

CORPORATION FOR NATIONAL & COMMUNITY SERVICE

OFFICE OF INSPECTOR GENERAL

Agreed-Upon Procedures for Corporation for National and Community Service Grants Awarded to the Delaware Governor's Commission on Community and Volunteer Service

OIG Report 19-10

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This report was issued to Corporation Management on July 30, 2019. Under the laws and regulations governing audit follow up, the Corporation is to make final management decisions on the report's findings and recommendations no later than January 30, 2020, and complete its corrective actions by July 30, 2020. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.

OFFICE OF INSPECTOR GENERAL

CORPORATION FOR
NATIONAL & COMMUNITY SERVICE



July 30, 2019

MEMORANDUM TO: Chester Spellman
Director, AmeriCorps State and National

FROM: Monique P. Colter /s/
Assistant Inspector General for Audit

SUBJECT: *OIG Report 19-10, Agreed-Upon Procedures for Corporation for National and Community Service (CNCS) Grants Awarded to the Delaware Governor's Commission on Community and Volunteer Service*

Enclosed is the final report for the above engagement. This agreed-upon procedures review was conducted by CliftonLarsonAllen LLP, in accordance with attestation standards established by the American Institute of Certified Public Accountants and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Under the CNCS Audit Resolution Policy, a final management decision on the finding and recommendation is due by January 30, 2020. Notice of final action is due by July 30, 2020.

If you have questions about this report, please contact me at M.Colter@cncsoig.gov, or (202) 606-9360.

Enclosure: As stated

cc: Kanani Munford, Executive Director, Governor's Commission on Community and Volunteer Service
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**AGREED-UPON PROCEDURES FOR CORPORATION FOR NATIONAL AND COMMUNITY SERVICE GRANTS
AWARDED TO DELAWARE GOVERNOR’S COMMISSION ON COMMUNITY AND VOLUNTEER SERVICE**

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Executive Summary

The Corporation for National and Community Service (CNCS), Office of Inspector General (CNCS-OIG) contracted with CliftonLarsonAllen LLP (CLA), an independent certified public accounting firm, to perform agreed-upon procedures (AUP) on grant costs incurred by the Delaware Governor's Commission on Community and Volunteer Service (DGCCVS) and two of its subgrantees: The Division of Parks and Recreation (DPR) and Reading Assist Institute (RAI). DGCCVS is the State Commission through which AmeriCorps State grants are provided. DGCCVS also received a CNCS Training and Technical Assistance grant to provide training and assistance to DGCCVS and subgrantee staff. CLA performed the AUP on DGCCVS's compliance with CNCS policies and applicable regulations for CNCS-funded Federal assistance.

CLA identified the following deficiencies at DGCCVS, the grantee, and the two subgrantees, DPR and RAI:

Evaluation of Subgrantees' Applications

- Grantee's evaluations of the subgrantees' financial management systems were not sufficient to determine if the organizations are financially ready for an AmeriCorps grant. The evaluations were limited to applicants responding to a questionnaire and the grantee did not verify the responses (Finding 1).

Monitoring Subgrantees' Single Audits

- Grantee did not continuously monitor the subgrantees' single audits (Finding 2).

Grantee Monitoring of Subgrantees

- Grantee did not perform the required on-site monitoring reviews of its subgrantees for the program year 2016 – 2017 (Finding 3.a.).
- Grantee site visit documentation did not include the monitoring steps performed, the outcome of the monitoring, any resulting corrective action taken, and if there were any disallowed costs (Finding 3.b.).

Federal Financial Reporting

- Grantee submitted late Federal Financial Reports (FFRs) (Finding 4).

Claimed Costs

- Grantee claimed entertainment costs that were not disclosed or not included in the approved budget (Finding 5).

National Service Criminal History Check

- Grantee personnel monitoring the subgrantees did not have National Service Criminal History Checks (Finding 6.a.).
- Subgrantee did not perform National Sex Offender Public Website search based on member's maiden name (Finding 6.b.).

Member Living Allowance

- Member received a living allowance over the maximum permitted (Finding 7.a.)
- Member received a living allowance during a period with no service (Finding 7.b.)
- Member was underpaid living allowance (Finding 7.c.)

Reconciliation

- Grantee claimed more costs than were supported by its general ledger (Finding 8).

Administrative Costs

- Subgrantee claimed more administrative costs than it was entitled (Finding 9).

Conversion of Full-Time Members to Lower Terms

- Subgrantee did not obtain DGCCVS approval for converting full-time members to less than full-time agreements (Finding 10).

Member Timesheets

- Timesheets were missing signature dates (Finding 11).

Periodic Expense Reporting

- Subgrantee did not provide financial reporting to DGCCVS (Finding 12.a.).
- Subgrantee submitted late Periodic Expense Reports (PERs) (Finding 12.b.).

Based on testing a judgmentally selected sample of transactions, we questioned claimed costs, education awards, and interest forbearance as follows:

Type of Questioned Costs ¹	Entity	Federal Costs	Match Costs ²	Education Awards	Interest Forbearance ³	Totals	Percent of Total
1. Costs claimed that were not in the approved budget	DGCCVS	\$6,237	\$28,785	\$ -	\$ -	\$35,022	53%
2. Member received living allowance over maximum allowed	DPR	\$2,536	-	-	-	\$2,536	4%
3. Grantee claimed more cost than was	DGCCVS	\$1,630	-	-	-	\$1,630	2%

¹ A questioned cost is an alleged violation or non-compliance with grant terms and/or provisions of laws and regulations governing the expenditures of funds; or a finding that, at the time of testing, adequate documentation supporting a cost item was not readily available.

² For DGCCVS, the questioned match costs could result in additional questioned Federal costs because the match requirement is 50 percent and DGCCVS was at 50.3 percent at the end of the AUP period. RAI has more than enough match costs to meet its match requirement, so there is no impact on its claimed Federal costs.

³ Individuals serving in an approved AmeriCorps position may be eligible to have repayment of their qualified student loans postponed while they are serving. Upon successful completion of the term of service, members are eligible to have CNCS pay up to 100 percent of the interest that accrued on their qualified student loans during their service.

Type of Questioned Costs ¹	Entity	Federal Costs	Match Costs ²	Education Awards	Interest Forbearance ³	Totals	Percent of Total
supported by its general ledger							
4. Subgrantee claimed more administrative costs than it was entitled	RAI	\$538	\$17,595	-	-	\$18,133	27%
5. Member was paid living allowance for no service	DPR	\$522	-	-	-	\$522	1%
6. Conversion of full-time members to less than full-time agreements without approval	DPR	-	-	\$8,011	\$710	\$8,721	13%
Totals		\$11,463	\$46,380	\$8,011	\$710	\$66,564	100%

Participants who successfully complete AmeriCorps terms of service are eligible for education awards and, in some cases, accrued interest funded by the CNCS National Service Trust. These award amounts are not funded by the grants and, as a result, are not included in the claimed grant costs. However, when the grant award is made, the education awards become obligations of the CNCS National Service Trust. Therefore, as part of our AUP in applying the same criteria used for the grantee's claimed costs, we determined the effect of our findings on AmeriCorps members' entitlement to education and accrued interest awards.

See Schedules B, C, and D for details of DGCCVS and both subgrantees claimed and match questioned costs. Detailed Findings are listed in Schedule E.

SUMMARY OF RESULTS

DGCCVS claimed the following Federal and match costs:

Grant No.⁴	Federal	Match	AUP Period
16CAHDE001	\$336,448	\$340,063	January 1, 2016 to December 31, 2017
15ACHDE001	\$331,495	\$482,632	April 1, 2016 to March 31, 2018
17AFHDE001	\$64,221	\$216,718	August 10, 2017 to March 31, 2018
16TAHDE001	\$26,663	-	August 1, 2016 to December 31, 2017
16ESHDE001	\$25,301	-	August 15, 2016 to March 31, 2018
Totals	\$784,128	\$1,039,413	

We found no discrepancies when we compared DGCCVS's inception-to-date drawdown amounts with the amounts reported in its most recent FFR. The grant awards reviewed by the AUP and questioned costs are shown in Schedules A through D. Schedule E lists the details about the questioned costs and non-compliance with grant provisions and applicable laws and regulations.

⁴ There is no match requirement for fixed amount grants or training and technical assistance grants.

SCHEDULE A

**Corporation for National and Community Service
DGCCVS Consolidated Schedule of Claimed and Questioned Costs**

Award No.	Program	Federal Budget	Claimed Federal Costs	Match Regulatory Budget	Claimed Match Costs	Questioned Costs			Schedule
						Federal Costs (a)	Match Costs (b)	Education Costs ⁵ (c)	
16CAHDE001	ADMIN	\$ 388,316	\$336,448	\$388,316	\$ 340,063	\$ 6,237	\$28,785	\$ -	B
16TAHDE001	Training & Technical Assistance	\$227,142	\$26,663	-	-	\$1,630	-	-	B
16ESHDE001	National Direct Fixed	\$35,183	\$25,301	-	-	-	-	-	
15ACHDE001	AmeriCorps Competitive	\$1,015,156	\$331,495	\$567,460	\$482,632	\$3,058	-	\$8,721	C
17AFHDE001	AmeriCorps Formula	\$466,301	\$64,221	\$147,253	\$216,718	\$538	\$17,595	-	D
	Total	\$2,132,098	\$784,128	\$1,103,029	\$1,039,413	\$11,463	\$46,380	\$8,721	
Total Questioned Costs (a+b+c)							\$66,564		

Information Specific to Subgrantees Tested									
Award No.	Subgrantee	Federal Budget	Claimed Federal Costs	Match Budget ⁶	Claimed Match Costs	Questioned Costs			Schedule
						Federal Costs	Match Costs	Education Costs	
15ACHDE001	DPR	\$440,046	\$193,803	\$877,367	\$313,466	\$3,058	\$ -	\$8,721	C
17AFHDE001	RAI	\$273,676	\$167,917	\$465,856	\$193,249	\$538	\$17,595	\$ -	D

⁵ Education costs include the education awards and interest forbearance costs.

⁶ Subgrantees' budgeted match requirement under the sub-award agreements exceeds the CNCS match regulatory requirement.

SCHEDULE B

**Schedule of Award and Claimed Costs
For Period January 1, 2016, through December 31, 2017
DGCCVS – 16CAHDE001**

			Reference
Authorized Federal Budget (CNCS Funds)		\$388,316	Note 1
Claimed Federal Costs		\$336,448	Note 2
Regulatory Match Budget		\$388,316	Note 3
Claimed Match Costs		\$340,063	Note 4
Questioned Federal Costs:			
Grantee claimed costs that were not disclosed or included in the approved budget	<u>\$6,237</u>		Note 5
Total Questioned Federal Costs		<u>\$6,237</u>	
Questioned Match Costs:			
Grantee claimed costs that were not disclosed or included in the approved budget	<u>\$28,785</u>		Note 5
Total Questioned Match Costs		<u>\$28,785</u>	

**Schedule of Award and Claimed Costs
For Period August 1, 2016, through December 31, 2017
DGCCVS – 16TAHDE001**

			Reference
Authorized Federal Budget (CNCS Funds)		\$227,142	Note 1
Claimed Federal Costs		\$ 26,663	Note 6
Questioned Federal Costs:			
Grantee claimed more costs than were supported by the general ledger	<u>\$1,630</u>		Note 7
Total Questioned Federal Costs		<u>\$1,630</u>	

Notes

1. Authorized Federal budget for funding to DGCCVS from the Notice of Grant Award.
2. Claimed Federal costs are DGCCVS's reported Federal expenditures for the period January 1, 2016, through December 31, 2017, covering program years 2016 and 2017.
3. Regulatory match budget is DGCCVS's match in accordance with the Notice of Grant Award.
4. Claimed match costs are DGCCVS's reported match expenditures for the period January 1, 2016, through December 31, 2017, covering program years 2016 and 2017.
5. Questioned Federal catering costs of \$6,237 and match catering costs of \$28,785 that were

either not disclosed or not included in the approved budget (Finding 5).

6. Claimed Federal costs are DGCCVS's reported Federal expenditures for the period January 1, 2016, through December 31, 2017.
7. Questioned Federal costs of \$1,630 that were claimed in excess of what was supported by the grantee's general ledger (Finding 8).

**Schedule of Award and Claimed Costs:
Division of Parks and Recreation – 15ACHDE001
AUP Period April 1, 2016, through March 31, 2018**

			<u>Reference</u>
Authorized Federal Budget (CNCS Funds)		\$440,046	Note 1
Claimed Federal Costs		\$193,803	Note 2
Authorized Match Budget		\$877,367	Note 1
Claimed Match Costs		\$313,466	Note 3
Questioned Federal Costs:			
Member received a living allowance over the maximum allowed	\$2,536		Note 4
Member received a living allowance for no service	<u>\$522</u>		Note 5
Total Questioned Federal Costs		<u>\$3,058</u>	
Questioned Education Costs:			
Conversion of full-time members to less than full-time terms	<u>\$8,721</u>		Note 6
Total Questioned Education Costs		<u>\$8,721</u>	

Notes

1. The authorized Federal and match budgets are the Federal and match funding for DPR in accordance with the sub-awards from DGCCVS.
2. Claimed Federal costs are DPR's Federal expenditures claimed for the period April 1, 2016, through March 31, 2018.
3. Claimed match costs are DPR's match expenditures claimed for the period April 1, 2016, through March 31, 2018.
4. Questioned Federal costs of \$2,536 because DPR paid a member living allowance over the maximum allowed amount (Finding 7.a.).
5. Questioned Federal costs of \$522 because DPR paid member living allowance to a member that did not provide any service (Finding 7.b.).
6. Questioned education awards of \$8,011 and \$710 in interest forbearance for a total of \$8,721 in questioned education costs because DGCCVS did not approve the conversion of full-time members to less than full-time service terms (Finding 10).

SCHEDULE D

**Schedule of Award and Claimed Costs:
Reading Assist Institute – 17AFHDE001
AUP Period August 10, 2017, through March 31, 2018**

			<u>Reference</u>
Authorized Federal Budget (CNCS Funds)		\$273,676	Note 1
Claimed Federal Costs		\$167,917	Note 2
Authorized Match Budget		\$465,856	Note 1
Claimed Match Costs		\$193,249	Note 3
Questioned Federal Costs:			
Subgrantee claimed more administrative costs than it was entitled	<u>\$538</u>		Note 4
Total Questioned Federal Costs		<u>\$538</u>	
Questioned Match Costs:			
Subgrantee claimed more administrative costs than it was entitled	<u>\$17,595</u>		Note 4
Total Questioned Match Costs		<u>\$17,595</u>	

Notes

1. The authorized Federal and match budgets is the Federal and match funding to RAI in accordance with the sub-award from DGCCVS.
2. Claimed Federal costs are RAI’s Federal expenditures claimed for the period August 10, 2017, through March 31, 2018.
3. Claimed match costs are RAI’s match expenditures claimed for the period August 10, 2017, through March 31, 2018.
4. Questioned Federal costs of \$538 and match costs of \$17,595 because RAI claimed administrative costs based on budgeted administrative costs allocated monthly instead of actual costs incurred (Finding 9).

Detailed Findings

Finding 1 – Evaluation of Subgrantees’ Applications

Grantee’s evaluation of the subgrantee applicants’ financial management systems was not sufficient as it was limited to an applicant responding to a questionnaire. The grantee did not verify the responses.

DGCCVS obtained information about applicants’ financial management systems through an AmeriCorps Readiness Self-Assessment questionnaire. DGCCVS stated that it uses the results of this questionnaire to determine if the organization is financially ready for an AmeriCorps grant. A self-assessment process can lead to biased responses from an applicant trying to obtain grant funding. DGCCVS did not perform any verification on the responses that it received from the applicants.

The CNCS grant terms and conditions state that DGCCVS must ensure that the financial management systems of any subrecipient can produce reports which support and reconcile to the amounts reported to DGCCVS.⁷ Also, DGCCVS is responsible for ensuring that its subgrantees’ financial management systems are meeting Federal requirements by being able to provide:

- Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received;
- Accurate, current, and complete disclosure of the financial results of each Federal award or program;
- Records that adequately identify the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation;
- Effective control over, and accountability for, all funds, property, and other assets; and,
- Comparison of expenditures with budget amounts for each Federal award.⁸

DGCCVS did not consider that the applicants’ responses to the AmeriCorps Readiness Self-Assessment questionnaire could be biased because DGCCVS’s policies and procedures do not require the assessment of subgrantee applicants’ financial capabilities. By not verifying the results of the applicants’ financial self-assessment, DGCCVS may inadvertently issue an award to a subgrantee whose financial management system does not meet the grant terms and

⁷ FY 2016 and 2017 General Grant and Cooperative Agreement Terms and Conditions, Section III, B. Financial Management Standards.

⁸ 2 C.F.R., Subpart D – Post Federal Award Requirements, §200.302, Financial management, (b) (January 2016 and 2017).

conditions or the Federal financial management system standards. Subgrantees with inadequate financial management systems are more likely to misspend or lose track of Federal and match funds.

RECOMMENDATION:

We recommend CNCS:

1. Ensure DGCCVS revises and implements its policies and procedures for assessing the financial capability of the subgrantee applicants. DGCCVS should verify the applicant's financial management responses from the AmeriCorps Readiness Self-Assessment.

Summary of Management's Comments:

CNCS did not concur that DGCCVS's policies and procedures must provide verification of applicants' responses to their AmeriCorps Readiness Self-Assessment prior to making sub-awards. CNCS believed that the level of review is more than would be required for Federal agency pre-award risk assessments under 2 CFR §200.205. CNCS indicated that it is common for funders to have applicants perform a self-assessment of their financial capabilities and the intent of these questionnaires is to measure capacity and identify future technical assistance needs.

CNCS further stated that finding 3 in this report identified a concern regarding DGCCVS's monitoring activities, but the report did not address the scope of DGCCVS's financial monitoring activities. It believes the recommendation reflects a best practice in post-award monitoring and will, therefore, ensure that DGCCVS policies and procedures address how it uses the results of its AmeriCorps Readiness Self-Assessment to inform its monitoring and technical assistance. CNCS will also ensure that DGCCVS has procedures for monitoring its subrecipients' compliance with Federal financial requirements and take appropriate corrective action for instances of noncompliance.

Evaluation of Management's Comments:

CNCS's disagreement does not acknowledge the potential risk that the condition poses. The CNCS grant terms and conditions state that DGCCVS must ensure that the financial management systems of any sub-recipient can produce reports which support and reconcile to the amounts reported to DGCCVS⁹. By pushing this verification to post-award monitoring only, DGCCVS is more likely to encounter problems with awarding grants to subgrantees with inadequate financial management systems.

⁹ FY 2016 and 2017 General Grant and Cooperative Agreement Terms and Conditions, Section III, B. Financial Management Standards.

We agree that 2 CFR §200.205 does not specifically require verification of a subrecipient’s financial management system prior to award. But not checking the adequacy of the financial management system before award, and the absence of monitoring and monitoring documentation as we presented in Finding 3 of this report, means that DGCCVS did not perform a timely verification of subrecipient financial management systems.

We take exception to the CNCS comment that Finding 3 does not address the scope of DGCCVS’s financial monitoring activities. Finding 3 points out that DGCCVS did not conduct any monitoring in Program Year 2016-2017 and that for the monitoring performed in 2018, “The documentation does not indicate what was addressed during the site visits.” Because the monitoring documentation was deficient, we could not conclude on the scope of the DGCCVS financial monitoring activities.

CNCS’s corrective actions, to ensure that DGCCVS policies and procedures address how it uses the results of the self-assessments, and to ensure that DGCCVS has procedures to monitor compliance with Federal financial requirements is responsive to the recommendation.

Summary of the Commission’s Comments:

DGCCVS concurred with Finding #1. DGCCVS plans to revise and implement policies and procedures for assessing the financial capability of the subgrantee applicants. DGCCVS will also verify the applicant’s financial management responses to the AmeriCorps Readiness Self-Assessment. In addition, DGCCVS will also include the verification of the results of the applicant’s financial management system capabilities in the funding application process.

Evaluation of the Commission’s Comments:

DGCCVS concurred with Finding 1. DGCCVS’s comments are responsive to the recommendation and finding and its corrective actions address the recommendation and finding.

Finding 2 – Monitoring Subgrantees’ Single Audits

Grantee did not continuously monitor the subgrantees’ single audits.

DGCCVS provided no documentation that it obtained and reviewed the Single Audit reports for the following subgrantees for the fiscal years indicated.

DGCCVS - Single Audit Report Monitoring	
Subgrantee	Fiscal Year Not Monitored
Division of Parks and Recreation	2016 & 2017
Teach For America	2016 & 2017
Ministry of Caring, Inc.	2016
Kuumba Academy Charter School	2016

Federal regulations require that pass-through entities, such as DGCCVS, monitor its subgrantees to ensure sub-awards are: used for authorized purposes, in compliance with Federal statutes and regulations, and in compliance with the terms and conditions of the sub-award. The pass-through entity must follow-up and ensure subgrantees take timely and appropriate action on all deficiencies detected through audits. The pass-through entity must issue a management decision on those audit findings for the Federal award it provided to the subgrantee.¹⁰ Pass-through entities are also required to verify that every subgrantee is audited when it is expected that a subgrantee's Federal awards expended during the respective fiscal year would equal or exceed the threshold in the Federal regulations.¹¹

DGCCVS procedures did not ensure that it obtained single audit reports from its subgrantees. In addition, the DGCCVS procedures did not require it to document its review of those reports. By not reviewing the single audit reports, DGCCVS cannot fulfill its pass-through entity responsibilities to properly monitor its subgrantees or take timely action to address reported deficiencies. Uncorrected deficiencies could result in a financial loss to the Federal government.

RECOMMENDATION:

We recommend CNCS:

2. Verify that DGCCVS revise its subgrantee monitoring procedures to ensure it complies with pass-through entity responsibilities for sub-recipients' Single Audits and includes the following procedures:
 - a) Review the single audit report for all subgrantees with CNCS expenditures for each fiscal year for findings that affect CNCS grants to determine if DGCCVS records require an adjustment and take enforcement action against noncompliant subgrantees;¹²
 - b) Develop a documented process to determine if subgrantees accurately presented CNCS awards on the Schedule of Expenditures of Federal Awards (SEFA);
 - c) Ensure DGCCVS implements a process to determine whether the results of the subgrantee's audit or other monitoring indicate conditions that necessitate an adjustment to its own records;¹³ and

¹⁰ Title 2 C.F.R., Subpart D – Post Federal Award Requirements, §200.331, Requirements for pass-through entities, subsection (d) (January 2016 and 2017).

¹¹ Title 2 C.F.R., Subpart D – Post Federal Award Requirements, §200.331, Requirements for pass-through entities, subsection (f) (January 2015 and 2016).

¹² Title 2 C.F.R., Subpart D – Post Federal Award Requirements, §200.331, Requirements for pass-through entities, subsection (h) (January 2015 and 2016).

¹³ Title 2 C.F.R., Subpart D – Post Federal Award Requirements, §200.331, Requirements for pass-through entities, subsection (g) (January 2015 and 2016).

- d) Retain documentation of DGCCVS monitoring and reviews of subgrantee audit reports, along with management decisions made or corrective actions implemented.

Summary of Management’s Comments:

CNCS concurred with the recommendation. CNCS indicated it will ensure DGCCVS complies with the requirements to perform sub-recipient single audit reviews, as outlined in 2 CFR §200.331 and Subpart E. CNCS will also ensure DGCCVS’s procedures include a process for documenting its review, management decisions, and corrective actions taken.

Summary of the Commission’s Comments:

DGCCVS concurred with Finding 2. DGCCVS corrective actions will include a review of the Single Audit report for all subgrantees with CNCS expenditures for each fiscal year and to develop and implement a process to document receipt and review of the Single Audit report for all subgrantees with CNCS expenditures for each fiscal year.

Evaluation of Management’s and Commission’s Comments:

CNCS’s and DGCCVS’s comments are responsive respectively to the recommendation and the corrective actions address the recommendation and finding.

Finding 3 – Grantee Monitoring of Subgrantees

- a. **Grantee did not perform the required on-site monitoring reviews of its subgrantees for the program year 2016 – 2017.**

The table below shows the on-site monitoring reviews DGCCVS indicated it had conducted during the AUP period. We noted that no reviews were conducted for the program year 2016 – 2017 for the two subgrantees that received funding that year: DPR and Teach for America. However, there were reviews during the 2018 time period.

Subgrantee	Program Year 2016 - 2017 ¹⁴	Program Year 2017 – 2018
Department of Parks & Recreation	None	July 25, 2018
Ministry of Caring, Inc.	No Funding	July 27, 2018
Reading Assist Institute	No Funding	July 27, 2018
Sussex County Habitat for Humanity	No Funding	March 26 & July 24, 2018
Summer Learning Collaborative, Inc.	No Funding	August 3, 2018
Kuumba Academy Charter School	No Funding	Numerous ¹⁵
Teach for America	None	July 26, 2018

- b. Grantee site visit documentation did not include the monitoring steps performed, the outcome of the monitoring, any resulting corrective action taken, and if there were any disallowed costs.**

For all of the subgrantees reviewed in the program year 2017 – 2018, DGCCVS completed a Governor’s Commission on Community and Volunteer Service Monitoring Instrument Form that provided specific information about the subgrantee and member information. In addition, a table followed that form indicating the monitoring topics, dates and comments. The monitoring topics covered quarterly progress reports, member files, and monthly fiscal reviews. The documentation does not indicate what was addressed during the site visits. DGCCVS had the quarterly progress reports and monthly fiscal reviews prior to the site visits. There was no indication that DGCCVS provided feedback to the subgrantees about the compliance issues it found. DGCCVS did not provide information about corrective action that was taken or if any costs were disallowed because of the compliance issues noted. The following issues were found for four of the seven subgrantees:

Quarterly Progress Reports

- The first report was a month late and no other reports were received. No corrective action was indicated.
- Reports were noted as late, but no corrective action was required.

Member File Review

- DGCCVS’s monitoring instrument stated that the subgrantee was noncompliant, but it did not disclose what led to that noncompliant statement. There was no follow-up information or corrective action indicated.
- DGCCVS identified the following issues, but did not require any corrective action or recovery of costs:

¹⁴ Those subgrantees identified with no funding did not have a sub-award agreement with DGCCVS for that program year. As a result, DGCCVS was not required to perform site visits for those subgrantees.

¹⁵ Started with bi-weekly conference calls that quickly progressed to bi-weekly site visits by the Program Officer beginning in mid-October 2017. Program Officer also made unannounced site visits beginning in April 2018.

- National Service Criminal History Check (NSCHC) was initiated but not completed for a member;
- No support on when information was submitted to the FBI for a member;
- No record of FBI check for a member; and
- Member entered into eGrants with a different name and exited early without an award.
- DGCCVS noted that a State resident check was missing for a member that performed two service terms. DGCCVS requested the subgrantee to provide a copy of the resident check by July 30, 2018. DGCCVS provided no information to indicate that this was received. DGCCVS documented that if the check was not provided, then it would direct the subgrantee to draft a policy and procedures and immediately conduct a State residence check. However, there was no indication that DGCCVS followed through on this or received the State residence check.
- DGCCVS noted the initiation date of the NSCHC was missing in seven member files, but there was no indication it required the subgrantees take any corrective actions.

Monthly Fiscal Review

- The Periodic Expense Report (PER) for the first month of the program year was submitted late because subgrantee staff was late in submitting necessary documentation and revisions to the PER. DGCCVS halted reimbursements with the January 2018 PER because the reimbursement request included individuals that were not enrolled members. There was no indication of any required corrective action or recovery of disallowed costs, if applicable.
- PER submissions were late and required revisions. There was no documentation of corrective action.

Federal regulations require pass-through entities to monitor their subgrantees to ensure sub-awards are used for authorized purposes in compliance with Federal statutes and regulations, and in compliance with the terms and conditions of the sub-award.¹⁶ Federal regulations state that performing on-site reviews may be helpful for pass-through entities to ensure proper accountability and compliance.¹⁷ In addition, Federal regulations also require pass-through entities to conduct follow-up to ensure that deficiencies noted through onsite reviews and other means are corrected by the subgrantee in a timely manner and determine if adjustments to financial records are required.¹⁸

DGCCVS procedures indicated that those subgrantees rated at high risk would receive a minimum of two site visits per year. Those rated at medium risk would receive a minimum of one site visit a year and those rated low risk may receive one site visit a year. It also indicated

¹⁶ Title 2 C.F.R., Subpart D – Post Federal Award Requirements, §200.331, Requirements for pass-through entities, subsection (d) (January 2016 and 2017).

¹⁷ Title 2 C.F.R., Subpart D – Post Federal Award Requirements, §200.331, Requirements for pass-through entities, subsection (e) (2) (January 2016 and 2017).

¹⁸ Title 2 C.F.R., Subpart D – Post Federal Award Requirements, §200.331, Requirements for pass-through entities, subsection (d)(2) and (g) (January 2016 and 2017).

that all first-year programs will be considered high risk and will receive a minimum of two site visits per year.¹⁹

DGCCVS indicated that it did not conduct on-site reviews of its two funded subgrantees for the program year 2016 – 2017 because CNCS was conducting an on-site review of DGCCVS. In addition, DGCCVS stated that it had limited resources and was unable to conduct on-site monitoring during that time. The lack of subgrantee monitoring in the program year 2016 – 2017 indicates that DGCCVS did not meet its post-Federal award requirement to monitor the activities of the subgrantees.

For the program year 2017 – 2018, DGCCVS did not have adequate documentation and reporting procedures for on-site monitoring. For example, it did not identify what monitoring was performed, the outcome, corrective action, and disallowed cost, if applicable. The monitoring documentation also did not provide assurance that subgrantees were in compliance with Federal regulations and grant terms and conditions due to the lack of required corrective action, documented follow-up and no disallowance of costs. As a result, the instances of non-compliance may go uncorrected and could result in a repeat of continued non-compliance.

RECOMMENDATIONS:

We recommend CNCS:

3. Require DGCCVS to revise its subgrantee monitoring procedures to include formal and timely subgrantee feedback to address:
 - When the monitoring site visit took place;
 - What the monitoring covered;
 - The monitoring results;
 - Required corrective actions; and
 - Disallowed costs, if applicable.
4. Require DGCCVS to revise its subgrantee monitoring procedures to include formal reporting of follow-up conducted on any outstanding corrective actions.
5. Verify that DGCCVS is performing on-site monitoring of its subgrantees in accordance with its revised internal policies and procedures.

Summary of Management's Comments:

CNCS concurred with the recommendations. CNCS will ensure that DGCCVS complies with Federal requirements and its own internal policies for conducting subrecipient monitoring and oversight. CNCS will also ensure DGCCVS's processes include adequate procedures for

¹⁹ DGCCVS AmeriCorps State Risk-Based Monitoring and Compliance (Guidelines) Attachment B.

documenting its monitoring activities and performing follow-up to correct identified noncompliance. CNCS will review samples from completed monitoring activities to ensure implementation of these procedures.

Summary of the Commission’s Comments:

DGCCVS concurred with Findings 3a and 3b. DGCCVS proposed corrective actions include:

- Revising the Standard Operating Procedures for Subgrantee Monitoring which will be included in the AmeriCorps Delaware Program Director’s Handbook.
- Developing and implementing monitoring tools to prevent and detect noncompliance with Federal regulations, grant terms and conditions, and best practices.
- Conducting exit interviews at the conclusion of onsite or desk review monitoring to cover what was tested, when it occurred, who was present, the outcome, recommendations or observations, and any compliance findings. Any compliance findings will require a corrective action plan within a certain timeframe.
- Issuing a formal letter within 30 days after the exit interview that addresses when the monitoring took place, what is covered, the results, required corrective actions, and disallowed costs, if applicable.

Evaluation of Management’s and Commission’s Comments:

CNCS's and DGCCVS’s comments are responsive respectively to the recommendations and the corrective actions address the recommendations and findings.

Finding 4 – Federal Financial Reporting

Grantee submitted late Federal Financial Reports (FFRs).

DGCCVS did not submit FFRs in a timely manner. The following table lists late submissions for grant No. 16TAHDE001.

Grant	Reporting Period End Date	FFR Due Date	Submission Date	Days Late
16TAHDE001	12/31/2016	1/31/2017	2/6/2017	6
16TAHDE001	12/31/2017	1/31/2018	2/6/2018	6

The CNCS’s grant terms and conditions require the grantee to submit a cumulative financial report on July 31st and January 31st.²⁰

DGCCVS did not have sufficient controls in place to ensure timely FFR submission. Untimely FFR submissions could directly impact the CNCS’s financial reporting process and cause a

²⁰ CNCS 2016 and 2017 Terms and Conditions for Commission Support Grants, Section V. Reporting Requirements, subsections A.

potential misstatement of costs.

RECOMMENDATION:

We recommend CNCS:

6. Confirm that DGCCVS puts controls in place and verifies that Federal Financial Reports are submitted in accordance with the Federal Financial Reporting requirement.

Summary of Management's Comments:

CNCS concurred with the recommendation. However, CNCS reviewed its eGrants records to confirm the timeliness of the FFR for the period ending December 31, 2017. The initial FFR submission occurred on January 18, 2018, and the FFR submitted on February 6, 2018, reflects the resubmission of that FFR within the time required. CNCS will ensure DGCCVS has policies and procedures in place for submitting complete and timely FFRs in accordance with the award terms and conditions.

Summary of the Commission's Comments:

DGCCVS concurred with Finding 4 and indicated that DGCCVS has developed controls and will implement them to ensure that FFRs are submitted on time.

Evaluation of Management's and Commission's Comments:

CNCS provided supporting documentation in response to this report for us to confirm that the FFR for the period ending December 31, 2018, was submitted on time. This resolves one of the two exceptions noted. CNCS's and DGCCVS's comments are responsive respectively to the recommendation and the corrective actions address the recommendation and finding.

Finding 5 – Claimed Costs

Grantee claimed entertainment costs that were not disclosed or not included in the approved budget.

For four transactions tested, we determined that entertainment costs for food and bar attendants were not disclosed or not included in the approved budget. For cost samples #1 and #20, the Federal and match costs were for the Governor's Volunteer Awards event held on October 19, 2016. For samples #18 and #19, the match costs were for the Governor's Volunteer Awards event held on October 25, 2017, and the Annual Conference on Volunteerism event held on March 24, 2016. The approved budget line item descriptions for those events are:

Sample #	Budget Item Description	Federal	Match
1 & 20 (Federal & Match)	Awards \$500; Photographer \$500; Supplies/Event Program \$500; Registration \$34 X 250 people = \$8,500	\$2,500	\$7,500
18 (Match)	Awards \$750; Photographer \$750; Supplies/Event Program \$1,000; Supplies/Materials \$1,500; Registration \$40 X 475 people = \$19,000	\$ -	\$23,000
19 (Match)	AV & Conference Aids \$1,000; Advertising & Video/Photos \$300; 3 Session Rooms totaling \$1,050; 7 Presenters totaling \$5,250; 1 Keynote \$2,850	\$ -	\$ -

For samples #1, #18 and #20, DGCCVS stated that catering costs were included in the budgeted registration cost. The grant application instructions state that the budget should not include undefined budget amounts or include unallowable expenses, e.g., entertainment costs (which include food and beverage costs) unless they are justified as an essential component of an activity.²¹ Registration cost normally refers to what someone would pay to attend an event, so it did not make sense that DGCCVS would budget catering costs in this manner. For sample #19, no catering costs were in the budget description and no actual Federal or match funds were budgeted for that event. These catering costs are considered entertainment costs as they were not necessary for the event to take place. If such costs were authorized, either in the approved budget or with prior written CNCS approval before being incurred, the costs would have been allowable.²² These costs were not disclosed to provide CNCS the opportunity to approve, disallow, or require an adjustment to the budget.

In addition, the catering costs also included bar attendants. Given that the cost of alcoholic beverages is unallowable, the cost of paying bar attendants to serve the beverages (i.e., cash bar) should also be disallowed.²³

We questioned the following food and bar attendant costs:

Sample #1	Food	Bar Attendants	Misc.	Total
Invoice	\$14,414	\$552	\$630	\$15,596
Percentage of Total	92%	4%	4%	100%
Federal Cost Claimed	\$6,007	\$230	\$263	\$6,500
Federal Questioned Costs	\$6,007	\$230		\$6,237
Sample #18	Food	Bar Attendants	Misc.	Total
Invoice	\$15,444	\$552	\$1,158	\$17,154
Percentage of Total	90%	3%	7%	100%

²¹ CNCS Application Instructions, State and National Competitive New and Continuation Including: As applicable to the Notice for Funding Opportunity or Notice Funding Availability (OMB Control #: 3045-0047, Expiration Date; January 31, 2017), VIII. Budget Instructions, B. Preparing Your Budget, Fourth Paragraph.

²² Title 2 C.F.R., Subpart E – Cost Principles, §200.438, Entertainment Costs (January 2016 and 2017).

²³ Title 2 C.F.R., Subpart E – Cost Principles, §200.423, Alcoholic Beverages (January 2016 and 2017).

Match Cost Claimed	\$13,476	\$482	\$1,010	\$14,968
Match Questioned Costs	\$13,476	\$482		\$13,958
Sample #19	Food	Room Rental	Misc.	Total
Invoice	\$6,670	\$1,050	\$2,556	\$10,276
Match Questioned Costs	\$6,670			\$6,670
Sample #20	Food	Bar Attendants	Misc.	Total
Invoice	\$14,414	\$552	\$630	\$15,596
Percentage of Total	92%	4%	4%	100%
Match Cost Claimed	\$7,856	\$301	\$343	\$8,500
Match Questioned Costs	\$7,856	\$301		\$8,157

DGCCVS disclosed in its initial written response to this finding that it charged fees for these events. There was no disclosure of program income in the budgets or in the Federal Financial Reports. As fieldwork testing had already been completed, there was no opportunity for us to determine if those fees were used as program income to cover the non-CNCS cost share of the events. In addition, if there was excess program income, we had no opportunity to determine if that program income had been applied to the total claimed costs in accordance with the grant terms and conditions.²⁴

DGCCVS believed that referring to registration cost per person was sufficient to indicate that such costs included food and beverages. We found this to be an insufficient disclosure of those costs. As a result, we questioned \$6,237 in Federal costs and \$28,785 in match costs charged to grant No. 16CAHDE001.

RECOMMENDATIONS:

We recommend CNCS:

7. Provide training to DGCCVS to ensure that entertainment costs are disclosed in the budget or approved in writing by CNCS prior to incurring those costs.
8. Verify DGCCVS has controls in place to ensure fees collected for grant-supported events were used to cover the cost of those events.
9. Verify DGCCVS used the fees collected for the event to reduce the Federal share charged to the grant or were used as match.
10. Require CNCS personnel reviewing and approving the budgets for the State commissions to ensure full disclosure of event costs within those budgets and that the budget identifies the funding to support that event.

²⁴ 2016 and 2017 Terms and Conditions for Commission Support Grants, VII. Program Income.

11. Calculate and recover the questioned Federal and match costs for grant No. 16CAHDE001. Also, determine the impact on the Federal share resulting from the questioned match costs.

Summary of Management’s Comments:

CNCS concurred with the recommendations. CNCS will ensure DGCCVS’s representatives participate in appropriate financial training and understands the factors impacting allowability of costs charged to the Federal award. CNCS will also ensure DGCCVS understands and complies with the requirements regarding program income. CNCS will address the question of program income when it evaluates the allowability of costs. CNCS indicated its application instructions for Commission Support Grants require applicants to clarify the purpose of recognition events if food costs are included. If CNCS had questions regarding the costs outlined in the award budget, then CNCS would request clarification during the pre-award process to ensure allowability of the costs identified. CNCS will review the financial support for the questioned costs to determine the allowability of those claimed costs and disallow costs determined to be unallowable.

Evaluation of Management’s Comments:

CNCS’s comments were responsive to the recommendations and its corrective actions addressed the recommendations and the finding. When CNCS verifies the DGCCVS’s controls to ensure fees collected for grant-supported events were used to cover the cost of those events, it should evaluate if the DGCCVS’s program income policies are in accordance to the grant terms and conditions and the Uniform Guidance.²⁵ During the audit resolution process, OIG will verify that CNCS took action on these recommendations to include ensuring that the program income was used to reduce the Federal share appropriately on revisions to the DGCCVS’s FFRs. In addition, CNCS should determine if any excess program income should be returned to CNCS.

Summary of the Commission’s Comments:

DGCCVS did not concur with Finding 5 because it believes the “registration” description was sufficient to identify the catering and venue expenses for these events. DGCCVS further stated that none of these costs should be classified as entertainment as they fulfill a meaningful role in the DGCCVS’s goal to be the premier source of volunteerism and service. While DGCCVS believes that the budget line items are in compliance, it also conceded that the descriptions of these items should leave no question as to the purposes of the expenses. As a result, DGCCVS will implement the following:

- Any expenses that are for meals will be specifically identified in eGrants budget narratives, and

²⁵ 2016 and 2017 Terms and Conditions for Commission Support Grants, VII. Program Income and Title 2 C.F.R., Subpart D – Post Federal Award Requirements, §200.307, Program Income (January 2016 and 2017).

- Any expenses that are specifically for meals will be identified as programmatic, with justification for the inclusion of meals as an expense in the eGrants budget narrative.

Evaluation of the Commission’s Comments:

DGCCVS did not concur with Finding 5 believing that the “registration” description was sufficient to identify the catering and venue expenses for these events. As CNCS indicated above, the application instructions specifically state not to include miscellaneous, contingency, or other undefined budget amounts. It also states that the budget should not include unallowable expenses, e.g., entertainment costs (which include food and beverage costs) unless they are justified as an essential component of an activity. In subsequent correspondence, the DGCCVS confirmed that the bar attendants (included in the catering costs) did serve alcohol at the cash bar. Therefore, CNCS must disallow the cost of paying bar attendants to serve the beverages. In addition, DGCCVS did not address the issue regarding the lack of an approved budget for the cost of one of the events (Sample #19). CNCS’s corrective action for recommendations 7 and 8, to train DGCCVS, should resolve this issue. As a result, the finding will remain as stated.

Finding 6 – National Service Criminal History Check

a. Grantee personnel monitoring the subgrantees did not have National Service Criminal History Checks.

DGCCVS indicated that two staff members conducted on-site subgrantee monitoring, but no National Service Criminal History Checks (NSCHCs) were performed on these individuals. The Federal regulations require individuals in covered positions that have access to vulnerable populations (children age 17 and younger, individuals age 60 and older, and individuals with disabilities) to have a NSCHC.²⁶

DGCCVS indicated that it was following the CNCS National Service Criminal History Check Policies and Procedures. The procedures state that AmeriCorps State Commission Support grant staff are not required to comply with the NSCHC requirements.²⁷

It is the CNCS-OIG position that on-site monitoring can result in DGCCVS staff having access to vulnerable populations. Thus, commission employees that perform subgrantee monitoring must follow NSCHC requirements. As a result, we are noting the lack of NSCHC for the DGCCVS monitoring staff as a noncompliance issue.

²⁶ Title 45 C.F.R., §2540.203, *What search components of the National Service Criminal History Check must I satisfy to determine an individual’s eligibility to serve in a covered position?*, (a) Search procedures for individuals in covered positions who do not have recurring access to vulnerable populations and (b) Search procedure for individuals in covered positions who have recurring access to vulnerable populations. (October 2016 and 2017)

²⁷ CNCS National Service Criminal History Check Policies and Procedures, 3.2. *What recipients and people are not required to comply with NSCHC requirements?* (March 3, 2018)

b. Subgrantee did not perform a National Sex Offender Public Website search based on two members' maiden names.

For two members tested (one from DPR, the other from RAI), the National Sex Offender Public Website (NSOPW) check was performed on the member's current legal name and not also on the member's maiden name. CNCS NSCHC policies and procedures indicate that it is prudent to check the individual under any other known names that the person has used.²⁸ The subgrantees indicated that they were not aware of this best practice. By not performing such searches based on maiden names, subgrantees place themselves, DGCCVS, and CNCS at risk if a sex offender was not identified based on information that was known to the subgrantee.

RECOMMENDATIONS:

We recommend CNCS:

12. Ensure DGCCVS revises its Program Director Handbook for its subgrantees to include the CNCS NSOPW best practices.
13. Ensures DGCCVS strengthens its monitoring to verify subgrantee compliance with CNCS best practices for member NSOPW check.
14. Confirm DGCCVS has established and implemented a procedure to have all staff involved in conducting subgrantee on-site monitoring to have a NSCHC.

Summary of Management's Comments:

CNCS concurred with recommendations 12 and 13. CNCS will ensure that DGCCVS provides guidance to its subrecipients on the NSCHC requirements and related best practices. CNCS will additionally ensure the Commission is monitoring its subrecipients' compliance with the NSCHC requirements and is taking appropriate corrective action to address noncompliance.

CNCS did not concur with recommendation 14. CNCS indicated that the DGCCVS monitoring staff, Commission staff paid exclusively through Commission Support Grants are not subject to the NSCHC requirements. Commission staff not required to undergo the NSCHC would be subject to their organization's screening and safeguarding requirements, which should be outlined in the organization's established policies and procedures. CNCS will ensure that DGCCVS has and is complying with its own internal screening and safeguarding policies and procedures.

²⁸ CNCS National Service Criminal History Check Policies and Procedures, 8.5. *Do I need to check all names that the person has ever gone by, for example, a maiden name?* (March 3, 2018)

Summary of the Commission’s Comments:

DGCCVS did not concur with Finding 6a because it was following the National Service Criminal History Check Manual which indicates that the NSCHC requirements do not apply to Commission Support Grants.

DGCCVS concurred with Finding 6b. DGCCVS plans to take the following actions:

- Send notification to all current subgrantees of the NSOPW best practice by June 30, 2019,
- Revise the Program Director Handbook for 2019-2020 to include the CNCS NSOPW best practice, and
- Provide additional emphasis on the inclusion of any other known names used by the applicant as part of the compliance checklist of member eligibility.

Evaluation of Management’s and Commission’s Comments:

CNCS’s and DGCCVS’s comments are responsive respectively to the recommendations and finding and their corrective actions address the recommendations and findings.

CNCS and DGCCVS did not concur with Finding 6a or recommendation 14. They indicated that it does not apply to staff paid with Commission Support Grants. As indicated in the finding, CNCS-OIG’s position is that on-site monitoring can result in DGCCVS staff having access to vulnerable populations. Thus, commission employees that perform subgrantee monitoring must follow NSCHC requirements. CNCS and DGCCVS did not provide any support to indicate that the monitoring staff of DGCCVS did not have access to vulnerable populations. As a result, the finding will remain as stated and recommendation 14 will remain open.

Finding 7 – Member Living Allowance

a. Member received a living allowance over the maximum allowed.

For two tested members, DPR changed the member’s service term from full-time to half-time or reduced half-time (samples #6 and #7 respectively). Both members received a living allowance in excess of the maximum. DPR established a living allowance for full-time members at \$12,530. DPR established the living allowance for half-time members at 50 percent of that amount and reduced half-time members at 38.09 percent of that amount. The members received a total of \$2,536 more in living allowance than they were entitled.

Member Sample #	Living Allowance Received	Maximum Living Allowance Allowed	Questioned Living Allowance
6	\$6,265	\$4,773	\$1,492
7	\$7,309	\$6,265	\$1,044
Totals	\$13,574	\$11,038	\$2,536

DPR did not have controls in place to ensure that the conversion of a member from full-time to less than full-time was performed correctly so that living allowance payments do not exceed the amount that the member was entitled. As a result, we questioned \$2,536 in Federal costs charged to grant No. 15ACHDE001.

b. Member received a living allowance for no service.

For one tested member, DPR paid the member a living allowance of \$522 even though no service hours were incurred during the period of December 12 – 23, 2016 (sample #1). The service term was from October 3, 2016, through August 31, 2017. The living allowance was paid bi-weekly. The CNCS grant terms and conditions require that living allowance payments should not fluctuate based on the number of hours served but must cease when the member’s service ceases.²⁹ The member stopped serving from December 5, 2016, through February 19, 2017. DPR stopped paying the living allowance for the no service period, but not until after the pay period ending December 23, 2016. DPR did not have controls in place to ensure that when a member does not serve, then the member does not receive a living allowance payment. As a result, we questioned \$522 in Federal cost charged to grant No. 15ACHDE001.

c. Member was underpaid a living allowance.

For two tested members, DPR converted the member’s term from full-time to half-time. We determined the post-conversion living allowance payments for those members were not calculated correctly. The members did not receive the correct living allowance for the amended member agreements.

		Sample #1	Sample #2
A	Member Living Allowance for Half-Time	\$6,265.00	\$6,265.00
B	Living Allowance Received Prior to Conversion	\$2,610.40	\$5,220.80
C=A-B	Net Remaining Living Allowance at Half-Time	\$3,654.60	\$1,044.20
D	Pay Periods Remaining After Conversion	14	14
E	Living Allowance Paid Per Pay Period After Conversion	\$216.03	\$72.01
F=C/D	Recalculated Living Allowance Per Pay Period	\$261.04	\$74.59
G=E-F	Difference Per Pay Period Under Paid	\$(45.01)	\$(2.58)
H	Number Pay Periods at Incorrect Pay Period Rate	5	14
G x H	Total Amount Under Paid	\$(225.05)	\$(36.12)

Note: Member living allowance questioned for no service for member sample #1 noted in finding 7.b. above is excluded from B above.

²⁹ 2016 Term and Conditions for AmeriCorps State and National Grants (Effective May 1, 2016), VIII. Living Allowances, Other In-Service Benefits and Taxes.

DPR did not have controls in place to ensure that the conversion of a member from full-time to less than full-time was done properly so that members received the correct living allowance. Members were underpaid by a total of \$261.

RECOMMENDATIONS:

We recommend CNCS:

15. Ensure DGCCVS revises its Program Director Handbook to include guidance on how to address and document a change in member living allowance when a member's term is changed to ensure living allowance payments after conversion is correct.
16. Ensure DGCCVS strengthens its monitoring to verify subgrantee compliance with member living allowance requirements.
17. Work with DGCCVS to resolve the living allowance underpayments to DPR members.
18. Calculate and recover the questioned Federal costs for grant No. 15ACHDE001.

Summary of Management's Comments:

CNCS concurred with the recommendations. CNCS indicated it will ensure DGCCVS provides guidance to its subrecipients on changes in member living allowances and has procedures for monitoring its subrecipients' compliance with the living allowance requirements. CNCS will also work with DGCCVS to reconcile the identified discrepancies in living allowance payments for DPR and will require DGCCVS to work with DPR to implement corrective action.

Summary of the Commission's Comments:

DGCCVS concurred with Findings 7a, 7b and 7c. DGCCVS's proposed corrective actions include:

- Revising the Program Director Handbook for 2019-2020 to include guidance on how to address and document a change in member living allowance when a member's term is changed to ensure living allowance payments after conversion is correct.
- Strengthening monitoring procedures to verify subgrantee compliance with member living allowance requirements.
- Working with DPR to resolve the living allowance underpayments to DPR members.

Evaluation of Management's and Commission's Comments:

CNCS's and DGCCVS's comments are responsive respectively to the recommendations and the corrective actions address the recommendations and findings.

Finding 8 – Reconciliation

Grantee claimed more costs than were supported by its general ledger.

Under grant No. 16TAHDE001, DGCCVS claimed \$1,630 more in Federal costs than were supported by its accounting records for the period of August 1, 2016, through December 31, 2017.

	Federal Costs August 1, 2016 – December 31, 2017
Claimed Federal	\$26,662.52
General Ledger Federal	\$25,032.52
Difference	\$(1,630.00)

CNCS grant terms and conditions require the grantee’s financial management system must be able to produce reports that support and reconcile to the amounts claimed by the grantee.³⁰ DGCCVS did not have sufficient controls in place to ensure that costs claimed do not exceed what is supported in the general ledger. As a result, we questioned \$1,630 in Federal costs charged to grant No. 16TAHDE001.

RECOMMENDATIONS:

We recommend CNCS:

19. Confirm DGCCVS puts controls in place to ensure that costs claimed do not exceed what is supported in the general ledger.
20. Calculate and recover the questioned Federal costs for grant No. 16TAHDE001.

Summary of Management’s Comments:

CNCS concurred with the recommendations. CNCS indicated that it will ensure DGCCVS has policies and procedures for reconciling its FFRs to accounting records to ensure that costs claimed do not exceed the amounts that can be supported by DGCCVS’s general ledgers. CNCS will also perform a reconciliation of DGCCVS’s final FFR for grant 16TAHDE001 to its accounting records and costs claimed in excess of those supported will be subject to disallowance.

³⁰ CNCS General Grant and Cooperative Agreement Terms and Conditions, Section III. General Terms and Conditions, Subsection B. Financial Management Standards (December 2016 and 2017).

Summary of the Commission's Comments:

DGCCVS concurred with Finding 8. DGCCVS indicated it has since developed and implemented better controls to ensure that costs claimed do not exceed what is supported in the general ledger.

Evaluation of Management's and Commission's Comments:

CNCS's and DGCCVS's comments are responsive respectively to the recommendations and the corrective actions address the recommendations and finding.

Finding 9 – Administrative Costs

Subgrantee claimed more administrative costs than it was entitled.

RAI claimed \$538 more in Federal administrative cost and \$17,595 in match administrative cost than it was entitled to receive based on actual direct costs claimed as of March 31, 2018. The CNCS grant application instructions state that if the applicant chooses the CNCS-fixed percentage rate method for administrative costs, the applicant can claim a fixed 5 percent of the total CNCS funds expended. The match administrative costs may not exceed 10 percent of all direct cost expenditures.³¹

RAI indicated that it was instructed to claim one-eleventh of the budget amount each month when submitting the monthly periodic expense reports. However, RAI was unable to document who provided that instruction. We also note that DGCCVS did not question the administrative costs that were claimed by RAI. As a result, we questioned \$538 in Federal cost and \$17,595 in match costs charged to grant No. 17AFHDE001.

RECOMMENDATIONS:

We recommend CNCS:

21. Provide training to DGCCVS personnel to ensure subgrantees are claiming administrative costs correctly under the CNCS-fixed percentage rate method.
22. Calculate and recover the questioned Federal costs for grant No. 17AFHDE001. Also, determine the impact on the Federal share resulting from the disallowed match costs.

³¹ CNCS Application Instructions, State and National Competitive New and Continuation, OMB Control # 3045-0047 (Expiration Date: January 31, 2017), Attachment B: Detailed Budget Instructions for Cost Reimbursement Grants, Section III. Administrative/Indirect Costs, A. CNCS-Fixed Percentage Method Five Percent Fixed Administrative Costs Option.

Summary of Management's Comments:

CNCS concurred with the recommendations. CNCS indicated it will ensure DGCCVS provides guidance to its subrecipients on the requirements for claiming administrative and indirect costs and performs monitoring of the subrecipients' claimed administrative costs to ensure they do not exceed the allowable limitations. CNCS will also review the final Periodic Expense Report (PER) submitted by RAI under award 17AFHDE001 to verify if RAI claimed more administrative costs than it was entitled to receive, which will be disallowed.

Summary of the Commission's Comments:

DGCCVS partially concurred with Finding 9. DGCCVS indicated that as of the end of the program year RAI's claimed administrative costs were correct, so it does not agree with the recommendation to recover funds. DGCCVS proposed the following corrective actions:

- Revise Program Director Handbook to include guidance on how to calculate administrative costs under the CNCS fixed percentage rate method, and
- Provide subgrantees training on how to correctly calculate administrative costs under the CNCS fixed percentage rate method.

Evaluation of Management's and Commission Comments:

CNCS concurred with the recommendations and DGCCVS partially concurred with the finding. Although DGCCVS does not believe that costs should be recovered, it is up to CNCS to determine whether or not such costs should be recovered. CNCS's and DGCCVS's comments are responsive respectively to the recommendations and the corrective actions address the recommendations and finding.

Finding 10 – Conversion of Full-Time Members to Lower Terms

Subgrantee did not obtain DGCCVS approval for converting full-time members to less than full-time member agreements.

For four out of seven tested members, DPR converted the service terms from full-time to half-time or reduced half-time agreements. However, there were no DGCCVS approvals on file for the conversions (samples #1, #2, #6 and #7). The CNCS grant terms and conditions require that State commissions approve changes of currently enrolled full-time members to less than full-time members. However, subgrantees may not transfer currently enrolled members to a less than full-time status simply to provide the member with a less than full-time education award.³² The Program Directors Handbook states that the member and program may change the term of service in writing, due to compelling personal circumstances.³³

³² 2015 and 2016 Terms and Conditions for AmeriCorps State and National, VI. Changes in Member Terms of Service or Program Slots, C. Changing a Term of Service (currently enrolled positions).

³³ DGCCVS Program Directors Handbook, Member Management, Term of Service.

DPR believed that it had obtained approval, but could not find it. DPR subsequently attempted to provide documentation signed by DGCCVS and DPR indicating the changes were made for compelling personal reasons. This was not accepted by auditors as it was prepared and provided to the auditors well after the fact. DGCCVS procedures require changes in term of service must be in writing, but does not establish a DGCCVS approval process nor does it identify the circumstances in which such changes would be allowed. As a result, we are questioning the education awards and interest forbearance cost of \$8,721 for the members that were changed from full-time to less than full-time members without DGCCVS approval. Note that one member tested did not earn an education award. Two members whose agreements were changed to less than full-time stopped serving when the change took effect. It appears that the change was made to allow these two members to earn an education award which does not comply with regulations.

Member Sample #	Education Award	Interest Forbearance³⁴	Total Education Cost
2	\$2,888	\$710	\$3,598
6	\$2,215	-	\$2,215
7	\$2,908	-	\$2,908
Totals	\$8,011	\$710	\$8,721

RECOMMENDATIONS:

We recommend CNCS:

- 23. Calculate and recover the questioned education cost awards and interest forbearance.
- 24. Ensure DGCCVS revises its Program Director Handbook to establish a requirement for written DGCCVS approval of a change in a member’s term of service and the basis for providing such an approval.
- 25. Ensure DGCCVS strengthens its monitoring to verify subgrantee compliance with DGCCVS approval requirement for changes in a member’s term of service.

Summary of Management’s Comments:

CNCS concurred with the recommendations. CNCS indicated it will ensure DGCCVS develops procedures for approving changes in member terms of service and provides guidance to

³⁴ Title 45 C.F.R., §2529.10, Under what circumstances will the Corporation pay interest that accrues on qualified student loans during an individual’s term of service in an approved AmeriCorps position or Approved Silver Scholar position?

subrecipients on these requirements. CNCS will also ensure DGCCVS's monitoring procedures include a review of subrecipients' compliance with member conversion requirements and will review DGCCVS's monitoring reports to verify the implementation of these procedures. CNCS will review the member agreements and communications between DPR and DGCCVS to determine whether the members were eligible to receive post-service education benefits.

Evaluation of Management's Comments:

CNCS's comments are responsive to the recommendations and its corrective actions address the recommendations and finding.

Summary of the Commission's Comments:

DGCCVS did not concur with Finding 10. DGCCVS indicated that a verbal agreement was made regarding the questioned conversions between DGCCVS and DPR with instructions to document the changes in the members' contracts through amendments. DGCCVS conceded that additional approval documentation should have been part of the member term conversion process. DGCCVS proposed to implement the following practices:

- Revise Program Director Handbook to establish a requirement for written Commission approval of a change in a member's term of service and the basis for providing such an approval, and
- Strengthening its monitoring to verify subgrantee compliance with the approval requirement for changes in a member's term of service.

Evaluation of the Commission's Comments:

DGCCVS did not concur with Finding 10. Verbal agreements do not represent proper documentation of required approvals. As a result, the finding will remain as stated. However, the proposed practices do address the recommendations and finding.

Finding 11 – Member Timesheets

Timesheets were missing signature dates.

For two tested members, the DPR timesheets were missing signature dates. One member (sample #1) had no signature dates for the member and the supervisor covering the period of October 3, 2016, to December 3, 2016. The same member had no member signature dates covering the periods of February 26, 2017, to March 24, 2017, and April 9, 2017, to April 22, 2017. For the other member, (sample #2), all of the timesheets except one were missing signatures dates for the member and the supervisor.

The CNCS grant terms and conditions require the recipient to ensure that time and attendance recordkeeping is conducted by the AmeriCorps member's supervisor. The DGCCVS Program Director Handbook states that time and attendance records for the member must be signed in

ink by both the AmeriCorps member and the member's direct supervisor within a reasonable amount of time from the date of the service performed.³⁵ Without signature dates, it is impossible to determine whether the timesheets were signed within a reasonable amount of time from the date in which the service was performed.

DPR did not have controls in place to ensure that timesheets were signed and dated by the member and the member's supervisor. DPR indicated that timesheets were printed and signed on the same day and date was reflected on the timesheet when it was printed out. This statement may be true, but DPR did not provide any other support to show that this was occurring. We note this finding as a non-compliance issue.

RECOMMENDATION:

We recommend CNCS:

26. Ensures DGCCVS strengthens and implements its monitoring tools to verify subgrantee compliance with timekeeping requirements.

Summary of Management's Comments:

CNCS concurred with the recommendation. CNCS indicated that it will ensure DGCCVS has procedures for monitoring its subrecipients' compliance with member timekeeping requirements. CNCS will also review samples from completed monitoring activities to verify the implementation of these procedures. CNCS will also require DGCCVS to work with DPR to ensure its timekeeping system complies with the award terms and conditions.

Evaluation of Management's Comments:

CNCS's comments are responsive to the recommendation and its corrective actions address the recommendation and finding.

Summary of the Commission's Comments:

DGCCVS did not concur with Finding 11. DGCCVS indicated that DPR was following the procedures in the Program Directors Handbook and that there is no requirement that they must be signed and dated.

Evaluation of the Commission's Comments:

DGCCVS did not concur with Finding 11. DGCCVS indicated that the supervisor had the member sign the timesheet by the date on the timesheet. However, there is no evidence of that because there was no date with the signature. DGCCVS's statement that timesheets were printed and signed on the same day cannot be verified due to the lack of dates with those

³⁵ DGCCVS Program Directors Handbook, Member Management, AmeriCorps Member Files, 12) Time Sheets/Service Logs, d).

signatures. Without signature dates, there is no means to verify that the timesheets were signed within a reasonable amount of time from the date of the service performed. The finding will remain as stated.

Finding 12 – Periodic Expense Reporting

a. Subgrantee did not provide financial reporting to DGCCVS.

DPR stated there were no formal financial reporting requirements to DGCCVS. The Memorandum of Agreements between the Department of Health and Social Services, Division of State Services Centers (where DGCCVS resides) and Department of Natural Resources and Environmental Controls (where DPR resides) includes a requirement for a monthly PER. However, DGCCVS did not receive those PERs but was relying on internal reports within the State of Delaware’s financial system (First State Financial System). As a result, DPR did not submit its expense reports in a timely manner or provide a reconciliation of its accounting records to those cost reports. DPR also stated that it was unable to report costs to DGCCVS during the AUP period because DGCCVS did not load the ledgers into the First State Financial system in a timely manner. Consequently, as of March 31, 2018, the end of the AUP period, there were no costs reported in the FFR for the program year 2017-2018 awarded on July 11, 2017. We were, therefore, unable to perform Federal and match cost testing for DPR’s program year 2017-2018 costs. Note that cost report delays resulted in DGCCVS submitting incorrect FFRs to CNCS. We note this finding as a non-compliance issue.

b. Subgrantee submitted late Periodic Expense Reports.

RAI submitted monthly Periodic Expense Reports (PER) late for the following reporting periods.

Month	Due Date	Date Received	Days Late
August	9/15/2017	12/11/2017	87
September	10/15/2017	12/11/2017	57
October	11/15/2017	12/11/2017	26
November	12/15/2017	12/29/2017	14
January	2/15/2018	2/21/2018	6
February	3/15/2018	3/22/2018	7
March	4/15/2018	4/30/2018	15

The DGCCVS Program Directors Handbook requires monthly PERs to be submitted by the 15th of the month following the month of the expenditures.

DGCCVS did not provide RAI with the reporting template and guidance until November 28, 2017. DGCCVS requested RAI to submit its August through October costs by December 5, 2017. DGCCVS provided RAI with the wrong reporting template, which was resolved and

RAI submitted its PERs on December 11, 2017. No further information was provided to support any DGCCVS approval of any reporting extensions. We were told that some of the delays were due to RAI staff being out on medical leave. However, RAI should have controls in place to ensure that grant financial reports are submitted when they are due.

Failure to submit PERs on time could affect future funding for the subgrantee. It can also delay or result in incorrect DGCCVS financial reporting to CNCS. We note this finding as a non-compliance issue.

RECOMMENDATIONS:

We recommend CNCS:

27. Require DGCCVS put procedures in place to ensure that DGCCVS is providing reporting guidance and reporting templates to the subgrantees before the end of the first month of the subgrantee's program year and all subgrantees are reporting its costs in accordance with the DGCCVS Program Director Handbook.
28. Ensure DGCCVS follows-up with subgrantees when PERs are submitted late to determine the reason the reports are late and to require immediate corrective action by the subgrantee.
29. Require DGCCVS to obtain PERs from DPR covering the Federal and match costs incurred during the program year 2017-2018 as of March 31, 2018, along with transaction-level detail, so that CNCS can test those costs for allowability.

Summary of Management's Comments:

CNCS concurred with the recommendations. CNCS stated it will ensure DGCCVS strengthens its procedures for managing subrecipient FFR submissions and follow-up processes and takes appropriate corrective action to address late FFR submissions. Regarding the PERs for DPR, CNCS first identified this issue during its June 2018 technical assistance site visit. CNCS has required DGCCVS to perform a review of DPR's reimbursements and supporting documentation to ensure the costs claimed were allowable. During the audit resolution process, CNCS will review the results of DGCCVS's reconciliation, as well as a sample of transactions, to verify the results.

Evaluation of Management's Comments:

CNCS's comments are responsive respectively to the recommendations and its corrective actions address the recommendations and findings.

Summary of the Commission's Comments:

DGCCVS concurred with Finding 12a. DGCCVS indicated that the DPR was unable to report costs because DGCCVS did not load the ledgers into the First State Financial system in a timely manner. DGCCVS also indicated that, since that time, DPR has reported all grant costs for the grant year. DGCCVS has changed the reimbursement process for DPR to require regular PER submissions.

DGCCVS only partially concurred with Finding 12b indicating RAI informed DGCCVS that the primary staff person responsible for PER submission was out on medical leave and the DGCCVS adjusted the submission deadlines accordingly. DGCCVS proposed the following practices:

- Provide PER training for all subgrantees prior to the start of the next program year (2019-2020), and
- Enhance its monitoring tool to document each subgrantees' progress in submitting PERs.

Evaluation of the Commission's Comments:

DGCCVS concurred with Finding 12a. DGCCVS's comments are responsive respectively to the recommendation and finding and its corrective actions address the recommendation and finding.

DGCCVS only partially concurred with 12b. The first three PERS were late due to a delay on the part of DGCCVS, which resulted in recommendation 27. DGCCVS and RAI did not provide any additional documentation to support the change of any deadlines other than what was reflected in the finding, which resulted in recommendation 28. As a result, the finding will remain as stated. DGCCVS's proposed actions address the recommendations and the finding.

BACKGROUND

DGCCVS is a “State Commission” that is located within and supported by the State Office of Volunteerism within the Division of State Service Centers. The following are its key duties:

1. Develop a comprehensive State Service Plan for national and community service that includes the establishment of State funding priorities;
2. Select applicants for National Service Program funding and prepare other State applications to CNCS;
3. Develop infrastructure in Delaware to facilitate and support national service programs;
4. Maintain and review financial management systems and progress reports tracking expenditures for National Service Programs;
5. Oversee and monitor funded programs in Delaware to ensure program quality and compliance with legal and grant requirements; and
6. Provide technical assistance to local nonprofits and other entities in planning programs, applying for funds, and implementing the program.

Subgrantees use AmeriCorps funds to support their program operations and are required to maintain supporting documentation for the claimed costs. Subgrantees are also required to provide monthly Periodic Expense Reports to DGCCVS. DGCCVS prepares the aggregate Federal Financial Report (FFR) for the grants by accumulating the expenses reported by the subgrantees and submits its FFR through the CNCS’s online eGrants system. CNCS and grantees manage the grants using this system to process grant applications, awards, and FFRs.

AGREED-UPON PROCEDURES SCOPE

Excluding DPR program year 2017 – 2018 costs, CLA applied the agreed-upon procedures covering the allowability, allocability, and reasonableness of financial transactions reported for the following grants and AUP periods:

Award No.	AUP Periods
15ACHDE001	April 1, 2016 to March 31, 2018
16CAHDE001	January 1, 2016 to December 31, 2017
17AFHDE001	August 10, 2017 to March 31, 2018
16TAHDE001	August 1, 2016 to December 31, 2017
16ESHDE001	August 15, 2016 to March 31, 2018

CLA also performed agreed-upon procedures to determine if DGCCVS and its tested subgrantees complied with certain grant terms and provisions. The procedures were based on the OIG’s “Agreed-Upon Procedures for Corporation Awards to State Commissions without VISTA Grantees (Including Subgrantees), dated June 2016.”

CLA reviewed DGCCVS’s administration of its grant funds. CLA selected two subgrantees, DPR and RAI, for detailed testing from DGCCVS’s seven subgrantees. These subgrantees were judgmentally selected based on an assessment of overall risk to DGCCVS and CNCS. The assessment included the consideration of five factors: the amount of costs claimed, number of members, member turnover rate, grantee monitoring results, and findings from Single Audit reports for each entity.³⁶ CLA also considered the information from the most recent CLA tested DGCCVS transactions of \$148,893 and subgrantee transactions totaling \$148,437 for DPR and \$101,497 for RAI.

The following table shows the number of members and employees at the tested subgrantees:

Subgrantee	Members	Employees	Grant Program Objectives
DPR	44	4	Provide veterans, as AmeriCorps members, training and professional certification; an opportunity to network with prospective employers; a support structure for transitioning to civilian life; and park housing for the purpose of combating the damaging ecological impact of invasive species and to perform correlated and proactive stewardship activities on targeted state parklands.
RAI	16	2	Provide intensive reading intervention to third-grade students in six low-income, high needs schools in the Colonial School District, New Castle, DE.

EXIT CONFERENCE

CLA provided a summary of the findings to be included in the draft report and discussed its contents with officials of CNCS, DGCCVS, DPR and RAI at an exit conference on January 23, 2019. The CNCS and DGCCVS responses to this draft report are included in this final report.

³⁶ Title 2 C.F.R., Subpart F – Audit Requirements, § 200.500 to .521, addresses Single Audits.

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Inspector General
Corporation for National and Community Service

We have performed the procedures (not included herein) detailed in the "Agreed-Upon Procedures for Corporation Awards to Grantees (including Subgrantees) dated June 2016" on grant costs incurred by the Delaware Governor's Commission on Community and Volunteer Service (DGCCVS) and two of its subgrantees. These procedures were agreed to by the Corporation for National and Community Service (CNCS) Office of Inspector General (OIG), solely to assist the OIG with respect to certain information for the applicable period from January 1, 2016 through March 31, 2018, reported by DGCCVS in accordance with its CNCS grant terms and provisions, and applicable laws and regulations. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for agreed-upon procedures contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the CNCS OIG. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The results of our procedures are described in Schedules A through E in the accompanying report.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on DGCCVS's compliance with its CNCS grant terms and provisions, and applicable laws and regulations, for the applicable period from January 1, 2016, through March 31, 2018. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the OIG, CNCS, and DGCCVS, and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP




Arlington, Virginia
January 23, 2019

Corporation for National and Community Service

NationalService.gov



TO: Monique Colter, Assistant Inspector General for Audit
Office of the Inspector General

FROM: Autumn Rose, Senior Grants Officer, Audit and Policy
Office of Audit and Debt Resolution 

DATE: May 28, 2019

SUBJECT: Management Response to Office of Inspector General Draft Report:
Agreed-Upon Procedures for Corporation for National and Community Service Grants Awarded to the Delaware Governor's Commission on Community and Volunteer Service

Thank you for the opportunity to review and provide initial comment on the subject draft audit report, issued April 25, 2019. The Corporation for National and Community Service (CNCS) appreciates the work of the Office of Inspector General (OIG) staff and the contract audit firm, CliftonLarsonAllen, LLP, in performing this engagement and issuing this draft report.

In the draft report, the OIG identified 12 findings and made 29 recommendations¹. The comments below summarize our initial response. CNCS will make its final determination for all findings, recommendations, and questioned costs after we receive the final report and have reviewed the auditor's working papers and the Delaware Governor's Commission on Community and Volunteer Service's (DGCCVS) corrective action plan. We will work with DGCCVS's representatives to ensure its corrective action adequately addresses all audit findings and recommendations.

Finding 1: Evaluation of Subgrantees' Applications

The auditors recommend that CNCS:

1. Ensure DGCCVS revises and implements its policies and procedures for assessing the financial capability of the subgrantee applicants. DGCCVS should verify the applicant's financial management responses from the AmeriCorps Readiness Self-Assessment.

Management Response:

CNCS does not concur that DGCCVS's policies and procedures must provide for verification of an

¹ CNCS identified an error in the recommendation number sequencing within finding 12, so the report includes a total of 29 unique recommendations.

applicant's response to their AmeriCorps Readiness Self-Assessment prior to making subawards. CNCS believes this level of review is more than would be required for federal agency pre-award risk assessments under 2 CFR §200.205². Across federal awards, both at federal agencies and pass-through entities, it is common for funders to have applicants perform a self-assessment of their financial management capabilities. The intent of these questionnaires is often to both measure capacity and identify future technical assistance needs.

As outlined in 2 CFR §200.331 and the award terms and conditions, pass-through entities are responsible for post-award monitoring of their subrecipients' compliance with federal requirements and ensuring corrective action is taken to address deficiencies. Therefore, it is appropriate for DGCCVS to verify its subrecipients' response and assess their financial management systems through its regular monitoring activities (such as site visits and desk reviews). Finding 3 of the auditors' report identified a concern regarding DGCCVS's monitoring activities, but the report does not address the scope of DGCCVS's financial monitoring activities.

CNCS agrees that the auditors' recommendation reflects a best practice in post-award monitoring and will therefore ensure that DGCCVS's policies and procedures address how it uses the results of its AmeriCorps Readiness Self-Assessment to inform its monitoring and technical assistance. CNCS will additionally ensure that DGCCVS has procedures for monitoring its subrecipients' compliance with federal financial requirements and takes appropriate corrective action to address instances of identified noncompliance.

Finding 2: Monitoring Subgrantees' Single Audits

The auditors recommend that CNCS:

2. Verify that DGCCVS revise its subgrantee monitoring procedures to ensure it complies with pass-through entity responsibilities for sub-recipients' Single Audits and includes the following procedures:
 - a. Review the single audit report for all subgrantees with CNCS expenditures for each fiscal year for finding that affect CNCS grants to determine if DGCCVS records require an adjustment and take enforcement action against noncompliant subgrantees;
 - b. Develop a documented process to determine if subgrantees accurately presented CNCS awards on the Schedule of Expenditures of Federal Awards (SEFA);
 - c. Ensure DGCCVS implements a process to determine whether the results of the subgrantee's audit or other monitoring indicate conditions that necessitate an adjustment to its own records; and
 - d. Retain documentation of DGCCVS monitoring and reviews of subgrantee audit reports,

² Responsibilities for performing pre-award risk assessments under this section are specific to federal agencies. The July 2017 *Frequently Asked Questions for The Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* at 2 CFR 200 states, "While section §200.331(b) requires risk assessments of subrecipients, there is no requirement for pass-through entities to perform these assessments before making subawards. Under the Uniform Guidance, the purpose of these risk assessments is for pass-through entities to determine appropriate subrecipient monitoring."

along with management decisions made or corrective actions implemented.

Management Response:

CNCS concurs with the auditors' finding and recommendation. CNCS will ensure that DGCCVS complies with the requirements to perform subrecipient single audit reviews, as outlined in 2 CFR §200.331 and Subpart E. CNCS will ensure DGCCVS's procedures include a process for documenting their review, management decisions, and corrective actions taken.

Finding 3: Grantee Monitoring of Subgrantees

The auditors recommend that CNCS:

3. Require DGCCVS to revise its subgrantee monitoring procedures to include formal and timely subgrantee feedback to address:
 - a. When the monitoring site visit took place;
 - b. What the monitoring covered;
 - c. The monitoring results;
 - d. Required corrective actions; and
 - e. Disallowed costs, if applicable.
4. Require DGCCVS to revise its subgrantee monitoring procedures to include formal reporting of follow-up conducted on any outstanding corrective actions.
5. Verify that DGCCVS is performing on-site monitoring of its subgrantees in accordance with its revised internal policies and procedures.

Management Response:

CNCS concurs with the auditors' finding and recommendation. CNCS will ensure that DGCCVS complies with both federal requirements and its own internal policies for conducting subrecipient monitoring and oversight. CNCS will additionally ensure DGCCVS's processes include adequate procedures for documenting its monitoring activities and performing follow-up to correct identified noncompliance. CNCS will review samples from completed monitoring activities to ensure implementation of these procedures.

Finding 4: Federal Financial Reporting

The auditors recommend that CNCS:

6. Confirm that DGCCVS puts controls in place and verifies that Federal Financial Reports are submitted in accordance with the Federal Financial Reporting requirement.

Management Response:

CNCS partially concurs with the auditors' finding and concurs with the recommendation. CNCS reviewed its eGrants records to confirm the timeliness of the Federal Financial Reports (FFR) identified by the auditors as late. CNCS agrees that the FFR for the period ending 12/31/2016 was late but notes that the FFR for the period ending 12/31/2017 was submitted on time. The initial submission for this FFR occurred on 1/18/2018, and the 2/6/2018 date reflects the resubmission (which was on time based

upon the due date assigned by the CNCS Grants Officer). CNCS will provide records in a separate communication to support the timeliness of this submission. CNCS will ensure DGCCVS has policies and procedures in place for submitting complete and timely FFRs in accordance with the award terms and conditions.

Finding 5: Claimed Cost

The auditors recommend that CNCS:

7. Provide training to DGCCVS to ensure that entertainment costs are disclosed in the budget or approved in writing by CNCS prior to incurring those costs.
8. Verify DGCCVS has controls in place to ensure fees collected for grant-supported events were used to cover the cost of those events.
9. Verify DGCCVS used the fees collected for the event to reduce the Federal share charged to the grant or were used as match.
10. Require CNCS personnel reviewing and approving the budgets for the State commissions to ensure full disclosure of event costs within those budgets and that the budget identifies the funding to support that event.
11. Calculate and recover the questioned Federal and match costs for grant No. 16CAHDE001. Also, determine the impact on the Federal share resulting from the questioned match costs.

Management Response:

CNCS concurs with the auditors' recommendations. CNCS provides training to all AmeriCorps award recipients on federal financial matters, including the Cost Principles, through webinars and training events, including the annual AmeriCorps Symposium. CNCS will ensure DGCCVS's representatives participate in appropriate financial training and understand the factors impacting allowability of costs charged to the federal award. CNCS will additionally ensure DGCCVS understands and complies with the requirements regarding program income.

CNCS's application instructions for Commission Support Grants require applicants to clarify the purpose of recognition events if food costs are included. If CNCS has questions regarding the costs outlined in the award budget, CNCS will request clarification during the pre-award process to ensure allowability of the costs identified. CNCS further provides oversight of these costs as part of its regular monitoring activities.

The auditors' questioned \$6,237 in Federal costs and \$28,785 in match costs related to four transactions they determined were not properly disclosed in the award budget. CNCS will review the financial support for each of these transactions determine the allowability of the costs claimed and disallow costs determined to be unallowable.

Finding 6: National Service Criminal History Check

The auditors recommend that CNCS:

12. Ensure DGCCVS revises its Program Director Handbook for its subgrantees to include the CNCS

NSOPW best practices.

13. Ensures DGCCVS strengthens its monitoring to verify subgrantee compliance with CNCS best practices for member NSOPW check.
14. Confirm DGCCVS has established and implemented a procedure to have all staff involved in conducting subgrantee on-site monitoring to have a NSCHC.

Management Response:

CNCS notes that neither of the concerns identified by the auditor represent findings of noncompliance with the National Service Criminal History Check (NSCHC) requirements³. Regarding DGCCVS monitoring staff, Commission staff paid exclusively through Commission Support Grants are not subject to the NSCHC requirements⁴. The CNCS General Grant and Cooperative Agreement Terms and Conditions, do however, require all AmeriCorps grantees, including Commissions, to maintain appropriate safeguards to ensure the safety of members and volunteers. Commission staff not required to undergo the NSCHC would be subject to their organization's screening and safeguarding requirements, which should be outlined in the organization's established policies and procedures. CNCS will ensure that DGCCVS has and is complying with its own internal screening and safeguarding policies and procedures.

CNCS has offered advanced training on how grantees can implement safeguards for all staff, regardless of whether they are subject to the NSCHC. Determination of which additional safeguards to implement is at the discretion of the grantee based on their program needs. CNCS will ensure the Commission provides guidance to its subrecipients on the NSCHC requirements and related best practices. CNCS will additionally ensure the Commission is monitoring its subrecipients' compliance with the NSCHC requirements and is taking appropriate corrective action to address noncompliance.

Finding 7: Member Living Allowance

The auditors recommend that CNCS:

15. Ensure DGCCVS revises its Program Director Handbook to include guidance on how to address and document a change in member living allowance when a member's term is changed to ensure living allowance payments after conversion are correct.
16. Ensure DGCCVS strengthens its monitoring to verify subgrantee compliance with member living allowance requirements.
17. Work with DGCCVS to resolve the living allowance under payments to DPR members.
18. Calculate and recover the questioned Federal costs for grant No. 15ACHDE001.

Management Response:

CNCS concurs with the auditors' recommendations. CNCS will ensure DGCCVS provides guidance to

³ Auditors indicated that the lack of NSCHC for DGCCVS monitoring staff was a noncompliance finding but stated that performing additional checks based on maiden name was a best practice.

⁴ The CNCS Office of General Counsel (OGC) issued a memo on May 29, 2018, "National Service Criminal History Checks and Commission Support Grants," which determined that Commission staff paid through Commission Support Grants are not required to undergo the NSCHC. The OIG agreed with this determination.

its subrecipients on changes in member living allowances and has procedures for monitoring its subrecipients' compliance with the living allowance requirements.

The auditors questioned \$3,058 in federal costs because the auditors determined that members were paid living allowances in excess of the amounts they were eligible to receive. CNCS will work with DGCCVS to reconcile the identified discrepancies in living allowance payments for Division of Parks and Recreation (DPR) and will require DGCCVS to work with DPR to implement corrective action. Living allowance payments in excess of the allowable limits will be subject to disallowance.

Finding 8: Reconciliation

The auditors recommend that CNCS:

19. Confirm DGCCVS puts controls in place to ensure that costs claimed do not exceed what is supported in the general ledger.
20. Calculate and recover the questioned Federal costs for grant No. 16TAHDE001.

Management Response:

CNCS concurs with the auditors' recommendations. CNCS will ensure DGCCVS has policies and procedures for reconciling its FFRs to accounting records to ensure that costs claimed do not exceed the amounts that can be supported by DGCCVS's general ledgers.

The auditors questioned \$1,630 in federal costs because they found that DGCCVS claimed more costs than were supported by its general ledger. CNCS will perform a reconciliation of DGCCVS's final FFR for grant 16TAHDE001 to its accounting records and costs claimed in excess of those supported following the review will be subject to disallowance.

Finding 9: Administrative Costs

The auditors recommend that CNCS:

21. Provide training to DGCCVS personnel to ensure subgrantees are claiming administrative costs correctly under the CNCS-fixed percentage rate method.
22. Calculate and recover the questioned Federal costs for grant No. 17AFHDE001. Also, determine the impact on the Federal share resulting from the disallowed match costs.

Management Response:

CNCS concurs with the auditors' recommendation. CNCS will ensure DGCCVS provides guidance to its subrecipients' on the requirements for claiming administrative and indirect costs and performs monitoring of the administrative costs claimed by subrecipients' to ensure they do not exceed the allowable limitations.

The auditors questioned \$538 in federal costs and \$17,595 in match costs because Reading Assist Institute (RAI) claimed more administrative costs than it was entitled to receive. CNCS will review the final Periodic Expense Report (PER) submitted by RAI under award 17AFHDE001 to verify if RAI

claimed more administrative costs than it was entitled to receive. Administrative costs claimed above the allowable amount will be disallowed.

Finding 10: Conversion of Full-Time Members to Lower Terms

The auditors recommend that CNCS:

23. Calculate and recover the questioned education cost awards and interest forbearance.
24. Ensure DGCCVS revises its Program Director Handbook to establish a requirement for written DGCCVS approval of a change in a member's term of service and the basis for providing such an approval.
25. Ensures DGCCVS strengthens its monitoring to verify subgrantee compliance with DGCCVS approval requirement for changes in a member's term of service.

Management Response:

CNCS concurs with the auditors' recommendations. CNCS will ensure DGCCVS develops procedures for approving changes in member terms of service and provides guidance to subrecipients on these requirements. CNCS will also ensure DGCCVS's monitoring procedures include a review of subrecipients' compliance with member conversion requirements and will review completing monitoring reports to verify implementation of these procedures.

The auditors questioned \$8,011 in education awards and \$710 in interest forbearance because the auditors determined that two members were converted to less than full-time concurrent with the date they ended service. CNCS will review the member agreements and communications between DPR and DGCCVS to determine whether the members were eligible to receive post-service education benefits.

Finding 11: Member Timesheets

The auditors recommend that CNCS:

26. Ensures DGCCVS strengthens and implements its monitoring tools to verify subgrantee compliance with timekeeping requirements.

Management Response:

CNCS concurs with the auditors' recommendation. CNCS will ensure DGCCVS has procedures for monitoring its subrecipients' compliance with member timekeeping requirements. CNCS will review samples from completed monitoring activities to verify implementation of these procedures. Additionally, CNCS will require DGCCVS to work with DPR to ensure its timekeeping system complies with the award terms and conditions.

Finding 12: Periodic Expense Reporting

The auditors recommend that CNCS:

27. Require DGCCVS puts procedures in place to ensure that DGCCVS is providing reporting guidance and reporting templates to the subgrantees before the end of the first month of the

subgrantee's program year and all subgrantees are reporting its costs in accordance with the DGCCVS Program Director Handbook.

28. Ensure DGCCVS follows-up with subgrantees when PERs are submitted late to determine the reason the reports are late and to require immediate corrective action by the subgrantee.
30. Require DGCCVS to obtain PERs from DPR covering the Federal and match costs incurred during the program year 2017-2018 as of March 31, 2018, along with transaction level detail, so that CNCS can test those costs for allowability.

Management Response:

CNCS concurs with the auditors' recommendations. CNCS will ensure DGCCVS strengthens its procedures for managing subrecipient FFR submissions and follow-up processes and takes appropriate corrective action to address late FFR submissions. Regarding the PERs for subrecipient DPR, the CNCS Grants Officer first identified this finding during their June 2018 technical assistance site visit. In follow-up to the visit, the Grants Officer required DGCCVS to perform a review of DPR's reimbursements and supporting documentation to ensure the costs claimed were allowable. During audit resolution, CNCS will review the results of DGCCVS's reconciliation, as well as a sample of transactions, to verify the results.

Thank you again for the opportunity to review and provide comment on the subject draft audit report. Please let me know if you have any questions regarding our response.

CC: Robert McCarty, Chief Financial Officer
 Tim Noelker, General Counsel
 Chester Spellman, Director of AmeriCorps
 Lori Giblin, Chief Risk Officer
 Joseph Liciardello, Acting Chief Grants Officer



**DELAWARE HEALTH
AND SOCIAL SERVICES**

Division of State Service Centers

Office of the Director

May 23, 2019

RE: *Comment on the OIG's Agreed-Upon Procedures for the Corporation for National and Community Service Grants Awarded to the Delaware Governor's Commission on Community and Volunteer Service*

Gentlemen/Ladies:

Following is the Delaware Governor's Commission on Community and Volunteer Service's comments on the OIG's Agreed-Upon Procedures.

Finding 1 – Evaluation of Subgrantees' Applications

Grantee's evaluation of the subgrantee applicants' financial management systems was not sufficient as it was limited to an applicant responding to a questionnaire. The grantee did not verify the responses.

DGCCVS obtained information about applicants' financial management systems through an AmeriCorps Readiness Self-Assessment questionnaire. DGCCVS stated that it uses the results of this questionnaire to determine if the organization is financially ready for an AmeriCorps grant. A self-assessment process can lead to biased responses from an applicant trying to obtain grant funding. DGCCVS did not perform any verification on the responses that it received from the applicants.

The CNCS grant terms and conditions state that DGCCVS must ensure that the financial management systems of any sub-recipient can produce reports which support and reconcile to the amounts reported to DGCCVS.⁷ Also, DGCCVS is responsible for ensuring that its subgrantees' financial management systems are meeting Federal requirements by being able to provide:

- Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received;
- Accurate, current, and complete disclosure of the financial results of each Federal award or program;
- Records that adequately identify the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation;
- Effective control over, and accountability for, all funds, property, and other assets; and,
- Comparison of expenditures with budget amounts for each Federal award.⁸

DGCCVS did not consider that the applicant's response to the AmeriCorps Readiness Self-Assessment questionnaire could be biased because DGCCVS's policies and procedures do not require the assessment of subgrantee applicants' financial capabilities. By not verifying the results of the applicant's financial self-assessment, DGCCVS may inadvertently issue an award

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to a subgrantee whose financial management system does not meet the grant terms and conditions or the Federal financial management system standards. Subgrantees with inadequate financial management systems are more likely to misspend or lose track of Federal and match funds.

RECOMMENDATION:

We recommend CNCS:

1. Ensure DGCCVS revises and implements its policies and procedures for assessing the financial capability of the subgrantee applicants. DGCCVS should verify the applicant's financial management responses from the AmeriCorps Readiness Self-Assessment.

Comment: Finding 1 – Evaluation of Subgrantees' Applications

Statement of Agreement (concur)

We concur that the evaluation of the subgrantee applicants' financial management systems was not sufficient as it was limited to an applicant responding to a questionnaire. We, the grantee did not verify the responses. The proposed corrective actions include:

- Revise and implement policies and procedures for assessing the financial capability of the subgrantee applicants.
- Verify the applicant's financial management responses from the AmeriCorps Readiness Self-Assessment.
- Include the verification of the results of the sub-applicant's financial management system capabilities in the current Formula funding application process (May, 2019).

Finding 2 – Monitoring Subgrantees' Single Audits

Grantee did not continuously monitor the subgrantees' single audits.

DGCCVS provided no documentation that it obtained and reviewed the Single Audit reports for the following subgrantees for the fiscal years indicated.

DGCCVS - Single Audit Report Monitoring	
Subgrantee	Fiscal Year Not Monitored
Division of Parks and Recreation	2016 & 2017
Teach For America	2016 & 2017
Ministry of Caring, Inc.	2016
Kuumba Academy Charter School	2016

Federal regulations require that pass-through entities, such as DGCCVS, monitor its subgrantees to ensure sub-awards are: used for authorized purposes, in compliance with

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Federal statutes and regulations, and in compliance with the terms and conditions of the subaward. The pass-through entity must follow-up and ensure subgrantees take timely and appropriate action on all deficiencies detected through audits. The pass-through entity must issue a management decision on those audit findings for the Federal award it provided to the subgrantee. Pass-through entities are also required to verify that every subgrantee is audited when it is expected that a subgrantee's Federal awards expended during the respective fiscal year would equal or exceed the threshold in the Federal regulations.¹⁰ DGCCVS procedures did not ensure that it obtained single audit reports from its subgrantees. In addition, the DGCCVS procedures did not require it to document its review of those reports. By not reviewing the single audit reports, DGCCVS cannot fulfill its pass-through entity responsibilities to properly monitor its subgrantees or take timely action to address reported deficiencies. Uncorrected deficiencies could result in financial loss to the Federal government.

RECOMMENDATION:

We recommend CNCS:

2. Verify that DGCCVS revise its subgrantee monitoring procedures to ensure it complies with pass-through entity responsibilities for sub-recipients' Single Audits and includes the following procedures:
 - a. Review the single audit report for all subgrantees with CNCS expenditures for each fiscal year for finding that affect CNCS grants to determine if DGCCVS records require an adjustment and take enforcement action against noncompliant subgrantees;
 - b. Develop a documented process to determine if subgrantees accurately presented CNCS awards on the Schedule of Expenditures of Federal Awards (SEFA);
 - c. Ensure DGCCVS implements a process to determine whether the results of the subgrantee's audit or other monitoring indicate conditions that necessitate an adjustment to its own records; and
 - d. Retain documentation of DGCCVS monitoring and reviews of subgrantee audit reports, along with management decisions made or corrective actions implemented.

Comment: Finding 2 – Monitoring Subgrantees' Single Audits

Statement of Agreement (concur)

We concur that we did not continuously monitor the sub-grantees' single audits and provided no documentation that we obtained and reviewed the Single Audit reports for the following sub-grantees for the fiscal years indicated.

The single audits of the four sub-grantees selected by the auditors have since been reviewed.

The proposed corrective actions include:

- Review the single audit report for all sub-grantees with CNCS expenditures for each fiscal year

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- Develop and implement a process to document receipt and review of the single audit report for all sub-grantees with CNCS expenditures for each fiscal year

Finding 3 – Grantee Monitoring of Subgrantees

- a. Grantee did not perform the required on-site monitoring reviews of its subgrantees for program year 2016 – 2017.

DGCCVS indicated it had conducted during the AUP period. We noted that no reviews were conducted for the program year 2016 – 2017 for the two subgrantees that received funding that year: DPR and Teach for America. However, there were reviews during the 2018 time period.

Subgrantee	Program Year 2016 - 2017 ¹³	Program Year 2017 – 2018
Department of Parks & Recreation	None	July 25, 2018
Ministry of Caring, Inc.	No Funding	July 27, 2018
Reading Assist Institute	No Funding	July 27, 2018
Sussex County Habitat for Humanity	No Funding	March 26 & July 24, 2018
Summer Learning Collaborative, Inc.	No Funding	August 3, 2018
Kuumba Academy Charter School	No Funding	Numerous ¹⁴
Teach for America	None	July 26, 2018

- b. Grantee site visit documentation did not include the monitoring steps performed, the outcome of the monitoring, any resulting corrective action taken, and if there were any disallowed costs.

For all of the subgrantees reviewed in the program year 2017 – 2018, DGCCVS completed a Governor's Commission on Community and Volunteer Service Monitoring Instrument Form that provided specific information about the subgrantee and member information. In addition, a table followed that form indicating the monitoring topics, dates and comments. The monitoring topics covered quarterly progress reports, member files, and monthly fiscal reviews. The documentation does not indicate what was addressed during the site visits. DGCCVS had the quarterly progress reports and monthly fiscal reviews prior to the site visits. There was no indication that DGCCVS provided feedback to the subgrantees about the compliance issues it found. DGCCVS did not provide information about corrective action that was taken or if any costs were disallowed because of the compliance issues noted. The following issues were found for four of the seven subgrantees:

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Quarterly Progress Reports

- The first report was a month late and no other reports were received. No corrective action was indicated.
- Reports were noted as late, but no corrective action was required.

Member File Review

- DGCCVS's monitoring instrument stated that the subgrantee was noncompliant, but it did not disclose what led to that noncompliant statement. There was no followup information or corrective action indicated.
- DGCCVS identified the following issues, but did not require any corrective action or recovery of costs:
 - National Service Criminal History Check (NSCHC) was initiated but not completed for a member;
 - No support on when information was submitted to the FBI for a member;
 - No record of FBI check for a member; and
 - Member entered into eGrants with a different name and exited early without an award.
- DGCCVS noted that a State resident check was missing for a member that performed two service terms. DGCCVS requested the subgrantee to provide a copy of the resident check by July 30, 2018. DGCCVS provided no information to indicate that this was received. DGCCVS documented that if the check was not provided, then it would direct the subgrantee to draft a policy and procedures and immediately conduct a State residence check. However, there was no indication that DGCCVS followed through on this or received the State residence check.
- DGCCVS noted the initiation date of the NSCHC was missing in seven member files, but there was no indication it required the subgrantees take any corrective actions.

Monthly Fiscal Review

- The Periodic Expense Report (PER) for the first month of the program year was submitted late because subgrantee staff was late in submitting necessary documentation and revisions to the PER. DGCCVS halted reimbursements with the January 2018 PER because the reimbursement request included individuals that were not enrolled members. There was no indication of any required corrective action or recovery of disallowed costs, if applicable.
- PER submissions were late and required revisions. There was no documentation of corrective action.

Federal regulations require pass-through entities to monitor their subgrantees to ensure subawards are used for authorized purposes in compliance with Federal statutes and regulations, and in compliance with the terms and conditions of the sub-award.¹⁵ Federal regulations state that performing on-site reviews may be helpful for pass-through entities to ensure proper accountability and compliance.¹⁶ In addition, Federal regulations also require pass-through entities to conduct follow-up to ensure that deficiencies noted through onsite

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reviews and other means are corrected by the subgrantee in a timely manner and determine if adjustments to financial records are required.¹⁷

DGCCVS procedures indicated that those subgrantees rated at high risk would receive a minimum of two site visits per year. Those rated at medium risk would receive a minimum of one site visit a year and those rated low risk may receive one site visit a year. It also indicated that all first-year programs will be considered high risk and will receive a minimum of two site visits per year.

DGCCVS indicated that it did not conduct on-site reviews of its two funded subgrantees for the program year 2016 – 2017 because CNCS was conducting an on-site review of DGCCVS. In addition, DGCCVS stated that it had limited resources and was unable to conduct on-site monitoring during that time. The lack of subgrantee monitoring in the program year 2016 – 2017 indicates that DGCCVS did not meet its post-Federal award requirement to monitor the activities of the subgrantees.

For the program year 2017 – 2018, DGCCVS did not have adequate documentation and reporting procedures for on-site monitoring. For example, it did not identify what monitoring was performed, the outcome, corrective action, and disallowed cost, if applicable. The monitoring documentation also did not provide assurance that subgrantees were in compliance with Federal regulations and grant terms and conditions due to the lack of required corrective action, documented follow-up and no disallowance of costs. As a result, the noncompliances may go uncorrected and could result in a repeat of additional non-compliances.

RECOMMENDATIONS:

We recommend CNCS:

3. Require DGCCVS to revise its subgrantee monitoring procedures to include formal and timely subgrantee feedback to address:
 - When the monitoring site visit took place;
 - What the monitoring covered;
 - The monitoring results;
 - Required corrective actions; and
 - Disallowed costs, if applicable.
4. Require DGCCVS to revise its subgrantee monitoring procedures to include formal reporting of follow-up conducted on any outstanding corrective actions.
5. Verify that DGCCVS is performing on-site monitoring of its subgrantees in accordance with its revised internal policies and procedures.

Comment: Finding 3 – Grantee Monitoring of Subgrantees

Statement of Agreement (concur)

- We concur with the finding that we completed no “documented” onsite monitoring during the 2016-17 program year. Commission staff regularly visited subgrantee program sites

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and staff but did not conduct and document formal monitoring. Member file audits were initiated during the 2016-17 program year but was superseded by the Corporation for National and Community Service site visit and National Service Criminal History Check, which were initiated in May 2017.

Site visit documentation did not include the monitoring steps performed, nor the outcome of the monitoring, any resulting corrective action taken, and any disallowed costs. The Commission did not issue a formal monitoring letter detailing the monitoring procedure, the items reviewed, criteria and regulations used for the monitoring, the outcome of the monitoring, any required corrective actions, and disallowed costs, if applicable.

The proposed corrective actions include:

- The Governor's Commission on Community and Volunteer Service will revise the current Standard Operating Procedure for Subgrantee Monitoring, last updated in October 2017. The revised procedure will be included in the AmeriCorps*Delaware Program Director's Handbook.
- Commission currently uses a CNCS Monitoring Tool when completing member file monitoring. In addition to this tool, the Commission will draft and use a Site Visit Tool to prevent and detect noncompliance. The tool will identify the criteria for site compliance and to document the visit. This tool will be based upon federal regulations, AmeriCorps Terms and Conditions, and best practices.
- An exit interview will be completed at the conclusion of an onsite or desk review monitoring. The purpose of this interview is to discuss the programmatic/fiscal findings, recommendations, and observations. The Commission will draft an exit interview tool for use, which will include the type of monitoring, when the monitoring occurred, who was present for the monitoring, what items were covered, the outcome of the monitoring, any recommendations or observations, and any compliance findings. Recommendations and observations will not require a response from the subgrantee. Any compliance findings will require a corrective action plan based upon a timeline detailed during the exit interview.
- The Commission will issue a formal letter at the conclusion of the monitoring, within thirty (30) days of the exit interview, which will include the following: when the monitoring site visit took place; what the monitoring covered; the monitoring results; required corrective actions; and disallowed costs, if applicable.

Finding 4 – Federal Financial Reporting

Grantee submitted late Federal Financial Reports (FFRs).
 DGCCVS did not submit FFRs in a timely manner. The following table lists late submissions for grant No. 16TAHDE001.

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Grant	Reporting Period End Date	FFR Due Date	Submission Date	Days Late
16TAHDE00 1	12/31/2016	1/31/2017	2/6/2017	6
16TAHDE00 1	12/31/2017	1/31/2018	2/6/2018	6

The CNCS's grant terms and conditions require the grantee to submit a cumulative financial report on July 31st and January 31st. DGCCVS did not have sufficient controls in place to ensure timely FFR submission. Untimely FFR submissions could directly impact the CNCS's financial reporting process and cause a potential misstatement of costs.

RECOMMENDATION:

We recommend CNCS:

6. Confirm that DGCCVS puts controls in place and verifies that Federal Financial Reports are submitted in accordance with the Federal Financial Reporting requirement.

Comment: Finding 4 – Federal Financial Reporting

Statement of Agreement (concur)

We agree with the finding and acknowledge that Federal Financial Reports were submitted late. The proposed corrective actions include:

- Controls (which have already been developed) will be implemented to ensure that FFR's are compliantly submitted in the future.

Finding 5 – Claimed Cost

Grantee claimed entertainment costs that were not disclosed or not included in the approved budget.

For four transactions tested, we determined that entertainment costs for food and bar attendants were not disclosed or not included in the approved budget. For cost samples #1 and #20, the Federal and match costs were for the Governor's Volunteer Awards event held on October 19, 2016. For samples #18 and #19, the match costs were for the Governor's Volunteer Awards event held on October 25, 2017, and the Annual Conference on Volunteerism event held on March 24, 2016. The approved budget line item descriptions for those events are:

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Sample #	Budget Item Description	Federal	Match
1 & 20 (Federal & Match)	Awards \$500; Photographer \$500; Supplies/Event Program \$500; Registration \$34 X 250 people = \$8,500	\$2,500	\$7,500
18 (Match)	Awards \$750; Photographer \$750; Supplies/Event Program \$1,000; Supplies/Materials \$1,500; Registration \$40 X 475 people = \$19,000	\$ -	\$23,000
19 (Match)	AV & Conference Aids \$1,000; Advertising & Video/Photos \$300; 3 Session Rooms totaling \$1,050; 7 Presenters totaling \$5,250; 1 Keynote \$2,850	\$ -	\$ -

For samples #1, #18 and #20, DGCCVS stated that catering costs were included in the budgeted registration cost. Registration cost normally refers to what someone would pay to attend an event, so it did not make sense that DGCCVS would budget catering costs in this manner. For sample #19, no catering costs were in the budget description and no actual Federal or match funds were budgeted for that event. These catering costs are considered entertainment costs as they were not necessary for the event to take place. If such costs were authorized, either in the approved budget or with prior written CNCS approval before being incurred, the costs would have been allowable.²⁰ These costs were not disclosed to provide CNCS the opportunity to approve, disallow, or require an adjustment to the budget. It is unclear as to why CNCS did not inquire about these registration costs.

In addition, the catering costs also included bar attendants. Given that the cost of alcoholic beverages are unallowable, the cost of paying bar attendants to serve the beverages should also be disallowed²¹.

We questioned the following food and bar attendant costs:

Sample #1	Food	Bar Attendants	Misc.	Total
Invoice	\$14,414	\$552	\$630	\$15,596
Percentage of Total	92%	4%	4%	100%
Federal Cost Claimed	\$6,007	\$230	\$263	\$6,500
Federal Questioned Costs	\$6,007	\$230		\$6,237
Sample #18	Food	Bar Attendants	Misc.	Total
Invoice	\$15,444	\$552	\$1,158	\$17,154
Percentage of Total	90%	3%	7%	100%
Match Cost Claimed	\$13,476	\$482	\$1,010	\$14,968
Match Questioned Costs	\$13,476	\$482		\$13,958
Sample #19	Food	Room Rental	Misc.	Total
Invoice	\$6,670	\$1,050	\$2,556	\$10,276
Match Questioned Costs	\$6,670			\$6,670

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Sample #20	Food	Bar Attendants	Misc.	Total
Invoice	\$14,414	\$552	\$630	\$15,596
Percentage of Total	92%	4%	4%	100%
Match Cost Claimed	\$7,856	\$301	\$343	\$8,500
Match Questioned Costs	\$7,856	\$301		\$8,157

DGCCVS disclosed in its initial written response to this finding that it charged fees for these events. There was no disclosure of program income in the budgets or in the Federal Financial Reports. As fieldwork testing had already been completed, there was no opportunity for us to determine if those fees were used as program income to cover the non-CNCS cost share of the events. In addition, if there was excess program income, we had no opportunity to determine if that program income had been applied to the total claimed costs in accordance with the grant terms and conditions.²²

DGCCVS believed that referring to registration cost per person was sufficient to indicate that such costs included food and beverages. We found this to be an insufficient disclosure of those costs. As a result, we questioned \$6,237 in Federal costs and \$28,785 in match costs charged to grant No. 16CAHDE001.

RECOMMENDATIONS:

We recommend CNCS:

7. Provide training to DGCCVS to ensure that entertainment costs are disclosed in the budget or approved in writing by CNCS prior to incurring those costs.
8. Verify DGCCVS has controls in place to ensure fees collected for grant-supported events were used to cover the cost of those events.
9. Verify DGCCVS used the fees collected for the event to reduce the Federal share charged to the grant or were used as match.
10. Require CNCS personnel reviewing and approving the budgets for the State commissions to ensure full disclosure of event costs within those budgets and that the budget identifies the funding to support that event.
11. Calculate and recover the questioned Federal and match costs for grant No. 16CAHDE001. Also, determine the impact on the Federal share resulting from the questioned match costs.

Comment: Finding 5 – Claimed Cost

Statement of Disagreement (non-concur)

DGCCVS disagrees that the claimed federal costs were not in the approved budget. The "registrations" description in this line item of the budget represents the catering and venue expenses for these events. None of these events should be classified as entertainment as they

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fulfill a meaningful role in the Commission's goal to be the premier source of volunteerism and service.

The Volunteerism Conference is an all-day training event for volunteer coordinators and organizations from all over the State. The event includes a keynote speaker on a volunteer related topic, workshops from experts on a variety of relevant volunteer management subjects and issues. The Commission also uses this occasion to survey attendees related to community needs and trends.

The Governor's Youth Volunteer Awards acknowledges and honors the outstanding contributions of youth in the community and provides an opportunity for nonprofits and Commission related programs to educate attendees about their resources. The Delaware Volunteer Credit program is also presented and explained during this event.

The Governor's Adult Volunteer Awards acknowledges and honors the outstanding contributions of individuals and organizations in the community. Nonprofits and commission related programs have the opportunity to inform the public of their work with information tables at the event. The Commission's Annual Report is released at this event.

While we believe that the budget line items are in compliance, we also concede that the descriptions of these items should leave no question as to the purposes of the expenses. See attached documents, including press releases for these events and programs.

Attachment 1: Samples 1 and 20
 Attachment 2: Sample 18
 Attachment 3: Sample 19

While we believe that the budget line items are in compliance, we also concede that the descriptions of these items should leave no question as to the purposes of the expenses. Therefore, we will implement the following:

- Any expenses that are specifically for meals will be specifically identified in eGrants budget narratives
- Any expenses that are specifically for meals will be identified as programmatic, with justification for the inclusion of meals as an expense, in the eGrants budget narrative.

Finding 6 – National Service Criminal History Check

a. Grantee personnel monitoring the subgrantees did not have National Service Criminal History Checks.

DGCCVS indicated that two staff members conducted on-site subgrantee monitoring, but no National Service Criminal History Checks (NSCHCs) were performed on these individuals. The Federal regulations require individuals in covered positions that have access to

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vulnerable populations (children age 17 and younger, individuals age 60 and older, and individuals with disabilities) to have a NSCHC.²³

DGCCVS indicated that it was following the CNCS National Service Criminal History Check Policies and Procedures. The procedures state that AmeriCorps State Commission Support grant staff are not required to comply with the NSCHC requirements²⁴.

It is the CNCS OIG position that on-site monitoring can result in DGCCVS staff having access to vulnerable populations. Thus, commission employees that perform subgrantee monitoring must follow NSCHC requirements. As a result, we are noting the lack of NSCHC for the DGCCVS monitoring staff as a noncompliance issue.

b. Subgrantee did not perform National Sex Offender Public Website search based on two members' maiden names.

For two members tested (one from DPR, the other from RAI), the National Sex Offender Public Website (NSOPW) check was performed on the member's current legal name and not also on the member's maiden name. CNCS NSCHC policies and procedures indicate that it is prudent to check the individual under any other known names that the person has used.²⁵ The subgrantees indicated that they were not aware of this best practice. By not performing such searches based on maiden names, subgrantees place themselves, DGCCVS, and CNCS at risk if a sex offender was not identified based on information that was known to the subgrantee.

RECOMMENDATIONS:

We recommend CNCS:

12. Ensure DGCCVS revises its Program Director Handbook for its subgrantees to include the CNCS NSOPW best practices.
13. Ensures DGCCVS strengthens its monitoring to verify subgrantee compliance with CNCS best practices for member NSOPW check.
14. Confirm DGCCVS has established and implemented a procedure to have all staff involved in conducting subgrantee on-site monitoring to have a NSCHC.

Comment: Finding 6a – National Service Criminal History Check

Statement of Disagreement (non-concur)

Regarding 6a, we disagree with the finding that grantee personnel monitoring sub-grantees require national Service Criminal History Checks.

The basis of our disagreement is found in the National Service Criminal History Check Manual, released November 15, 2018.

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First on page 6, our grant types are non-covered. We have a Commission Support Grant and a Commission Investment Fund:

Non-covered Grant Types:

- *AmeriCorps State Commission Support grants*
- *AmeriCorps Commission Investment Fund grants*
- *Senior Demonstration Program Grants that receive no federal funding*

Second, also on page 6, it is stated that the intent of the law is to establish requirements at the operational level and usually not for staff who do not perform program activities:

*Commission Staff**

**Usually, Commission Staff are not covered by NSCHC.*

Because the intent of the law is to establish requirements at the operational level, and commissions usually do not directly operate or assign staff to perform national service program activities, commission employees are usually not covered positions. However, commission staff may require an NSCHC if they are assigned to perform grant activities. This guidance applies to a state commission regardless of whether the commission is a state governmental entity or an independent, incorporated non-profit.

The NSCHC requirements do apply if the commission receives a Volunteer Generation Fund grant and uses the grant funds or match to pay staff.

The NSCHC requirements do not apply to Commission Support Grants or Commission Investment Fund Grants.

Comment: Finding 6b- National Service Criminal History Check

Statement of Agreement (concur)

We concur with Finding 6b, although we believe we are in compliance with the grant terms and conditions. As a best practice the following actions will be taken:

- The Grantee will send notification to all current subgrantees of the best practice by June 30, 2019
- The Program Director Handbook for 2019-20 will be revised to include the CNCS NSOPW best practices
- The additional emphasis of the inclusion of any other known names used by the applicant as part of the compliance checklist of member eligibility.

Finding 7 – Member Living Allowance

a. Member received a living allowance over the maximum allowed.

For two tested members, DPR changed the member's service term from full-time to half-time or reduced half-time (samples #6 and #7 respectively). Both members received a living allowance in excess of the maximum. DPR established a living allowance for full-time

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members at \$12,530. DPR established the living allowance for half-time members at 50 percent of that amount and reduced half-time members at 38.09 percent of that amount. The members received a total of \$2,536 more in living allowance than they were entitled.

Member Sample #	Living Allowance Received	Maximum Living Allowance Allowed	Questioned Living Allowance
6	\$6,265	\$4,773	\$1,492
7	7,309	6,265	1,044
Totals	\$13,574	\$11,038	\$2,536

DPR did not have controls in place to ensure that the conversion of a member from full-time to less than full-time was performed correctly so that living allowance payments do not exceed the amount that the member was entitled. As a result, we questioned \$2,536 in Federal cost charged to grant No. 15ACHDE001.

b. Member received a living allowance for no service.

For one tested member, DPR paid the member a living allowance of \$522 even though no service hours were incurred during the period of December 12 – 23, 2016 (sample #1). The service term was from October 3, 2016, through August 31, 2017. The living allowance was paid bi-weekly. The CNCS grant terms and conditions require that living allowance payments should not fluctuate based on the number of hours served, but must cease when the member's service ceases.²⁶ The member stopped serving from December 5, 2016, through February 19, 2017. DPR stopped paying the living allowance for the no service period, but not until after the pay period ending December 23, 2016. DPR did not have controls in place to ensure that when a member does not serve, then the member does not receive a living allowance payment. As a result, we questioned \$522 in Federal cost charged to grant No. 15ACHDE001.

c. Member was underpaid a living allowance.

For two tested members, DPR converted the member's term from full-time to half-time. We determined the post-conversion living allowance payments for those members were not calculated correctly. The members did not receive the correct living allowance for the amended member agreements.

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		Sample #1	Sample #2
A	Member Living Allowance for Half-Time	\$6,265.00	\$6,265.00
B	Living Allowance Received Prior to Conversion	\$2,610.40	\$5,220.80
C=A-B	Net Remaining Living Allowance at Half-Time	\$3,654.60	\$1,044.20
D	Pay Periods Remaining After Conversion	14	14
E	Living Allowance Paid Per Pay Period After Conversion	\$216.03	\$72.01
F=C/D	Recalculated Living Allowance Per Pay Period	\$261.04	\$74.59
G=E-F	Difference Per Pay Period Under Paid	\$(45.01)	\$(2.58)
H	Number Pay Periods at Incorrect Pay Period Rate	5	14
G x H	Total Amount Under Paid	\$(225.05)	\$(36.12)

Note: Member living allowance questioned for no service for member sample #1 noted in finding 7.b. above is excluded from B above.

DPR did not have controls in place to ensure that the conversion of a member from full-time to less than full-time was done properly so that members received the correct living allowance. Members were under paid by a total of \$261.

RECOMMENDATIONS:

We recommend CNCS:

15. Ensure DGCCVS revises its Program Director Handbook to include guidance on how to address and document a change in member living allowance when a member's term is changed to ensure living allowance payments after conversion are correct.
16. Ensure DGCCVS strengthens its monitoring to verify subgrantee compliance with member living allowance requirements.
17. Work with DGCCVS to resolve the living allowance under payments to DPR members.
18. Calculate and recover the questioned Federal costs for grant No. 15ACHDE001.

Comment Finding 7 – Member Living Allowance

Statement of Agreement (concur)

We concur with this finding regarding members receiving a living allowance over the maximum allowed, receiving a living allowance for no service, and underpaid living allowances.

The proposed corrective actions include:

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- The Program Director Handbook for 2019-20 will be revised to include the guidance on how to address and document a change in member living allowance when a member's term is changed to ensure living allowance payments after conversion are correct.
- Strengthen monitoring procedures to verify subgrantee compliance with member living allowance requirements.
- Work with DPR to resolve the living allowance under payments to DPR members.

Finding 8 – Reconciliation

Grantee claimed more costs than was supported by its general ledger.

Under grant No. 16TAHDE001 DGCCVS claimed \$1,630 more in Federal cost than was supported by its accounting records for the period of August 1, 2016, through December 31, 2017.

	Federal Costs August 1, 2016 – December 31, 2017
Claimed Federal	\$26,662.52
General Ledger Federal	25,032.52
Difference	\$(1,630.00)

CNCS grant terms and conditions require the grantee's financial management system must be able to produce reports that support and reconcile to the amounts claimed by the grantee.²⁷ DGCCVS did not have sufficient controls in place to ensure that costs claimed do not exceed what is supported in the general ledger. As a result, we questioned \$1,630 in Federal costs charged to grant No. 16TAHDE001.

RECOMMENDATIONS:

We recommend CNCS:

19. Confirm DGCCVS puts controls in place to ensure that costs claimed do not exceed what is supported in the general ledger.
20. Calculate and recover the questioned Federal costs for grant No. 16TAHDE001

Comments: Finding 8 – Reconciliation

Statement of Agreement (concur)

We agree with the finding and acknowledge that more costs were claimed than were supported in the general ledger.

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The proposed corrective actions include:

- We have since developed better controls to ensure that costs claimed do not exceed what is supported in the general ledger.

Finding 9 – Administrative Costs

Subgrantee claimed more administrative costs than it was entitled.

RAI claimed \$538 more in Federal administrative cost and \$17,595 in match administrative cost than it was entitled to receive based on actual direct costs claimed as of March 31, 2018. The CNCS grant application instructions state that if the applicant chooses the CNCS-fixed percentage rate method for administrative costs, the applicant can claim a fixed 5 percent of the total CNCS funds expended. The match administrative costs may not exceed 10 percent of all direct cost expenditures.²⁸

RAI indicated that it was instructed to claim one-eleventh of the budget amount each month when submitting the monthly periodic expense reports. However, RAI was unable to document who provided that instruction. We also note that DGCCVS did not question the administrative costs that were claimed by RAI. As a result, we questioned \$538 in Federal cost and \$17,595 in match costs charged to grant No. 17AFHDE001.

RECOMMENDATIONS:

We recommend CNCS:

21. Provide training to DGCCVS personnel to ensure subgrantees are claiming administrative costs correctly under the CNCS-fixed percentage rate method.
22. Calculate and recover the questioned Federal costs for grant No. 17AFHDE001. Also, determine the impact on the Federal share resulting from the disallowed match costs.

Comment: Finding 9 – Administrative Costs

Statement of Agreement (partial-concur)

We agree with the finding and acknowledge the federal and match administrative costs were incorrectly calculated and in excess at that point of the program year. However, calculations of the administrative costs were made in the following months of the grant, outside the scope of the audit.

So, while we agree with the finding, we do not agree with the recommendation to recover funds, since the results of the finding no longer existed at the end of the program year.

The proposed corrective actions include:

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- The Program Director Handbook for 2019-20 will be revised to include the guidance on how to correctly calculate administrative costs under the CNCS fixed percentage rate method.
- Additional specific training will be provided for sub-grantees on how to correctly calculate administrative costs under the CNCS fixed percentage rate method.

Finding 10 – Conversion of Full-Time Members to Lower Terms

Subgrantee did not obtain DGCCVS approval for converting full-time members to less than full-time member agreements.

For four out of seven tested members, DPR converted the service terms from full-time to half-time or reduced half-time agreements. However, there were no DGCCVS approvals on file for the conversions (samples #1, #2, #6 and #7). The CNCS grant terms and conditions require that State commissions approve changes of currently enrolled full-time members to less than full-time members. However, subgrantees may not transfer currently enrolled members to a less than full-time status simply to provide the member with a less than full-time education award.²⁹ The Program Directors Handbook states that the member and program may change the term of service in writing, due to compelling personal circumstances.³⁰

DPR believed that it had obtained approval, but could not find it. DPR subsequently attempted to provide documentation signed by DGCCVS and DPR indicating the changes were made for compelling personal reasons. This was not accepted by auditors as it was prepared and provided to the auditors well after the fact. DGCCVS procedures require changes in term of service must be in writing, but does not establish a DGCCVS approval process nor does it identify the circumstances in which such changes would be allowed. As a result, we are questioning the education award and interest forbearance cost of \$8,721 for the members that were changed from full-time to less than full-time members without DGCCVS approval. Note that one member tested did not earn an education award. Two members whose agreements were changed to less than full-time stopped serving when the change took effect. It appears that the change was made to allow these two members to earn an education award which does not comply with regulations.

Member Sample #	Education Award	Interest Forbearance ³ ₁	Total Education Cost
2	\$2,888	\$710	\$3,598
6	2,215	-	2,215
7	2,908	-	2,908
Totals	\$8,011	\$710	\$8,721

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RECOMMENDATIONS:

We recommend CNCS:

23. Calculate and recover the questioned education cost awards and interest forbearance.
24. Ensure DGCCVS revises its Program Director Handbook to establish a requirement for written DGCCVS approval of a change in a member's term of service and the basis for providing such an approval.
25. Ensures DGCCVS strengthens its monitoring to verify subgrantee compliance with DGCCVS approval requirement for changes in a member's term of service.

Comment: Finding 10 – Conversion of Full-Time Members to Lower Terms

Statement of Disagreement (non-concur)

Verbal agreement was made regarding the questioned conversions of member service terms between the grantee and sub-grantee with instruction to document conversions in member contract amendments (as required in the Program Directors' Handbook). However, no other formal documentation was recorded. It is agreed that additional documentation should be part of the process for conversion of member terms.

The proposed best practice actions include:

- Revise Program Director Handbook to establish a requirement for written Commission approval of a change in a member's term of service and the basis for providing such an approval.
- Strengthen monitoring to verify subgrantee compliance with the approval requirement for changes in a member's term of service.

Finding 11 – Member timesheets

Timesheets were missing signature dates

For two tested members, the DPR timesheets were missing signature dates. One member (sample #1) had no signature dates for the member and the supervisor covering the period of October 3, 2016, to December 3, 2016. The same member had no member signature dates covering the periods of February 26, 2017, to March 24, 2017, and April 9, 2017, to April 22, 2017. For the other member, (sample #2), all of the time sheets except one were missing signatures dates for the member and the supervisor.

The CNCS grant terms and conditions require the recipient to ensure that time and attendance recordkeeping is conducted by the AmeriCorps member's supervisor. The DGCCVS Program

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Director Handbook states that time and attendance records for the member must be signed in ink by both the AmeriCorps member and the member's direct supervisor within a reasonable amount of time from the date of the service performed.³² Without signature dates, it is impossible to determine whether the timesheets were signed within a reasonable amount of time from the date in which the service was performed.

DPR did not have controls in place to ensure that timesheets were signed and dated by the member and the member's supervisor. DPR indicated that timesheets were printed and signed on the same day and date was reflected on the timesheet when it was printed out. This statement may be true, but DPR did not provide any other support to show that this was occurring. We note this finding as a non-compliance issue.

RECOMMENDATION:

We recommend CNCS:

26. Ensures DGCCVS strengthens and implements its monitoring tools to verify subgrantee compliance with timekeeping requirements.

Comment: Finding 11 – Member Timesheets

Statement of Disagreement (Non-concur)

We believe that the requirements for timesheets as they pertain to signatures and dates are met by the below referenced terms and conditions, regulations, and the DGCCVS Program Directors' Handbook.

1. 2016 Terms and Conditions for AmeriCorps State and National Grants (Effective May 1, 2016), V. Supervision and Support, E. Timekeeping, states (See w/p 0520.22):

The recipient is required to ensure that time and attendance recordkeeping is conducted by the AmeriCorps member's supervisor. This time and attendance record is used to document member eligibility for in-service and post-service benefits. The recipient must have a timekeeping system that is compliant with 2 CFR § 200.430.

2. DGCCVS Program Director Handbook, Member Management, Enrolling AmeriCorps Members, 12) Time Sheets/Service Logs, states (See w/p 0650.04):

Time and attendance records of members' service. Service logs must:

- d) Be signed in ink by both the AmeriCorps Member and their direct supervisor within a reasonable amount of time from the date of the service performed.
 - All timesheets were signed by member and supervisor.
 - When the timesheet was printed, the date is printed on the timesheet.
 - The supervisor had the member sign the timesheet by the date on the timesheet.
 - Timesheets were printed and signed on the same day.

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- The Terms and Conditions and the DGCCVS Program Directors handbook states that they be signed in ink, it does not state that they must be signed and dated in ink.
- See Finding 11 - attachment #1.
- Member referenced in sample #1 signed the timesheets in question. See Finding 11 - attachment #2.

Finding 12 – Periodic Expense Reporting

a. Subgrantee did not provide financial reporting to DGCCVS.

DPR stated there were no formal financial reporting requirements to DGCCVS. The Memorandum of Agreements between the Department of Health and Social Services, Division of State Services Centers (where DGCCVS resides) and Department of Natural Resources and Environmental Controls (where DPR resides) includes a requirement for a monthly PER. However, DGCCVS did not receive those PERs but was relying on internal reports within the State of Delaware's financial system (First State Financial System). As a result, DPR did not submit its expense reports in a timely manner or provide a reconciliation of its accounting records to those cost reports. DPR also stated that it was unable to report costs to DGCCVS during the AUP period because DGCCVS did not load the ledgers into the First State Financial system in a timely manner. Consequently, as of March 31, 2018, the end of the AUP period, there were no costs reported in the FFR for the program year 2017- 2018 awarded on July 11, 2017. We were, therefore, unable to perform Federal and match cost testing for DPR's program year 2017-2018 costs. Note that cost report delays will result in DGCCVS submitting incorrect FFRs to CNCS. We note this finding as a non- compliance issue.

b. Subgrantee submitted late Periodic Expense Reports.

RAI submitted monthly Periodic Expense Reports (PER) late for the following reporting periods.

Month	Due Date	Date Received	Days Late
August	9/15/2017	12/11/2017	87
September	10/15/2017	12/11/2017	57
October	11/15/2017	12/11/2017	26
Month	Due Date	Date Received	Days Late
November	12/15/2017	12/29/2017	14
January	2/15/2018	2/21/2018	6
February	3/15/2018	3/22/2018	7
March	4/15/2018	4/30/2018	15

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Comment: Finding 12 - Periodic Expense Reporting

a. Subgrantee did not provide financial reporting to DGCCVS.

Statement of Agreement (concur)

During the time period in question, the Division of Parks and Recreation (DPR) was unable to report costs to DGCCVS because ledgers were not loaded into the First State Financial system in a timely manner by DGCCVS. Since that time, DPR has reported all grant costs for the grant year. The process for reimbursement to a sub-grantee that is also a state agency needed to be aligned with the reimbursement process for non-state agencies, while following the First State Financial system requirements.

The DGCCVS requested technical assistance from CNCS in preparation for the audit and submitted all of the 2017-2018 supplemental records requested by the CNCS Grants Officer who's testing did not result in any further actions or unallowable costs. Additionally, the Commission confirmed that DSSC and DNREC reviewed the FY18 reimbursement requests and supporting documentation for the Division of Parks and Recreation and found no unallowable or undocumented costs.

The proposed corrective actions include:

As a result of the technical assistance received the DGCCVS has changed the reimbursement process for this state agency to require regular PER submissions.

b. Subgrantee submitted late Periodic Expense Reports.

Statement of Agreement (partial-concur)

There were extenuating circumstances regarding the submission of PERs by Reading Assist Institute (RAI) DGCCVS provided the PER workbook and instructions with an explicit alternative submission deadline in writing. Written communication continued between RAI and DGCCVS to correct errors and extend the submission deadline. Technical assistance was provided via phone conversations. RAI advised the DGCCVS when the primary staff person responsible for PER submission was out of the office on medical leave and in addition to the technical support provided, the DGCCVS adjusted submission deadlines accordingly.

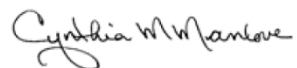
The proposed best practices include:

- Additional PER training for all sub-grantees prior to the beginning of the next program operating year, 2019-20.
- An enhanced monitoring tool to document each sub-grantee's progress in submitting PER's.

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Please contact my office at 302-255-9695 if you have any questions or concerns. You may also send me an email at renee.beaman@delaware.gov.

Sincerely,

A handwritten signature in cursive script that reads "Cynthia M. Manlove".

for
Renée P. Beaman
Director

OFFICE OF INSPECTOR GENERAL



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