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

**Evaluation of the Corporation's
Monitoring and Oversight of
Cooperative Agreement No. 96ADNDC099
Awarded to Congressional Hunger Center**

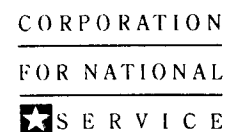
**Report Number 99-05
November 3, 1998**

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Under CNS OIG MOU # 94-046-1027
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This report was issued to Corporation management on January 26, 1999. 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 July 25, 1999, and complete its corrective actions by January 26, 2000. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.

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



**Evaluation of the Corporation's Monitoring and Oversight of
Cooperative Agreement No. 96ADNDC099 Awarded to Congressional Hunger Center**

Leonard G. Birnbaum and Company, under contract to the Office of the Inspector General, evaluated the Corporation's monitoring and oversight of its award to the Congressional Hunger Center (Cooperative Agreement No. 96ADNDC099). This report is one of two issued under an engagement to (1) audit the costs claimed by Congressional Hunger Center and its subrecipients from October 1, 1996 through March 31, 1998; and (2) evaluate the Corporation's monitoring and oversight of the grant.¹ We have reviewed the report and work papers supporting its conclusions and agree with the findings and recommendations presented.

The firm concluded that the Corporation did not adequately monitor and oversee the award to Congressional Hunger Center. Specifically, the firm found that:

- Monitoring and oversight visits made to Congressional Hunger Center and its subrecipient sites focused primarily on programmatic issues rather than financial management. As a result, substandard financial management by Congressional Hunger Center was not detected on a timely basis.
- The Corporation did not monitor the cash advanced to, or the Federal Cash Transactions Reports submitted by, Congressional Hunger Center. As a result, drawdowns of cash in excess of requirements were not detected on a timely basis.
- The Corporation did not ensure that Congressional Hunger Center evaluated its program for the 96/97 program year. As a result, the Corporation lacks the information necessary to assess the quality of the program.
- The Corporation's procedures to ensure that Congressional Hunger Center completed and submitted the Annual Accomplishment Report to the Corporation's evaluation contractor were inadequate. As a result, the Corporation was not aware of the fact that Congressional Hunger Center had failed to submit the report for the 96/97 program year.

These and other matters are discussed in detail in the report. In responding to this report the Corporation stated that, while it disagreed with the firm's conclusion that the Corporation did not adequately monitor and oversee the award to Congressional Hunger Center, it will review and revise its monitoring and oversight procedures as necessary. The Corporation's response is included as Appendix A.

¹OIG Audit Report 99-04, *Audit of Congressional Hunger Center, Cooperative Agreement No. 96ADNDC099*, presents the results of our audit of the costs claimed by Congressional Hunger Center and its subrecipients from October 1, 1996 through March 31, 1998.

Evaluation of the Corporation's Monitoring and Oversight of
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This report is one of two¹ issued under an engagement to (1) evaluate the Corporation for National Service's (Corporation) monitoring and oversight of Cooperative Agreement Number 96ADNDC099 awarded to Congressional Hunger Center and (2) audit the costs claimed by Congressional Hunger Center and its subrecipients from October 1, 1996, through March 31, 1998. We consider the findings in this report and those in the report on the audit of claimed costs to be interconnected as the inadequate oversight provided by the Corporation contributed the environment which led to several of the findings cited in the report on claimed costs. This report focuses on specific areas where the Corporation's monitoring and oversight procedures have been weak (e.g., oversight of the grantee's financial operations and program evaluation), while the report on the audit of claimed costs focuses on the claimed costs, noncompliance, and internal control findings disclosed at Congressional Hunger Center and its subrecipients.

RESULTS IN BRIEF

The Corporation is responsible for monitoring grants in order to reduce the risk that the grantees may be unable to properly manage, safeguard, and account for grant funds in accordance with Federal law and grant provisions. Grant monitoring involves overseeing a funded activity, obtaining information and data, and utilizing that information to make assessments, provide feedback and recommend or take actions. In summary, our evaluation revealed that the following weaknesses exist in terms of the monitoring and oversight provided to Congressional Hunger Center and its subrecipient sites by the Corporation:

- Monitoring and oversight visits made to Congressional Hunger Center and its subrecipient sites focused primarily on programmatic issues rather than financial management. As a result, substandard financial management by Congressional Hunger Center was not detected on a timely basis.

¹Also see OIG Audit Report 99-04, *Audit of Corporation for National Service Cooperative Agreement Number 96ADNDC099 Awarded to Congressional Hunger Center*, dated November 3, 1998.

- The Corporation's Office of Grants Management did not monitor the cash advanced to, or the Federal Cash Transactions Reports submitted by, Congressional Hunger Center. As a result, drawdowns of cash in excess of requirements were not detected on a timely basis.
- The Corporation did not ensure that Congressional Hunger Center evaluated its program for the 96/97 program year. As a result, the Corporation lacks the information necessary to assess the quality of the program.
- The Corporation's procedures to ensure that Congressional Hunger Center completed and submitted the Annual Accomplishment Report to the Corporation's evaluation contractor were inadequate. As a result, the Corporation was not aware of the fact that Congressional Hunger Center had failed to submit the report for the 96/97 program year.
- The Corporation's procedures for review and follow-up regarding the AmeriCorps Member Roster maintained by the National Service Trust for Congressional Hunger Center's program were inadequate. As a result, the National Service trust database contained inaccurate information related to the Congressional Hunger Center's AmeriCorps Members.
- The Corporation lacked effective procedures to fulfill its responsibilities regarding the performance and submission of an audit report for Congressional Hunger Center. As a result, an audit report for Congressional Hunger Center as of, and for its year ended, June 30, 1997, was not issued within the time required by Federal regulation.

Each of these weakness are detailed below in the section titled Findings and Recommendations.

BACKGROUND

The Corporation annually awards over \$200 million in AmeriCorps grants to states, nonprofit organizations, tribes, and U.S. territories. These grants, like other Federal grant programs, have the inherent risk that the grantees may be unable to properly manage, safeguard, and account for grant funds in accordance with Federal law and grant provisions. To reduce this risk, the Corporation is responsible for monitoring its grants. Grant monitoring involves overseeing a funded activity, obtaining information and data, and utilizing that information to make assessments, provide feedback and recommend or take actions. Monitoring responsibilities are shared by Program, Grants Management, and other Corporation staff.

The Corporation awarded Cooperative Agreement Number 96ADNDC099 in the amount of \$2,292,223 for the period October 1, 1996 through December 31, 1997, to Congressional Hunger Center for its anti-hunger AmeriCorps program titled *Beyond Food*. *Beyond Food* projects include

efforts to improve dietary intake through nutrition education, expand and strengthen the summer food programs for children, assist neighborhoods in planting community gardens, obtain and salvage food from restaurants and fields, and re-certify isolated and homebound individuals for food stamps. Originally, Congressional Hunger Center and four other anti-hunger projects were subrecipients under a Corporation award to the U.S. Department of Agriculture. When the Corporation ceased making awards to Federal agencies, Congressional Hunger Center formed a consortium with the existing anti-hunger projects and applied for funding directly to the Corporation as a multi-site program. The Congressional Hunger Center teamed up with organizations to operate the program in California, Mississippi, Vermont, and Wisconsin in addition to its own program in the District of Columbia.

In November 1996, subsequent to receiving allegations from the Corporation pertaining to “willful improprieties” at the California site, the Corporation’s Office of Inspector General (OIG) opened an investigation of the California organization. Although the OIG investigation revealed evidence indicating that the Executive Director misapplied Federal funds, the cognizant United States Attorney declined to prosecute, citing the relatively low dollar amount, the availability of other remedies, and considering the totality of the circumstances, the lack of jury appeal. In December 1996, the Internal Revenue Service (IRS) seized and sold the California organization’s assets to satisfy delinquent withheld and employer’s taxes. The California organization was subsequently dissolved.

The consortium (consisting of the remaining four Members) received an award in the amount of \$940,000 for a second program year. This award included carryover funds of \$344,946, resulting in total funding of \$2,887,277 and extended the grant period to December 31, 1998. On October 28, 1998, the Corporation awarded Congressional Hunger Center \$902,768 (including \$389,313 in carryover funds) for a third program year.

SCOPE AND METHODOLOGY

We performed our evaluation at the Corporation’s Office of Grants Management in Washington, D.C.; Congressional Hunger Center’s offices in Washington, D.C.; and at the program’s subrecipient sites located in Greenville, Mississippi; Waterbury, Vermont; and Milwaukee, Wisconsin. Our evaluation was performed during the period June 23, 1998 through November 3, 1998, in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Our procedures included the following:

At the Corporation’s Office of Grants Management

- Reviewing the grant award documents, including the amendments, and the grant application and renewal applications maintained in the official grant file in order to get a general understanding of the program, as well as Congressional Hunger Center’s proposed approach to manage, oversee, and monitor the subrecipient sites;

- Reviewing the official grant file for evidence of oversight and guidance provided by Corporation staff to Congressional Hunger Center and its subrecipient sites, such as site visit reports and correspondence;
- Interviewing the current Program Officer and former Grants Officer assigned to Congressional Hunger Center to discuss the extent and types of guidance and/or oversight provided by the Corporation to Congressional Hunger Center and its subrecipient sites; and
- Reviewing the Corporation's National and Community Service (NCSA) Grant Management Guidelines (GMG 97-03, *Grant Monitoring and Site Visits*) regarding grant monitoring and site visits to obtain an understanding of the Corporation's requirements with respect to monitoring of grants.

At Congressional Hunger Center and its Subrecipient Sites

- Interviewing the National Coordinator and the Program Director at each of the subrecipient sites to obtain an understanding of the type and frequency of the communication between the Corporation, Congressional Hunger Center and the subrecipient sites; and
- Reviewing, on a judgmental basis, various records, such as timesheets, Member files, and progress and financial reports.

We provided a draft of this report to the Corporation's Office of Grants Management for comment. The Corporation contends that it provided adequate monitoring and oversight. The Corporation also stated that it conducted a detailed site visit subsequent to the audit which revealed substantial elimination of the weaknesses cited at the Congressional Hunger Center (OIG Report No. 99-04). We considered the Corporation's response, but are unable to comment on the results of a site visit conducted subsequent to the audit. As such, the findings of this report remain unchanged.

FINDINGS AND RECOMMENDATIONS

- I. Monitoring and oversight visits made to Congressional Hunger Center and its subrecipient sites were inadequate.

The primary purposes of grant monitoring is to provide reasonable assurance that: (a) funded programs and activities are being carried out effectively; (b) program goals and objectives are being met; (c) program, award, and administrative requirements are being followed; (d) there is appropriate accountability and documentation for the activities undertaken; (e) potential or actual issues, problems or concerns are identified and addressed in an adequate and timely way; and (f) opportunities to improve performance and meet objectives in a more effective or efficient manner are recognized and taken. Grant monitoring includes, among other things, the performance of site visits by the Program and Grants Offices.

Our review of the site visit documentation for the Corporation's oversight visits to Congressional Hunger Center (site visit reports and letters to Congressional Hunger Center) found that the visits focused primarily on programmatic issues except for the one pre-award site visit to Congressional Hunger Center in Washington, D.C., conducted by both the Grant and Program Office. The site report for that visit indicated that the purpose of the visit was to meet with Congressional Hunger Center's staff and accounting firm to get a sense of the financial systems that are in place at the parent level and to see what measures were in place to monitor and oversee fiscal activity at the subrecipient site level. However, we found no documentation as to what procedures were performed during the visit to obtain an understanding of the systems.

Since the inception of the grant (October 1, 1996), the Program Office and/or Grants Office has conducted the following site visits to Congressional Hunger Center or one of its subrecipient sites:

<u>Date of Visit</u>	<u>Site Visited</u>	<u>CNS Office that Conducted Site Visit</u>	<u>Reason for Visit</u>
December 1996	Mississippi	Program Office	To hold discussions with program staff and AmeriCorps Members.
October 1997	Congressional Hunger Center, Washington, D.C.	Grants Management & Program Office	To get a sense of the financial systems and measures in place to monitor and oversee fiscal activity at the site level.
November 1997	Vermont	Program Office	To review program and administrative systems developed by the previous project sponsor and to clarify the roles and responsibilities of an AmeriCorps site with the proposed project sponsor.
November 1997	Program-wide meeting, excluding Milwaukee, held in Mississippi	Program Office	To participate in the Congressional Hunger Center's two day conference. The first day focused on improving the Congressional Hunger Center's program objectives and evaluation tools. The second day focused on issues such as developing mutual trust, program expectations, group process and dynamics, and programmatic tools that could be shared and mutually adopted by the sites.

We reviewed the Corporation's guidelines for conducting site visits (NCSA Grant Management Guidelines, GMG 97-03, *Grant Monitoring and Site Visits*, dated March 27, 1997). While the guidelines provide some guidance for performing and documenting a site visit, the guidelines do not specifically describe the type of procedures to be performed during a site visit or how the results are to be documented. For example, the guidelines have several attachments which represent "tools" that have been drafted or developed by Corporation staff and others to assist Program and Grants Management staff in identifying various subjects, topics, areas, or questions that might be appropriate to be addressed during different types of site visits. The guidelines state, however, that "these tools were developed for different purposes, are suggestive only, are not required to be used, either in total or in part." In addition, the guidelines do not specifically address the issue of site visits to subrecipients.²

Because the Corporation's site visits did not appropriately address financial management issues and because the Corporation's guidelines on performing site visit reviews are inexact, problems in Congressional Hunger Center's financial management of the program were not detected on a timely basis.³ Given that Congressional Hunger Center was viewed as a high risk grantee based on the situation encountered at the California subrecipient site, we concluded that the Grants Office should have, at a minimum: (1) performed a risk assessment of the program's fiscal operations utilizing the "*Pre-Award Assessment Tool For CNS Grants Management*" which is an attachment to GMG 97-03; (2) conducted another site visit to the Congressional Hunger Center after the grant was awarded to ensure that the systems were functioning as intended; and (3) conducted procedures, as necessary, to determine that each of the subrecipient sites had adequate financial management systems.

We recommend that the Program and Grants Offices intensify their oversight of Congressional Hunger Center and its subrecipient sites to ensure that the purpose of grant monitoring as outlined above is met. Specifically, site visits to Congressional Hunger Center should not only focus on programmatic issues but financial issues as well. During the site visits, the "tools" developed by Corporation staff should be utilized, and the procedures (e.g., interviews, observation, testing) performed and results noted during the site visit should be well documented. We further recommend that the Office of Grants Management strengthen its guidelines for grant monitoring and site visits.

²OIG Report Number 98-02, *Review of Corporation for National Service Pre-Award Financial Assessment of Grant Applicants*, dated February 20, 1998, also concluded that the pre-award assessment procedures were inadequate because they do not describe the specific criteria for determining when a more detailed review is necessary and do not discuss how to follow-up the issues and determine that corrective actions are made.

³OIG Audit Report 99-04, *Audit of Corporation for National Service Cooperative Agreement Number 96ADNDC099 Awarded to the Congressional Hunger Center*, dated November 3, 1998.

II. The Office of Grants Management did not monitor the cash advanced to, or the Federal Cash Transactions Reports submitted by, Congressional Hunger Center.

The Corporation's regulations (45 C.F.R. 2543.52) require that "cash advances to a recipient organization shall be limited to the minimum amounts needed and be timed in accordance with the actual, immediate cash requirements of the recipient organization in carrying out the purpose of the approved program or project." Each recipient is also required to submit a Financial Status Report (FSR) and a Federal Cash Transactions Report (FCTR) on a quarterly basis. The FSR is used by the grantee to report the status of funds and the FCTR is used to monitor cash advanced to recipients and to obtain disbursement information for each agreement with the recipient. Because the transfer of Corporation funds is performed by the Department of Health and Human Services (HHS), grantees remit the FCTRs to HHS. However, the Corporation's Office of Grants Management has on-line access to HHS's database of FCTR information.

Our review of the quarterly FCTRs submitted by Congressional Hunger Center indicated that the FCTRs were being improperly prepared, since the amount reported as cash on hand on each of the quarterly FCTRs was always a zero balance. Upon discussion with Congressional Hunger Center's representative, we determined that on the FCTR, the amount reported as net disbursements was the total amount drawn down instead of Congressional Hunger Center's actual disbursements for operating expenses and payments to the subrecipient sites. In order to determine if Congressional Hunger Center had requested funds in excess of its immediate cash needs, we compared the amount reported by Congressional Hunger Center on each of the Financial Status Reports (FSR) as total Federal outlays with the amount drawn down as reported by HHS on the FCTRs. Based on this comparison, we were able to determine that funds were drawn down in excess of Congressional Hunger Center's immediate cash needs.

As a result of not monitoring data presented on FCTRs submitted by Congressional Hunger Center and comparing these data with that on FSRs, the Corporation was unaware of the fact that Congressional Hunger Center had been submitting improperly completed reports or that Congressional Hunger Center was drawing down funds which exceeded its immediate cash needs.

We recommend that the Office of Grants Management implement policies and procedures requiring Grants Officers to review FCTRs within a specified period of time after submission. The review should include procedures to ensure that FCTRs are properly prepared and that the amount of funds drawn down is not in excess of the grantee's immediate cash needs. The procedures conducted during the review and the conclusions reached should be documented.

III. The Corporation did not ensure that Congressional Hunger Center evaluated its program for the 96/97 program year.

The Corporation's grant provisions (AmeriCorps Provisions No. 37a and 37b) state, in part, that "the Grantee must track progress toward achievement of their Program objectives. The Grantee also must monitor the quality of service activities, the satisfaction of both service recipients and Members, and

management effectiveness . . . The Grantee may obtain an independent evaluation if provided for in the approved budget.” Congressional Hunger Center’s grant for the 96/97 program year included Federal funding in the amount of \$21,786 for evaluation purposes.

However, we found that Congressional Hunger Center did not conduct a program evaluation for the 96/97 program year either internally or by an independent evaluator. According to Congressional Hunger Center’s representative, very little importance was attributed to the prospect of evaluating a program that would no longer continue to be in existence. Initially, Congressional Hunger Center’s renewal application was denied funding. It was not until after the completion of the 96/97 program year that the Corporation awarded funding to Congressional Hunger Center for a second program year.

Because the Corporation did not ensure that Congressional Hunger Center conducted an evaluation for the 96/97 program year, the Corporation lacks the information necessary to assess the quality of the program. While quarterly progress reports, prepared by Congressional Hunger Center staff and submitted to the Corporation, can provide some indication of how a program is doing in terms of achievement of program objectives, progress reports can not substitute for a complete and independent program evaluation. Progress reports do not address the areas of quality of service activities, satisfaction of both service recipients and Members, and management effectiveness.

We recommend that the Corporation implement written policies and procedures to ensure that Congressional Hunger Center has an adequate system to track its progress toward achievement of program objectives and conduct program evaluations as required.

IV. The Corporation’s procedures to ensure that Congressional Hunger Center completed and submitted the Annual Accomplishment Report to the Corporation’s evaluation contractor were inadequate.

The Corporation’s grant provisions (AmeriCorps Provision No. 37c) stipulate that “the Grantee must cooperate with the Corporation and its evaluators in all monitoring and evaluation efforts. As part of this effort, the Grantee must collect and submit certain Member data, including the total number of Members in the Program, and the number of Members by race, ethnicity, gender, age, economic background, educational level, disability classification and geographic region. The Corporation will provide forms for collecting Member data.” The Corporation entered into a contract with Aguirre International (Aguirre) to gather data from each of the grantees for evaluation purposes. Aguirre developed a standardized form which is to be completed by the grantees. This form is formally known as the Annual Accomplishment Report.

During our review, we found that Congressional Hunger Center had not submitted the Annual Accomplishment Report (Report) for its 96/97 program year. Further, the Corporation’s Program Officer was unaware of the fact that Congressional Hunger Center had not submitted the Report. In an attempt to determine the Corporation’s procedures for monitoring submission of these Reports, we contacted the Director of the Evaluation Department at the Corporation. The Director indicated

that Aguirre sends a Report template to each of the Corporation's grant recipients. The template is to be completed by the grantee and returned to Aguirre. On a periodic basis, Aguirre provides a listing to the Corporation's Evaluation Department of those grantees who have and have not submitted the Report. The Corporation then sends a letter to the grantee as a reminder that the Report has not been received and requesting that the Report be completed and returned. A copy of this letter is forwarded to the appropriate Program Officer. However, in the case of Congressional Hunger Center, the Corporation was unaware that the Report had not been submitted because neither listing provided to the Corporation by Aguirre included Congressional Hunger Center. Consequently, a letter had not been sent to Congressional Hunger Center.

Because the Corporation did not verify that Aguirre's list of grantees who had and had not submitted the Report included all grantees of that program year or was otherwise accurate, the Corporation was not aware of the fact that Congressional Hunger Center had failed to submit the report for the 96/97 program year.

We recommend that the Corporation's Evaluation Department implement written policies and procedures to verify that its contractor, Aguirre International, has accounted for all of the Corporation's grantees by comparing Aguirre's listing of grantees that have and have not submitted a Report for each program year with the Corporation's records of all grantees that have been awarded programs for the respective program year.

- V. The Corporation's procedures for review and follow-up regarding the AmeriCorps Member Roster maintained by the National Service Trust were inadequate to assure that Congressional Hunger Center data was accurate.

The Corporation maintains a database containing information on each AmeriCorps Member participating in AmeriCorps-funded programs. The database is used to provide performance information such as the number of Members participating in a program and the number of Members earning educational benefits, as well as fiscal information such as the amount of the educational benefit earned by individual Members and benefit payments made.

Since the Corporation's records, and not those of the grantee, will be used by the National Service Trust when determining if a Member is or is not eligible for an educational award and whether the amount of the award is a full or partial award, it is critical that the Corporation's records be accurate. Inaccurate records could result in a Member being denied an educational award when in fact one had been earned or a Member receiving an educational award when in fact one was not earned.

During our review, we obtained a copy of the Roster for Congressional Hunger Center's 96/97 program year maintained by the Corporation which had been updated based on all forms received by the Corporation as of April 29, 1998. According to the Roster a completion date was not indicated for 35 Members although each of these Members' estimated completion date was on or before October 28, 1997. The estimated completion date should have been an indication to the Corporation that either Congressional Hunger Center was not submitting the end-of-term forms on a timely basis or that the National Service Trust was not updating its database with the documentation received. Based on our discussions with the appropriate Program Director and/or review of the Member files, each of these Members left the program prior to April 1998.

In April 1998, the Corporation mailed a copy of its Roster to its grantees requesting that the National Service Trust be notified of major discrepancies or omissions. The cover letter stated that “we would like to have all Rosters returned to the Trust, even those with no errors, so we can accurately track those with problems and maintain a good audit trail.”

In July 1998, the Congressional Hunger Center’s National Coordinator indicated that Congressional Hunger Center had received the Roster but it had not been reviewed for accuracy thus it had not been returned to the Corporation (as of November 3, 1998, the Roster had not been returned to the Corporation). The National Coordinator further indicated that no one from the Corporation had contacted Congressional Hunger Center to inquire as to the status of the Roster sent to Congressional Hunger Center. During our evaluation, we determined that there were numerous discrepancies and omissions between the Roster and the records maintained by Congressional Hunger Center and its subrecipient sites.

These conditions are consistent with the findings relating to the National Service Trust as reported in OIG Report Number 98-23, *Auditability Assessment of the Corporation for National Service at September 30, 1997*, issued in July 1998. In that report, OIG reported that the Corporation did not enter Roster changes into the database in a timely manner and that a process was not in place to review Rosters and follow-up on unusual items (such as Members who are listed twice with the same enrollment date as both part-time and full-time Members and those who have two different award types — earned and not earned).

We recommend that the Corporation implement written policies and procedures for periodic review of the Rosters to eliminate inaccuracies in the Rosters caused by either data entry errors into the National Service Trust’s database, program sites not submitting the required documentation in a timely manner, or the untimely processing of documentation received by the National Service Trust. Specifically, we recommend that the Corporation implement the following recommendations previously cited in OIG Report Number 98-23 which relate to inaccuracies in the Rosters:

- Complete the project for tracking Members who are listed as still actively earning an award although the period for service completion has lapsed and an end of term form, or other notice of service termination, has not been received.
- Develop additional system edit checks to detect data entry and data integrity errors, 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 official’s signature before the completion date, and Members’ service noted as both part-time and full-time status at the same point in time.
- Develop and produce additional management reports on a routine basis to facilitate follow-up on data entry errors, and to provide performance data such as error rates by program site, lag time in enrollment and award processing, etc.

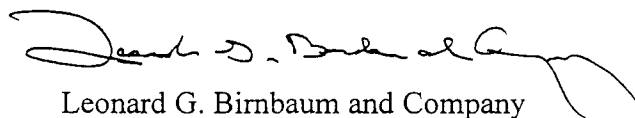
VI. The Corporation lacked effective procedures to fulfill its responsibilities regarding the performance and submission of an audit report for Congressional Hunger Center.

Office of Management and Budget Circular A-133 (OMB Circular A-133), *Audits of States, Local Governments, and Non-Profit Organizations*, revised June 24, 1997, stipulates that recipients of Federal awards which expend at least \$300,000 of Federal funds per year have an audit conducted in accordance with the provisions of OMB Circular A-133. Section 320 of OMB Circular A-133 stipulates that “for fiscal years beginning on or before June 30, 1998, the audit shall be completed and the data collection form and reporting package shall be submitted within the earlier of 30 days after the receipt of the auditor’s report(s), or 13 months after the end of the audit period.” Furthermore, Section 400 states, in part, that the Federal awarding agency has the responsibility to “ensure that audits are completed and reports are received in a timely manner and in accordance with the requirements of this part.”

Under OMB Circular A-133 an audit report covering Congressional Hunger Center’s fiscal year ended June 30, 1997, was due by July 31, 1998. According to the program’s Deputy Director an audit had been performed but had not been issued as of November 3, 1998 (the date of this report), as required. According to the Grants Officer previously assigned to Congressional Hunger Center, grantees submit their audit reports to the Federal clearinghouse and the Grants Officer is only notified when findings have been identified which need to be resolved. The Grants Officer did not routinely determine whether grantees had submitted required audit reports.

Because the Corporation failed to ensure that Congressional Hunger Center submitted the audit when required, the control over Federal expenditures as set forth in OMB Circular A-133 has been nullified.

We recommend that the Corporation implement written policies and procedures to identify grantees required to have an audit under OMB Circular A-133, and to ensure that required audits are performed, submitted, and reviewed on a timely basis.


Leonard G. Birnbaum and Company

Alexandria, Virginia
November 3, 1998

Appendix A

Response of the Corporation's Office of Grants Management



To: Luise Jordan
Inspector General

AmeriCorps National Service

CORPORATION
FOR NATIONAL
SERVICE

From: Michael Kenefick, Director of Grants Management *M.K.*
Deborah Jospin, Director of AmeriCorps *DJ*
Peter Heinaru, Director of AmeriCorps State and National *PH*

cc: Wendy Zenker
Chief Operating Officer

Date: January 25, 1999

Subject: Office of the Inspector General *Draft* Report Number 99-05, Evaluation of the Corporation's Monitoring and Oversight of the Congressional Hunger Center Cooperative Agreement 96ADNDC099

Thank you for the opportunity to comment on the Inspector General Draft Report Number 99-05, "Evaluation of the Corporation's Monitoring and Oversight of the Congressional Hunger Center Cooperative Agreement 96ADNDC099." The Corporation has reviewed this draft Evaluation and disagrees that it did not provide adequate monitoring and oversight of the Congressional Hunger Center (CHC). However, irrespective of our belief, Corporation staff conducted a detailed site visit in December 1998, subsequent to the completion of the Office of Inspector General audit. The site visit revealed that CHC oversight and monitoring weaknesses cited in the audit have been corrected. An extensive compliance monitoring system was developed and effectively implemented by CHC. Further, while we believe that monitoring and oversight activities are adequate, we continue to review and refine our oversight and make improvements as necessary.

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