (2) performance and reporting of service hours, and (3) the type of service performed by participating Members.

Results in Brief

Although the results of our procedures indicate that a certain level of controls exist at all program sites tested, the following high risk concerns currently exist:

- The membership rosters prepared at the Corporation disagree with membership records maintained by the program sites. For the current program year (1997-98), we found discrepancies between the National Service Trust Fund database (SPAN) membership roster and program site records for 34 of the 40 sites tested. Reasons for these discrepancies included non-completion or untimely submission of enrollment, exit and change of status forms by the program site; untimely submission of status forms by the legal applicant; the Corporation's form processing backlog; and Corporation data processing errors.

These exceptions indicate a lack of quality control procedures, at both the program site and Corporation level, which increases the risk of errors and irregularities, including fraud, occurring, which could result in the calculation of a materially incorrect service award liability, the reporting of inaccurate membership data, and educational awards being paid to Members who have not successfully completed the required term.

- Not all program sites we visited have effective procedures to monitor the types of activities performed by AmeriCorps Members. These program sites were generally unaware of what controls should be in place to ensure that prohibited activities are not performed. The lack of adequate monitoring increases the risk that Members will engage in a prohibited activity without detection and will improperly accumulate service hours toward their educational awards by performing this activity.

We identified seven Members at two service activity sites who performed a prohibited activity while earning service hours. Lapses in activity monitoring and time sheet review allowed these activities to go undetected. As a result, these Members accumulated service hours toward their educational awards while performing unallowable service.

- Not all program sites we visited have procedures in place to ensure that an independent, second review of educational award certifications is performed. These program sites were generally unaware of what constitutes a sound control environment for award certification. The lack of an independent review increases the potential for abuse of the educational award program. Such a review of supporting documentation would provide additional assurance that Members served the appropriate number of hours to qualify for educational awards.
- At two program sites visited, pro-rated awards for compelling personal circumstances were granted for questionable reasons, such as to obtain employment and to avoid negative publicity. The granting of pro-rated awards in these types of circumstances undermines the objectives of the program and allows Members to abandon their commitment to completing the assignment.

In addition, six other program sites visited did not adequately document the circumstances for such awards. Because the written Corporation guidelines do not specifically require documentation of compelling personal circumstances, some program sites do not believe lack of documentation is a problem. As a result, program sites often rely on the memory of their staff to justify the reasons behind granting the pro-rated award when questions arise.

The section entitled Findings and Recommendations describes these weaknesses in further detail and addresses additional issues noted during this assessment.

Background

The National and Community Service Trust Act of 1993 (the Act), which amended the National and Community Service Act of 1990, established the Corporation for National and Community Service (the Corporation) as a Government corporation subject to the requirements of the Government Corporation Control Act. The Corporation began operations in fiscal year 1994.

The Corporation, pursuant to the authority of the Act, awards grants and cooperative agreements to state commissions and nonprofit entities to assist in the creation of full- and part-time national and community service programs. The programs direct AmeriCorps Members who perform service to meet educational, human, environmental, and public safety needs throughout the nation, especially addressing its projects to those needs related to poverty. In return for this service, Members receive a living allowance

and, if eligible, post service educational benefits. The education benefits are funded through the National Service Trust.

Under the Corporation's AmeriCorps Provisions, programs must certify to the National Service Trust that a Member is eligible to receive an educational award. In order to provide such certification, a program must be able to document that the Member was eligible to participate in the program, that the Member completed the requisite hours to qualify for a full or partial educational award, and that the service activities performed were appropriate under the terms and conditions of the grant. To document the service hours completed, the program must have a system to record and track the total service hours performed by each Member and demonstrate that the service activities performed complied with the provisions of the Act and were authorized under the grant.

The Corporation has not established specific requirements as to how programs should document service hours, and thus the systems vary from program to program. Generally, programs maintain timesheets or other logs to track a Member's daily service hours and a spreadsheet or other summary to report the Member's accumulated hours.

Objectives, Scope, and Methodology

We were engaged by the Office of the Inspector General (OIG) to evaluate controls over AmeriCorps Member service hours and to assess whether the service performed was in accordance with the National and Community Service Trust Act of 1993, as amended, for a sample of AmeriCorps programs. Specifically, we assessed management controls over and evidence maintained by the selected programs documenting the (1) eligibility and existence of AmeriCorps Members, (2) performance and reporting of service hours, and (3) the type of service performed by participating Members.

Our assessment included the following procedures:

- reviewing work papers prepared and reports issued by the OIG related to various grantees;
- reviewing OMB Circular A-133 reports for selected program grantees;
- meeting with both the Inspector General and Corporation personnel to confirm our understanding of the project's scope and goals and to obtain an understanding of the relationship and communication between the program sites, legal applicants and the Corporation;
- reviewing, sorting, and evaluating the grantee information in the Corporation's grants management database; and
- judgmentally selecting the sample size and the program sites to test.

Our selected sample of program sites (Appendix A) provided the following coverage over the sites included in the '97 - '98 grants database as of February 1998:

- four percent of total number of program sites (40 of 895);
- 16 percent of total full time equivalents Members (FTEs) (4,432 of 27,322); and
- 16 percent of total grant dollars (\$36.7 million of \$227.1 million).

We then documented and tested internal controls in place at the selected program sites using inquiries, observations, and examination of a sample of source documents; interviews with AmeriCorps Members; and verification of SPAN database information with program site records. Finally, we summarized the observations at all program sites to develop the findings and recommendations presented in this report. We discussed all findings with the program sites during individual site exit conferences.

Our procedures were performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to, and did not, perform an audit of any financial statements, and the procedures described above are not sufficient to express an opinion on the controls at the selected AmeriCorps programs. Accordingly, we do not express an opinion on any such financial statements; on the selected programs' internal controls or on whether all reportable conditions have been identified. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We provided a draft of this report to the Corporation. The Corporation's response to our findings and recommendations is included as Appendix B.

This report is intended for the use of the United States Congress, the Inspector General, and the Board of Directors and management of the Corporation for National Service. This report is a matter of public record and its distribution is not limited.

KPMG Peat Marwick LLP

Findings and Recommendations

Accuracy of the National Service Trust Fund Database

The Corporation records a service award liability which represents education awards earned by AmeriCorps Members for performing authorized community activities. The Corporation uses the National Service Trust Fund database (SPAN) to capture the data required to estimate this liability and to provide statistics regarding Member enrollment. The integrity of this database and the data capturing processes, as well as the controls over these processes, are essential elements to ensure that the service award liability and enrollment data are based on accurate and complete information. Data input into SPAN to support the liability include Member enrollment, exit and change of status forms obtained from program sites and certified corrections to prior program years' Member information.

Membership Rosters

The Corporation has implemented a procedure of sending monthly membership rosters to program sites to confirm the accuracy and completeness of SPAN. This key control in ensuring the completeness and accuracy of SPAN is currently ineffective and contributes to the continuing problems noted as inconsistencies between SPAN and source documentation. During our site test work, management at twelve sites informed us that they had repeatedly sent updated roster information to the Corporation. However, upon review of the membership rosters run in March and April 1998, the indicated changes had not yet been entered into SPAN.

On a limited basis, we investigated the causes of unexpected information in the membership rosters of past program years, such as Members who continue to be reported as "earning an award" even though the allowed time frame for service had expired. We were able to determine that program sites often had not submitted exit forms for Members who terminated prior to earning an award. Therefore, while the Corporation has no service award liability for these Members, under the Corporation's current methodology an award for these Members is taken into consideration when the Corporation estimates the service award liability at the balance sheet date.

Enrollment, Exit and Change in Status Forms (Status Forms)

For the current program year (i.e., 1997-98), we found discrepancies between the SPAN membership roster and program site records for 34 of the 40 sites tested. We defined discrepancies as differences in Member social security number, Member type and/or Member status caused by events that occurred more than a month prior to the "based on forms received by" date on the rosters.

Of the individual discrepancies identified:

- 17 percent were caused by non-completion or untimely submission of forms by the program site;
- 2 percent were caused by untimely submission of forms that had been submitted to the legal applicant before being submitted to the Corporation;
- 7 percent were caused by the Corporation's form processing backlog or Corporation data processing errors; and
- 74 percent were caused by factors that could not be readily identified during our test work.

Specifically related to the forms tested, 3 percent of enrollment forms tested were not completed or could not be located. In addition, 18 percent of exit forms tested were not submitted timely and 13 percent were not completed or could not be located at the program site.

These exceptions indicate a lack of quality control procedures at both the program site and Corporation level. At the program site level, controls to monitor the timely completion and submission of status forms, such as form checklists, are not consistently used. Further, sending completed forms through the legal applicants adds time to the submission process. At the Corporation level, controls such as the effective verification of the accuracy and completeness of supporting documentation and data entry by a second person, and effective monitoring of timely status form submission are not in place. These control weaknesses increase the likelihood of errors and irregularities, including fraud, and could result in the calculation of a materially incorrect service award liability, the reporting of inaccurate membership data, and educational awards being paid to Members who have not successfully completed the required term.

Recommendations

We recommend the Corporation focus on measures for improving the operating effectiveness and data integrity of the status form process as follows:

- Consider developing an automated remote data entry system that has the ability to eliminate or reduce the amount of documentation that is exchanged between the Corporation, the legal applicants and the program sites. Implementation of such a system could shorten the lag time between completion of the form and the information being entered into the system.
- Develop system edit checks to identify violations of timing requirements of the AmeriCorps Provisions, such as an enrollment form receipt date more than 30 days after the indicated enrollment date.

- Develop and communicate enforcement procedures based on the timing requirement system edit checks recommended above. The procedures should include follow-up with program sites that frequently submit forms late and consideration of placing a hold on funding until the program sites sufficiently address identified problems.
- Develop and consistently implement quality assurance procedures to be performed by the grants/program officers and the legal applicants in their visits to program sites.

A concerted effort on the part of Corporation personnel to complete the SPAN database “clean up” process already begun, should continue to receive the highest priority attention. With respect to information exchanged with program sites, we recommend:

- Expediting the completion of the project for tracking Members who are listed as continuing to earn awards, yet for whom the period for service completion has lapsed and an end-of-term form, or other notice of service termination, has not been received.
- The frequency with which membership rosters are sent to program sites for verification be decreased from a monthly to a quarterly basis, and all sites be required to send back within a specific timeframe (e.g., one month) either the corrected roster or a certification that the rosters are correct and complete and that no changes are necessary. The Corporation should proactively follow-up with non-responding program sites to ensure SPAN database information is maintained on as current a basis as possible. Additionally, the Corporation should consider sending the roster confirmations to individuals other than certifying officials to further strengthen internal controls.
- Additional system edit checks to detect data entry and data integrity errors should be developed, such as full-time Members who earn awards in more than a year or in less than nine months, forms with the date of the certifying officials signature before the completion date, and Members service noted as both part-time and full-time status at the same point in time.
- Additional management reports be developed and produced on a routine basis to facilitate follow-up on data entry errors, and to provide statistics such as error rates by program site.
- Enforcement procedures should be developed and communicated based on the system edit checks and management reports recommended above. The procedures should include follow-up with program sites that have frequent errors to determine causes and ways to improve and the termination of continued grant funding, on a full or partial basis, if the program sites do not sufficiently address identified problems.

Monitoring of the Types of Service Activities Performed

In its strategic plan, the Corporation broadly defined allowable service as activities that address the nation's educational, public safety, human and environmental needs. The National and Community Service Trust Act of 1993 (the Act) and the AmeriCorps Provisions identify certain activities, such as fundraising and engaging in religious instruction, that AmeriCorps Members are prohibited from performing while charging time to the AmeriCorps program.

Each AmeriCorps program site has numerous service activity sites. Based on the size, location, and type of service performed at the activity sites, some sites are more heavily supervised than others.

We identified two of 40 program sites that do not have procedures in place (e.g., periodic, unannounced site visits) to adequately monitor the type of service performed at their activity sites. These program sites were generally unaware of what controls should be in place to ensure that prohibited activities are not performed. The lack of adequate monitoring increases the likelihood that Members will engage in a prohibited activity without detection and will improperly accumulate service hours toward their educational awards by performing this activity. The likelihood of this situation increases if Members are unaware of what activities are considered prohibited (see *Awareness of Prohibited Activities* on page 11 for additional information).

In addition, at two other program sites, we found a total of seven Members performing prohibited activities as follows:

At the Good Neighbor Center in West Memphis, Arkansas, three Members at one activity site participated in fundraising by preparing and selling gift baskets to raise money for the site. One of these Members spent 220 hours on this activity; the other two only participated occasionally and spent less than 30 hours each on it. The activity site had not previously engaged in such fundraising. Although Good Neighbor Center personnel do perform periodic activity site visits, such monitoring was ineffective in identifying this prohibited activity. Moreover, management should have discovered the situation through adequate supervisory review of timesheets, on which the activity was clearly identified. As a result of these control breakdowns, Members accumulated service hours toward their educational awards while performing this unallowable service.

At the Chancellor's Office of the California Community College in Sacramento, California, we noted that four Members at one activity site tutored students at a for-profit pre-school. Two of these Members served approximately 250 hours at the site, one Member served 190 hours and another was terminated after having served 90 hours. The program is in its first year of service and the activity site placed Members at private schools to provide service hours during the time the public school system was not in session. The Chancellor's Office eventually detected this activity, however, a more

effective internal control environment would have prevented the activity site from initiating a prohibited activity.

Recommendations

The Corporation should provide additional guidance to program sites on the minimum level of monitoring required by all sites and ways to identify prohibited activities (e.g., through thorough timesheet review). Such guidance could be communicated in writing or during the annual program directors' training (discussed in *Other Matters* on page 13). All program sites should periodically visit the Members' activity sites to ensure that Members are performing allowable, effective service. In addition, large sites may find establishing a goals list for each Member and monitoring the progress towards those goals helpful. The Corporation should also emphasize the importance of program site management providing verbal, periodic reminders of what constitutes a prohibited activity to its Members (e.g., at monthly meetings).

Independent Review of Educational Award Certifications

Program site control procedures at many of the 40 sites visited did not require an independent review of educational award certifications. At one site, the same person input service hours into the site's tracking system and also certified the educational award without the benefit of supervisory review. At the other sites we visited, these two functions were split between two employees, providing some degree of segregation of duties; however, the actual review of accumulated hours and certification that sufficient service had been performed often remained the responsibility of one individual. An independent review of supporting documentation would provide additional assurance that Members served the appropriate number of hours to qualify for educational awards.

These program sites were generally unaware of what constitutes a sound control environment for award certification. The lack of an independent review increases the potential for abuse of the educational award program.

Recommendation

The Corporation should periodically emphasize the importance of supervisory review in detecting errors. Such guidance could be communicated in writing or during the annual program directors' training (discussed in *Other Matters* on page 13). In addition, the Corporation should require that grants/program officers and legal applicants verify the existence and effective functioning of this important control during their visits of program sites.

Granting of Pro-Rated Awards for Compelling Personal Circumstances

The AmeriCorps Provisions allow program sites to grant pro-rated educational awards to Members who leave service for compelling personal circumstances. In order to be

eligible for pro-rated awards, Members must have served a minimum of 15 percent of their service term. Although the Corporation allows each program site to decide on a case-by-case basis whether the situation warrants a Member receiving a partial award, the AmeriCorps Provisions stipulate that the situation must be beyond the Member's control. Examples of such circumstances include sickness or critical illness of the Member or someone in the Member's immediate family and the termination of the project site if reassignment is not possible. Examples of situations that generally do not justify granting of a pro-rata award are leaving service to return to school or to get a job.

During our work we found that, of the 92 Members tested who had earned pro-rated awards, 11 Members at two program sites were released under questionable circumstances, such as to obtain employment or to appease Members who threatened to publicly air their dissatisfaction with the program. In addition, adequate documentation justifying the circumstances for granting a pro-rated award did not exist in the Member files for 20 of the Members tested (at eight program sites, including the two discussed above).

One program site allows, as a matter of policy, pro-rated awards for compelling personal circumstances when Members get jobs. One of this program site's primary goals is to prepare public assistance recipients for employment. Therefore, site management informed us that they consider a valid job opportunity as a sufficiently compelling reason to warrant a pro-rated award. Site management and its legal applicant maintain that the "general" restriction in the AmeriCorps Provisions as to this situation being a viable reason for granting a pro-rated award, is not absolute and, therefore, site management has flexibility in making this decision.

At the other program site, the two Members who were granted pro-rated awards under questionable circumstances threatened to publicly broadcast their grievances with the program. To avoid this negative publicity's potential effect on membership levels, site management granted the Members pro-rated awards.

The granting of pro-rated awards in these types of circumstances undermines the objectives of the program and allows Members to abandon their commitment to completing the assignment. In addition, funding these types of awards may reduce the Corporation's ability to fund awards for future Members.

The Corporation guidelines do not specifically require documentation of compelling personal circumstances, and therefore some program sites do not believe lack of documentation is a problem. As a result, program sites often rely on the memory of their staff to justify the reasons behind granting the pro-rated award.

Recommendations

The Corporation should revise the portion of the AmeriCorps Provisions related to compelling personal circumstances. Although we understand the need for flexibility, the

delegation of absolute authority to program sites for determining proper justification may be counterproductive to the AmeriCorps mission. As such, this revision should identify, in absolute terms, circumstances that do not justify the granting of a pro-rated award unless written approval is obtained from the Corporation. When the Corporation approves the granting of awards under this policy, the reason for the approval should be included in a shared database to ensure that the Corporation makes consistent decisions on these issues. Such policy changes will decrease the potential for abuse of the AmeriCorps award program and help ensure that only truly eligible Members receive educational awards.

The Corporation should also specifically require that program sites maintain documentation of compelling personal circumstances in the affected Members' files. This requirement will ensure that if a question about the circumstance arises, documentation will support the reason and will allow for evaluation of situation.

Awareness of Prohibited Activities

The Act and the AmeriCorps Provisions identify certain activities that AmeriCorps Members are prohibited from performing while charging time to the AmeriCorps program. Member, supervisor, and program site management awareness of prohibited activities is a key control in ensuring Members are not performing such activities.

Generally, program site management and supervisors with whom we met were aware of the types of prohibited activities. However, at seven of the 40 program sites tested, Members indicated to us that they were unaware of the existence of and/or types of prohibited activities. Typically, Members informed us that program site management had not communicated this information during training. However, these program sites often included the types of prohibited activities in their Member contracts, as required (i.e., the Members did not read or remember reading the contracts they signed). Member unawareness of the existence of and/or types of prohibited activities, especially at activity sites without a high degree of supervision, increases the risk that prohibited activities will be performed.

Recommendation

The Corporation should emphasize the importance of program site management verbally communicating what constitutes a prohibited activity to its Members during orientation and subsequently providing periodic reminders of this information (e.g., at monthly meetings). Implementation of such policies by program site management would help increase Member awareness of prohibited activities and, therefore, decrease the likelihood that such activities will be performed.

Support for Service Hours Performed

The AmeriCorps Provisions state that program sites must maintain sufficient records to establish that Members who earn awards successfully completed the minimum required service hours. Typically, Members record their hours served on timesheets (or similar documents) that are reviewed and approved by their supervisors. Program site management tracks the hours served on a cumulative basis (e.g., via electronic or manual spreadsheets or automated databases). The cumulative record then serves as the basis for granting or denying an educational award.

Of the Members tested who had earned an educational award, 23 percent lacked complete timesheet support for the hours documented as served on the exit form, a situation found at 23 program sites. The majority of these Members (75 percent) did not meet the required level of service hours to earn a full educational award without the missing time sheets. In addition, four percent of the Members tested who are currently earning awards lacked complete timesheet support for the hours documented in the program sites' cumulative records, a situation found at nine program sites.

Several circumstances contributed to these problems. The main problem noted was that only 17.5 percent of program sites visited used automated systems to track cumulative hours. Most program sites used electronic spreadsheets to track hours, while a few used handwritten logs. The lack of automation means that these methods are more prone to unintentional data entry and computing errors. Some program sites also do not have controls in place to ensure supervisory review of input into the tracking systems.

Further, we noted that program sites often have inadequate record retention policies and procedures, and documentation has been lost or misfiled. Some program sites do not require timesheets or timelogs to be filled out for hours spent in orientation and training.

The above control weaknesses and situations increase the risk that Members who do not adequately complete the required service may receive educational awards.

Recommendation

The Corporation should periodically emphasize the importance of (1) supervisory review of input into the service hour tracking systems (or edit controls in automated systems), (2) adequate record retention policies, and (3) sufficient documentation of all hours applied toward the earning of an educational award. Such guidance could be communicated in writing or during the annual program directors' training (discussed in *Other Matters* on page 13). The Corporation should also require that grants/program officers and legal applicants verify the existence and effective functioning of these important policies and procedures during their visits of program sites.

Support for Member Eligibility

According to Federal regulations (42 USC Sec. 12602) and the AmeriCorps Provisions, in addition to meeting other criteria, an individual must be a U.S. citizen, U.S. national or lawful permanent resident alien of the U.S. in order to be eligible to receive a national service educational award from the National Service Trust. The Immigration and Naturalization Service (INS) Form I-9, which permits individuals to work in the U.S., does not validate status as a U.S. citizen, U.S. national or lawful permanent resident alien of the U.S. Examples of adequate documentation include passports, birth certificates, U.S. military documentation, and “green cards.”

We found that for 73 percent of Members tested, sufficient documentation did not exist to support the Members’ status as a U.S. citizen, U.S. national or lawful permanent resident alien of the U.S. A majority of program sites used drivers’ licenses and social security cards to determine Member eligibility. An individual does not need to be a U.S. citizen, U.S. national or lawful permanent resident alien of the U.S. to obtain these sources of identification. During our review we noted one individual who was a Mexican citizen, and thus ineligible to be an AmeriCorps Member. This individual, at the Department of Economic Security site in St. Paul/Minneapolis, had a valid work visa, hence was considered eligible under the I-9 criteria used by the site to determine eligibility. Although this was the only instance where we found that a Member was ineligible, we could not verify the proper eligibility of other Members. This is because the Corporation as well as the program sites have used I-9 criteria which is only valid to establish the authorization to perform work in the U.S. It can not be used to establish citizenship or permanent residence.

The Corporation has not specifically communicated to program sites, and therefore program site management were unaware of, what constitutes acceptable support for the above criterion. This situation could cause the National Service Trust to fund educational awards for ineligible Members.

Recommendation

The Corporation should communicate in writing to program sites what it considers to be acceptable documentation to prove that a program applicant is a U.S. citizen, U.S. national or lawful permanent resident alien of the U.S. In the identification of acceptable support, the Corporation should consider the implications of paying awards to ineligible Members and the potential documentation burden on the program sites.

Other Matters

Program Directors Training

In addition to the above findings, we encountered the following less pervasive and/or significant exceptions:

- Nine of 40 program sites credited ineligible hours (e.g., Federal holidays) toward Member service hour requirements as a result of misinterpretations of Corporation policy or human error.
- The policy at one of 40 program sites does not require the Members' direct supervisors to approve timesheets (or other evidence of time served) although regional directors not familiar with the day-to-day activities of the Members do approve the time. This situation can lead to abuse of the program by allowing hours not actually served to be applied toward an educational award.
- At three of 40 program sites supervisory review of timesheets was not documented due to human error. Similar to the above, this situation can lead to abuse of the program by allowing hours not actually served to be applied toward an educational award.
- At 19 of 40 program sites mid-year and/or year-end performance evaluations were not completed as required by the AmeriCorps Provisions, typically because the program sites had not implemented such review policies. By not performing such evaluations, program sites lack an important monitoring and feedback tool for Members.

The Corporation has experimented with several different types of Program Directors training to reduce the risk of such errors occurring. Last year, the Corporation performed this training for all new Program Directors in the country. The training primarily focused on highlighting grant requirements already noted in the Program Director's Handbook and the AmeriCorps Provisions as well as the actual method of completing various Corporation forms.

Recommendation

We recommend that future training include a joint session with both new and experienced Program Directors that addresses the mission of the Corporation and common mistakes noted by the Corporation. The Corporation has several requirements that are clearly noted in the provisions but there are no guidelines explaining how the program site could ensure compliance with the requirement. The training sessions could incorporate the sharing of best practices between attendees. At a minimum the Corporation should provide clearer guidelines on what may constitute adequate documentation.

The 95 Percent "Rule"

AmeriCorps National & State Grants Policy Guidance #2 authorizes program sites to provide pro-rated educational awards to full-time Members who have completed 95 percent (1,615 hours) of the required 1,700 service hours if the shortfall is not the result of truancy, tardiness, performance problems or similar circumstances. We understand

that through this “rule,” the Corporation attempts to treat fairly Members who have substantially completed service.

According to the AmeriCorps Member Handbook, the four main objectives of AmeriCorps are (1) getting things done in local communities, (2) strengthening communities by uniting individuals from different backgrounds in a common effort, (3) encouraging Members’ responsibility to their communities, their families, and themselves and (4) expanding Members’ educational opportunities and job experiences. While application of the 95 percent “rule” helps the program achieve objective #4, it can undermine the other objectives by releasing Members from their responsibility to complete the assignment.

Recommendation

We recommend that the Corporation reconsider the appropriateness of this “rule” in light of all of the program’s primary objectives.

Appendix A

Appendix A

Programs Selected

State Commission Grants

<u>Region</u>	<u>Program Site</u>	<u>Location</u>	<u>FTEs</u>	(1) <u>AmeriCorps Grant \$</u>
Pacific	CA Conservation Corps	Sacramento, CA	155	1,608,985
Pacific	Chancellor's Office, CA Comm. Colleges	Sacramento, CA	308	1,707,552
Pacific	Montana Conservation Corps, Inc.	Bozeman, MT	73	902,700
Pacific	Washington State Employment Security Dept.	Lacey, WA	399	4,281,987
Pacific	Kitsap Community Action Program	Bremerton, WA	46	497,898
Southern	Hands on Atlanta	Atlanta, GA	139	1,632,953
Southern	DEP, Division of Parks and Recreation	Tallahassee, FL	70	846,215
Southern	Florida Dept. of Elder Affairs	Tallahassee, FL	40	474,711
Southern	Northern Virginia Urban League	Alexandria, VA	28	349,442
Southwest	Mental Health Association	Austin, TX	175	2,055,415
Southwest	American Institute for Learning	Austin, TX	123	1,430,874
Southwest	Dallas Youth Services Corps	Dallas, TX	114	1,184,458
Southwest	St. Mark's Community Center	New Orleans, LA	45	528,750
Atlantic	Dept. of Natural Resources-MD Conservation	Annapolis, MD	170	1,921,170
Atlantic	NJ Dept. of Human Services	Trenton, NJ	105	1,233,750
Atlantic	Governor's Office on Volunteerism	Baltimore, MD	80	927,269
Atlantic	Leadership, Education and Athletics	New Haven, CT	115	1,328,252
Atlantic	Phoenix House Foundation, Inc.	New York, NY	85	992,263
Atlantic	NJ Dept. of Education	Trenton, NJ	70	814,982
Atlantic	Energy Coordinating Agency of Philadelphia	Philadelphia, PA	35	411,054
N. Central	Michigan Dept. of Natural Resources	Lansing, MI	175	0
N. Central	Minnesota Dept. of Economic Security	St. Paul, MN	88	935,760
N. Central	Minnesota Dept. of Natural Resources	St. Paul, MN	105	86,805
N. Central	Michigan Family Independence Agency	Lansing, MI	<u>33</u>	<u>271,099</u>
<i>Subtotal, State Commission Grants</i>			<u>2,773</u>	<u>26,424,344</u>

(1) No correlation exists between the number of FTEs and the AmeriCorps Grant \$ because some FTEs represent educational award only Members who do not receive stipends through the Corporation.

Appendix A

Programs Selected

Appendix A

National Direct Grants

<u>Region</u>	<u>Program Site</u>	<u>Location</u>	<u>FTEs</u>	(1) <u>AmeriCorps Grant \$</u>
Pacific	Multicultural Alliance	Ross, CA	500	125,000
Pacific	Salmon Corps	Pendleton, OR	100	1,114,752
Southern	Assoc. of Farmworker Opportunity Programs	Arlington, VA	82	966,437
Southern	Center for Community Dev., Delta State	Cleveland, MS	70	733,144
Southern	Mississippi Action for Community Education	Greenville, MS	45	507,244
Southwest	Delta Service Corp.	Baton Rouge, LA	70	693,824
Southwest	Good Neighbor Center/Future Builders	West Memphis, AR	65	729,191
Atlantic	Corella & Bertram F. Bonner Foundation	Princeton, NJ	156	0
Atlantic	Allegheny County Health Department	Pittsburgh, PA	29	340,736
Atlantic	South Florida Ecosystem Project	Charlestown, NH	68	765,265
Atlantic	Fund for the City of NY	New York, NY	50	664,957
Atlantic	National School & Community Corps- NYC	New York, NY	31	281,919
Atlantic	National School & Community Corps- Philadelphia	Philadelphia, PA	238	2,095,307
Atlantic	East End Cooperative Ministry, Inc.	Pittsburgh, PA	25	285,877
Atlantic	The Houston READ Commission	Pittsburgh, PA	28	311,108
N. Central	City Year, Cleveland	Cleveland, OH	<u>102</u>	<u>643,519</u>
<i>Subtotal, National Direct Grants</i>			<u>1,659</u>	<u>10,258,280</u>
<i>Total Program Grants Selected</i>			<u>4,432</u>	<u>36,682,624</u>

(1) No correlation exists between the number of FTEs and the AmeriCorps Grant \$ because some FTEs represent educational award only Members who do not receive stipends through the Corporation.

Corporation Response




MEMORANDUM

TO: Luise Jordan
Inspector General

AmeriCorps National Service

CORPORATION
FOR NATIONAL
SERVICE

FROM: Wendy Zenker 
Chief Operating Officer

DATE: August 7, 1998

RE: Response to OIG Draft Report 98-19,
Assessment of AmeriCorps Service Hour Reporting

This is the Corporation's response to the draft report, *Assessment of AmeriCorps Service Hour Reporting*. We will develop more detailed responses to the final audit. As such, this response provides additional information about the Corporation's procedures and processes that we hope you will consider in the final audit.

The report emphasizes the administration of the program at the subgrantee and site levels, and does not discuss the responsibilities and roles of state commissions and national direct parent organizations. The Corporation has no direct contractual relationship with operating or placement sites. Accordingly, the Corporation's efforts are focused on strengthening state commissions and parent organizations so that they conduct proper training and oversight at the local level. We think the report should reflect this reality.

Even though a direct contractual relationship does not exist, the Corporation emphasizes the importance of proper training and monitoring at the operating site level and placements where AmeriCorps members serve. The Corporation also provides national training sessions which include, among other things, sessions on fiscal oversight, prohibited activities, and the National Service Trust, including service hour reporting. The Corporation will continue to provide guidance to all AmeriCorps programs through training sessions and written material. We will continue to examine current policies and update them as necessary.

The Corporation would like to address specific findings and topics as noted below.

Accuracy of the National Service Trust Fund Database

The Corporation is taking a number of steps to improve the accuracy and timeliness of the National Service Trust data. Management of Trust data has been consolidated into a single organization in the Corporation. Data input backlogs of enrollment forms that existed at the time of the audit have been overcome. A number of manual processing controls have been put into place. Incomplete forms are routinely sent back for

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completion. The Corporation is currently implementing an electronic imaging system designed to speed processing and control all Trust forms within the Corporation. Documents dealing with an individual AmeriCorps member will be instantly retrievable by Trust staff. This process does not, however, ensure the accuracy of the information contained on the forms.

Second, the Corporation is working on a web-based reporting system (WBRS) that will allow data entry from the field. Initiated by the state commissions with assistance from a technical assistance provider, this system will reduce the amount of paper that is exchanged between the Corporation and its grantees. Significantly, it can also be made to require grantees to double key-enter critical data elements on the forms and will reject attempts to enter out-of-range data. Such a system will help to eliminate data entry problems and errors. The State of Maine will serve as the Corporation's pilot site for this initiative.

The other findings and recommendations concerning the accuracy of the National Service Trust Fund database and member rosters are being taken under advisement. The Corporation is examining the enrollment form timing requirements and looking at enforcement mechanisms. The program and grants offices are currently reviewing their existing site visit protocols to ensure quality assurance during program visits. Also, the frequency with which membership rosters are sent to program sites for verification has already been decreased from a monthly to a quarterly basis. The Corporation will examine the feasibility of establishing enforcement procedures based on additional system edit checks and management reports which would detect and follow up on data entry/integrity errors.

Monitoring of the Types of Service Activities Performed

The Corporation has developed criteria to assist state commissions and parent organizations in monitoring their sites. While the Corporation requires monitoring of program sites, we believe that it would be too prescriptive to set a minimum level of monitoring for all sites. We are, however, reviewing the guidance that currently goes to the field to ensure its adequacy. In doing so, we will emphasize key issue areas to grantees. We will also continue to communicate all such guidance in writing and at program directors' training sessions.

It was also noted that four members at one activity tutored students at a for-profit pre-school while serving in the program sponsored by the Chancellor's Office of the California Community College in Sacramento. As presented, the facts do not indicate that the service was such that it benefited "a direct business organized for profit." It appears that the students received the direct benefit. Even though a Commission may impose requirements that are more strict than what is stated in our statute, it is unclear whether the activity in question violated our statute.

Corporation Response

Other recommendations

The other recommendations in the draft report suggest additional steps the Corporation may take to strengthen service hour reporting, and we will develop specific implementation plans in these areas:

- Periodically emphasize the importance of supervisory review of educational award certification to detect errors (*Independent Review of Educational Award Certifications*);
- Emphasize the importance of program site management verbally communicating what constitutes a prohibited activity to its members (*Awareness of Prohibited Activities*);
- Emphasize the importance of supervisory review of input into the service hour tracking systems, adequate record retention policies and sufficient documentation of all hours, and communicate such guidance in writing or during training sessions (*Support for Service Hours Performed*);
- Establish procedures to ensure that conversations between program sites and grants/program officers about unusual circumstances are documented (*Support for Service Hours Performed*); and
- Conduct future training sessions that address the mission of the Corporation and common mistakes noted by the Corporation (*Other Matters*).

Granting of Pro-Rated Awards for Compelling Personal Circumstances

The Corporation is currently reexamining its policy on compelling personal circumstances. In any case, program sites should maintain a written policy and documentation of compelling personal circumstances in the affected members' files. We will make this a specified requirement in the award provisions. As a result of this requirement, decisions made at the site level can be reviewed for compliance.

Support for Member Eligibility

The Corporation has provided guidance to the field on determining member eligibility. We have given programs information on making the distinction between a U.S. citizen, U.S. national and lawful permanent resident alien of the U.S. We have not, however, established specific criteria on adequate documentation nor have we endorsed the use of an I-9 form to grantees. The Corporation will examine the need to establish criteria and a standard certification form.

Other Matters

Finally, the Corporation agrees that it should reconsider the appropriateness of the 95 Percent "Rule" which authorizes program sites to provide pro-rated educational awards to full-time members who have completed 95 percent of the required 1,700 service hours if the shortfall is not a result of truancy, tardiness, performance problems or similar circumstances. The Corporation intends to eliminate this "rule" effective at the beginning of the next program year.