



AmeriCorps

OFFICE OF INSPECTOR GENERAL

**EVALUATION OF AMERICORPS GRANTS
AWARDED TO THE MAINE COMMISSION
FOR COMMUNITY SERVICE**

FINAL EVALUATION REPORT

NUMBER: OIG-EV-21-01

March 30, 2021

OFFICE OF INSPECTOR GENERAL



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AmeriCorps

March 30, 2021

MEMORANDUM TO: Sonali Nijhawan
Director, AmeriCorps State and National

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

SUBJECT: Office of Inspector General Final Evaluation Report, OIG-EV-21-01:
*Evaluation of AmeriCorps Grants Awarded to the Maine
Commission for Community Service*

Enclosed is the Office of Inspector General's Final Evaluation Report, OIG-EV-21-01: *Evaluation of AmeriCorps Grants Awarded to the Maine Commission for Community Service*. The evaluation was conducted in accordance with the Council of Inspectors General on Integrity and Efficiency Quality Standards for Inspection and Evaluation. If you have any questions about this report please contact me at (202) 606-9360 or m.colter@cncsoig.gov.

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EXECUTIVE SUMMARY

FINAL EVALUATION REPORT: OIG-EV-21-01

MARCH 30, 2021



WHY WE CONDUCTED THIS EVALUATION

From 2016 through 2018, the AmeriCorps State and National program (ASN) awarded \$7.2 million in Federal grants to the Maine Commission for Community Service (the Commission). During the same timeframe, the Commission issued 14 AmeriCorps subgrants totaling approximately \$3.8 million and was responsible for monitoring and reporting on the administration of those subgrants.

AmeriCorps OIG initiated this evaluation to determine whether the Commission and its largest subgrantees, LearningWorks, which received \$880,419, and the Maine Conservation Corps (MCC), which received \$784,180, within the first two program years managed and spent the grant funds in accordance with grant terms and conditions and applicable Federal regulations.

The Commission funds organizations that serve community needs in education, economic opportunity, health, environmental, and veteran services. MCC provided job readiness training and environmental improvement projects to economically disadvantaged individuals, veterans, and disabled individuals. LearningWorks, through its AIMS HIGH program, provided extended day learning and targeted instructional support for kindergarten through fifth grade students.

The Commission required LearningWorks to match the Federal subawards with contributions at the rates of 26 and 30 percent, and MCC at 50 and 44 percent for program years one and two. LearningWorks reported that 61 percent of its match came from in-kind contributions, in the form of labor, classrooms and office space donated by the schools in which AmeriCorps members served. MCC, on the other hand, contributed 91 percent of its match in the form of cash, with the remaining 9 percent from in-kind donations.

Evaluation of AmeriCorps Grants Awarded to the Maine Commission for Community Service and Subgrantees: Maine Conservation Corps and LearningWorks

WHAT WE FOUND

The Commission and MCC managed and spent the grant funds in accordance with grant terms and conditions and Federal regulations. The Commission was able to support the \$700,018 match expenses that it claimed in connection with public service announcements, and MCC properly documented match, fringe benefits and other direct costs in the amount of \$115,774. The Commission and its two subgrantees also generally complied with its National Service Criminal History Check requirements.

LearningWorks, however, did not support the \$592,737 valuation claimed for the contribution of classroom and office space and labor donated by the schools in which AmeriCorps members served. Without adequate documentary support for those in-kind expenses, LearningWorks was not entitled to claim match costs of \$592,737. In the absence of those match contributions, LearningWorks was not entitled to receive Federal funds in the amount of \$254,014.

WHAT WE RECOMMEND

We recommended AmeriCorps to disallow \$592,737 in questioned match expenditures and to recover \$254,014 in Federal questioned costs from LearningWorks. We also recommended that AmeriCorps require the Commission to strengthen its oversight and monitoring of subgrantees to ensure compliance with grant terms and conditions and applicable Federal requirements. AmeriCorps generally concurred with our recommendations and will work with the Commission to ensure LearningWorks revises its in-kind documentation and valuation procedures. It will also require the Commission to review in-kind contributions to determine whether charges are accurate, allowable, and allocable.

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Introduction

AmeriCorps Office of Inspector General (AmeriCorps OIG) initiated this evaluation of the Maine Commission for Community Service (Commission) and its largest subgrantees, LearningWorks and Maine Conservation Corps (MCC). Our evaluation objective was to determine whether Maine and its subgrantees managed and expended AmeriCorps State and National grant funds for grants 15ACHME001, 16ACHME001, and 16CAHME001 during calendar years 2016 through 2018 in accordance with grant terms and conditions and applicable Federal regulations. See [Appendix A](#) for a detailed explanation of the audit scope year for each grant.

During these years, AmeriCorps awarded about \$7 million¹ to the Commission, including \$805,647 to support the Commission's strategic work to enhance the capacity of Maine's volunteer sector. The Commission awarded 14 subgrants totaling approximately \$3.8 million. For the first two program years, LearningWorks received the highest award, at \$880,419 (16ACHME001), and MCC received the second largest, at \$784,180 (15ACHME001). For these program years, the Commission required LearningWorks to match 26 and 30 percent of its Federal awards with additional resources. MCC was required to match 50 and 44 percent of its Federal awards.

The Commission, which is responsible for monitoring and reporting on the administration of its subgrants, funds organizations that serve community needs in education, economic opportunity, health, environmental, and veteran services. MCC provided job readiness training and environmental improvement projects to economically disadvantaged individuals, veterans, and disabled individuals. To meet its match requirement, MCC reported match contributions consisting of 91 percent cash and 9 percent from in-kind donations.

LearningWorks, through its AIMS HIGH² program, provided extended-day learning and targeted instructional support for kindergarten through fifth-grade students. The AIMS HIGH program served students before, during, or after school, five days a week for 40-46 weeks, during the 2016-2017 and 2017-2018 academic school/program years. Schools from five school districts, located in two counties, participated in the program and donated classroom and office space and labor hours from school teachers and administrators as in-kind contributions to LearningWorks.

These contributions exceeded LearningWorks' match requirements for both program years and made up 61 percent of LearningWorks' total match contributions. LearningWorks' remaining 39 percent match contribution consisted of 37 percent cash donations and two percent in-kind contributions from other donated services.

¹ eGrants Notice of Grant Awards, 2016-2018, Grants 16CAHME001, 16TAHME001, 16TAHME002, 17VGHME001, 15ACHME001, 15ACHME002, 15AFHME001, 16ACHME001, 18ACHME001, 18AFHME001, and 18ESHME001

² AIMS HIGH is the abbreviation for AmeriCorps Invests in Maine Students Helping Inspire Growth and Hope.

Results in Brief

The Commission and MCC managed and spent AmeriCorps grant funds in accordance with grant terms and conditions and Federal regulations. The Commission provided adequate documentary support for the \$700,018 in match costs that it claimed for donated public service announcements. Additionally, the Commission properly documented \$69,001 in other match costs, fringe benefits, and other direct costs. MCC properly documented its match, fringe benefits, and other direct costs in the amount of \$115,774. The Commission, MCC, and LearningWorks also generally complied with National Service Criminal History Check requirements.

LearningWorks, however, did not have adequate documentation to support the valuation of its claimed in-kind match expenses of \$592,737, consisting of \$248,214 for classroom and office space and \$344,523 for donated hours from teachers and administrative staff. Match expenditures must be verifiable from the grantee's records, necessary and reasonable for accomplishment of the project objectives, and allowable under Subpart E-Cost Principles in the same manner as Federal expenditures.³ Here, weaknesses in the valuation methodologies and documentation made the claimed amounts unreliable.

Neither the Commission nor LearningWorks knew how to properly document the valuation of in-kind donations. Consequently, the Commission did not have a policy explaining and illustrating what constitutes acceptable documentation to support in-kind contributions under Federal regulations. Further, the Commission failed to review LearningWorks' in-kind contributions during its July 2017 fiscal monitoring review.

LearningWorks Findings

LearningWorks reported that it fulfilled its match commitment through the donation of classroom and office space, as well as the time of teachers and administrative staff, by the schools hosting the AIMS HIGH initiatives. However, the values that LearningWorks assigned to these donations were not supported by adequate evidence, as required by Federal grant regulations.⁴

In-Kind Match Contributions – Classroom and Office Space

LearningWorks did not provide adequate documentation to support the valuation of \$248,214 ascribed to the 9,600 square feet of classroom and office space contributed by the host schools during program years 2017 and 2018. AmeriCorps requires grantees to document the value of in-kind contributions used to meet matching fund requirements by:

³ 2 CFR §200.306(b)(1)-(4), Cost sharing or matching

⁴ 2 CFR §200.306(b)(1)-(4), Cost sharing or matching. To be eligible, match expenses must also be necessary and reasonable for the accomplishment of project objectives.

- Identifying the service or goods obtained;
- Describing why the transaction is allowable for grant purposes;
- Recording the value of the contribution;
- Showing confirmation from the donor with a signature or official invoice; and
- Determining how the contribution can be traced back to source documentation.⁵

Instead, LearningWorks documented the donated space with an annual letter to each school superintendent stating the square footage used by the AIMS HIGH program and reporting what it represented as a fair rental value for that space, countersigned by the superintendent dated after the end of each program year. Notably, the letters:

- Attached no supporting documentation to illustrate or identify the space used at each school;
- Did not indicate the hours that the AIMS HIGH program occupied the space and whether the space was available for other uses at any time; also, LearningWorks claimed match expenditures for a full year of usage when the AIMS HIGH program operated for only 40 to 46 weeks; and
- Neither explained the basis for, nor attached documentation to support, the fair market values ascribed to the space, preventing the superintendents from performing any meaningful validation of the reported value supplied by LearningWorks.

LearningWorks policy, which aligns with the applicable Federal regulations in 2 CFR Section 200.306(i)(3), requires donated space to be valued at the fair rental value of comparable space as established by an independent appraisal. The appraisal must consist of information regarding comparable space and facilities valued as of the date of donation. Records from the appraisal must be maintained in a property file.

We requested and reviewed the documentation underlying the values ascribed to the classroom and office space and found it to be insufficient, for the following reasons:

- **No evidence that the listed “comparables” were comparable.** The valuation analysis was performed by a property management firm and consisted of an undated summary chart. The chart shows six “comparable” properties for each school,⁶ without specifying their addresses or locations; characteristics, usages, ages, and amenities; or any other attributes that bear on comparability. In short, we were expected to take the writer’s word that these properties are appropriate comparables.
- **Comparison of school buildings to commercial properties.** LearningWorks submitted to

⁵ AmeriCorps’s eLearning Management System, SAP Litmos

⁶ Two of the schools, which are reportedly close together, use the same set of comparables, according to the memorandum. In addition, the property manager states that his company manages one of the commercial cited as a comparable.

OIG staff a July 10, 2020 certification memorandum from a property management company explaining the valuation work reportedly performed in 2017. The memo, which was created years after the Commission had reported the in-kind match figures on its financial reports to AmeriCorps, states that the analysis compares schools to general commercial properties, without any explanation of the respects in which they are comparable. There is no indication that the analysis sought out public or private school facilities or other instructional locations to use as comparables.

- **Questionable qualifications of the appraiser.** In the July 10, 2020 memorandum, the property management company acknowledged that their “primary business focus is not real property appraisals” but asserts that the firm can nevertheless provide a well-supported assessment of the school properties. However, the management firm’s website does not mention appraisals or valuation services among the services offered by the company. Nothing on the website or in the July 10, 2020 memorandum indicates any experience, training, membership in related organizations, or expertise rendering appraisals, much less appraisals of specialized school property.

The State of Maine’s Board of Real Estate Appraisers did not identify the firm as a licensed registrant to perform appraisals. Since the property management firm is not registered within its residing state, there is no assurance that it meets the generally accepted standards and requirements promulgated by regulatory and oversight authorities—the Appraisal Foundation or the Uniform Standards of Professional Appraisal Practice, which are the generally recognized ethical and performance standards for the appraisal profession in the United States, or the Appraisal Institute’s Standards of Valuation Practice.

Although the property management company reportedly performed its work in 2017, no contemporaneous appraisal report was provided explaining the methodology used, describing the characteristics of the properties used as comparables, specifying the applicable standards, or describing the firm’s qualifications to provide such an opinion. Even as supplemented by the July 10, 2020 memorandum, the documentation furnished is insufficient to validate the work performed or the conclusions reached. Though captioned a “certification,” the memorandum does not identify the applicable standards or certify compliance with them. These deficiencies make the appraisals not credible, reliable, or sufficiently detailed to permit validation.

In-Kind Match Contributions – Teaching and Administrative Time and Costs

The documentation that LearningWorks provided to support \$344,523 of in-kind match costs for the hours that teachers and administrative employees worked on the grant was also inadequate. Like the classroom and office space costs, the annual letters that LearningWorks sent to the school superintendents did not include adequate evidence that 8,900 hours of teaching staff hours and 828 administrative staff hours were devoted to the grant.

Instead, the letters to each school superintendent:

- Provided the total number of hours charged to the grant by teachers and administrators staff based on an attached listing of school staff names and **average hours per week** for each staff member;
- Applied an **average cost per hour** using average teacher and administrator salaries based on comparable positions within the school's municipality to the total average number of hours at the schools; and
- Reported a **total based on the average hours and costs** for the superintendent's signature.

LearningWorks did not follow Federal grant regulations and did not enforce its policy to ensure that it properly documented in-kind contributions for volunteer time and services. Federal regulations state that charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. The records must be supported by a system of internal controls that provides reasonable assurance that the charges are accurate, allowable, and properly allocated.⁷ LearningWorks' policies require volunteers who donate their services to document and account for their contributed time like the timekeeping system for its employees. Each LearningWorks program that uses volunteers is expected to provide its volunteers with a sign-in sheet that collects the following information:

- Date service was performed;
- Volunteer name and address;
- Hours donated (time in and out);
- Service provided; and
- Signature of volunteer.

In turn, LearningWorks Finance Department is expected to tally, value, and record the sign-in sheets monthly as in-kind contributions in its accounting records.⁸

The partnering schools, however, declined to follow LearningWorks policy and did not maintain records of the actual hours contributed by teachers and administrative staff. Without timesheets or sign-in sheets to capture the actual hours worked on the grant, LearningWorks issued the aforementioned letters after the end of each program year that calculated the totals based on budgeted average hours and costs (salaries) contributed by the staff. These calculations assumed the average salaries for the participating teachers and administrative personnel were a representative sample of the staff in their categories; it ignores the possibility that the participants are, on average, more or less experienced (and therefore paid differently) than the teaching and administrative population as a whole. It likewise assumes, without verification, that

⁷ 2 CFR §200.430(i)(1)(i)-(ii), Compensation – Personal Services

⁸ LearningWorks Accounting & Financial Policies and Procedures Manual, September 30, 2017

all participating teachers contributed the same number of hours over the course of the year and that all participating administrative staff did likewise.

The estimates that LearningWorks calculated and reported as the value of school personnel’s in-kind services do not meet the requirement of 2 CFR 200.306(f) that “When a third-party organization furnishes the services of an employee, these services must be valued at the employee's regular rate of pay plus a number of fringe benefits that are reasonable, necessary, allocable, and otherwise allowable.” Here, the services were not valued at each participant’s regular rate of pay plus fringes, but rather at the pay rate of a hypothetical average teacher or average staff member, which may have been higher or lower than those of the actual participants.

Summary of Questioned Costs

We questioned match contributions totaling \$592,737 (\$248,214 for classroom and office space and \$344,523 for donated teaching and administrative staff hours) due to inadequate support and valuation methodologies that fall short of applicable requirements. Without these questioned match costs, LearningWorks did not meet its match obligation for both program years, requiring us to question \$254,014 of Federal grant funds. Table 1 below displays the Federal and match costs for space used and time claimed per program year. [Appendix B](#) provides a schedule of LearningWorks’ awarded federal funds, claimed and questioned costs.

Table 1. In-Kind Contributions

Classroom & Office Space			Teaching & Administrator Time			
Program Year (PY)	Classroom Space Costs	Office Space Costs	Teaching Staff Time Costs	Administrator Time Costs	Questioned Match Costs per PY	Questioned Federal Costs
PY 1	\$ 105,387	\$ 18,720	\$ 130,772	\$ 22,199	\$ 277,078	\$ 54,514
PY 2	105,387	18,720	169,353	22,199	315,659	199,500
SUBTOTAL	\$ 210,774	\$ 37,440	\$ 300,125	\$ 44,398		
TOTAL COSTS	\$248,214		\$344,523		\$ 592,737	\$ 254,014
TOTAL QUESTIONED COSTS					\$	846,751

Source: OIG Analysis

AmeriCorps’s 2016 grant terms and conditions state that additional funding is contingent upon satisfactory performance, a recipient’s demonstrated capacity to manage an award, and compliance with award requirements. Since LearningWorks did not adequately document its match in program years 2017 and 2018, AmeriCorps should evaluate whether LearningWorks claimed match costs for the program year 2019 were reasonable, allowable, and allocable under federal regulation.

RECOMMENDATIONS

We recommend AmeriCorps:

1. Disallow the \$592,737 in questioned match costs to recover the \$254,014 in Federal costs from LearningWorks for the program years 2017 and 2018 due to inadequate documentation to support its in-kind match contributions: donated classroom and office space, and teaching and administrative staff hours;
2. Conduct an assessment of LearningWorks' match contribution for its third-year funding to determine whether it met its match requirement, disallow any unsupported match contributions and recover any Federal funds that were overpaid as a result of LearningWorks' failure to meet its match requirements.
3. Oversee the Maine Commission when coordinating with LearningWorks to revise its policies to define supporting documentation for the usage and valuation of donated spaces for in-kind contributions;
4. Instruct the Maine Commission to evaluate compliance of LearningWorks procedures on internal controls for time recordkeeping for donated personnel time at its service sites to provide reasonable assurance that charges are accurate, allowable, and allocable; and
5. Provide training to the Maine Commission staff and offer training to LearningWorks and other subgrantees concerning acceptable valuation and documentation of in-kind match costs.

Finding Regarding The Commission

Prime grantees are responsible for monitoring the activities of subgrantees to ensure the subaward is being used for authorized purposes, in compliance with requirements and those performance goals are achieved.⁹ The Commission requires its personnel to perform an on-site monitoring assessment of a subgrantee's financial management system during the first year of a grant cycle; subsequent years will be reviewed for concerns or issues identified by an audit firm and relevant to the Commission's grant monitoring.¹⁰

The Commission's staff document these reviews on a checklist that includes questions covering a subgrantee's compliance with managing AmeriCorps members' member files and records, grant program objectives, and maintaining a financial management system following Federal regulations and grant terms and conditions. The reviewer is required to document on the checklist form and state whether the subgrantee complied and if corrective action is needed.

⁹ 2 CFR §200.331, Requirements for Pass-through entities

¹⁰ Maine National Service Grants: Administrative Procedures, revised July 2017

The Commission did not review LearningWorks' in-kind contributions during its fiscal monitoring activity. The checklist form included questions regarding in-kind match contributions, but the Commission's reviewer did not monitor those expenses. To the contrary, the reviewer stated on the form that LearningWorks had no in-kind contributions in its budget and noted that the following checklist questions were not applicable:

- Item 10 - *“Clear documentation of in-kind donations for match that includes value and use; documentation is accurately reflected in agency financial mgt system reports.....”*; and
- Item 15 – *“Evidence in-kind match is valued at a fair, local market rate...”*¹¹

One month before the July 19, 2017 monitoring visit, LearningWorks had obtained confirmation letters from the school superintendents intended to document and value the substantial in-kind contributions claimed as match costs. The Commission had no written policies explaining or illustrating what constitutes acceptable documentation to support in-kind contributions.

Given that 61 percent of LearningWorks' overall match costs came in the form of in-kind contributions from the schools, it was imperative for the reviewer to have considered LearningWorks' in-kind donations as part of its monitoring of match costs. Contrary to the reviewer's notation, the expectation of in-kind match from the school districts was included in the subgrantee's grant application and its proposed budget. Neither the reviewer nor the Commission's supervisors caught the error, suggesting a lack of quality control. As a result, the Commission missed an opportunity to identify the flaws in LearningWorks' match valuations and to timely correct them.

RECOMMENDATIONS

We recommend AmeriCorps:

6. Require the Maine Commission to develop and implement oversight or quality control of all fiscal monitoring performed by its staff.
7. Coordinate with the Maine Commission to develop guidance explaining and illustrating what constitutes acceptable documentation to support in-kind contributions;

¹¹ LearningWorks Fiscal Monitoring Form 2015-2016 and 2016-2017

SUMMARY AND EVALUATION OF AMERICORPS' COMMENTS

AmeriCorps provided formal written comments in response to our draft report. A copy of AmeriCorps' response in its entirety can be found in [Appendix C](#). The following is a summary of those responses:

- AmeriCorps generally concurred with recommendations 1 through 5. AmeriCorps plans to review the OIG's working papers and copies of the supporting documentation provided by subgrantee LearningWorks to verify whether the documentation provided was adequate to document donated space and in-kind hours to determine the appropriate disallowance.
- AmeriCorps also concurred with recommendations 6 and 7. It will work closely with the Commission to strengthen its monitoring and oversight of its subgrantees to include monitoring procedures and a revised fiscal monitoring tool. AmeriCorps will also ensure that the Commission strengthens its internal controls surrounding acceptable in-kind documentation from its subrecipients.

Overall, we considered AmeriCorps' proposed actions responsive to our recommendations. AmeriCorps will review the corrective actions taken by the Commission and LearningWorks as part of its audit resolution process. These recommendations will remain open until we assess AmeriCorps' management decision, which should be finalized within a year of the final report issuance date.

SUMMARY AND EVALUATION OF THE COMMENTS OF THE COMMISSION AND LEARNINGWORKS

The Commission and its subgrantee LearningWorks responded jointly to our report. Specifically, the Commission responded to recommendations 5, 6, and 7,¹² while LearningWorks, assisted by the Commission, responded to the findings. The joint response appears in its entirety in [Appendix D](#).

The Commission concurred with recommendation 6, agreeing to develop and implement oversight or quality control of all fiscal monitoring performed by its staff. However, the Commission disagreed with recommendations 5 and 7, which address the need for further guidance regarding the documentation necessary to support in-kind match contributions, contending that it has sufficient understanding of what constitutes acceptable documentation. Since the Commission has not acknowledged that LearningWorks' in-kind valuation documentation was deficient, we do not have confidence that the annual training proposed by the Commission as its corrective action will be adequate to address the deficiencies identified by our audit. AmeriCorps should specifically train the Commission and LearningWorks on how to satisfy the requirement to value and document the valuation of donated space and services and then follow up to ensure that the Commission implements appropriate procedures.

LearningWorks disagreed with our findings concerning the inadequacy of its valuation documentation for donated space and donated services. Instead, LearningWorks asserts that it met the standards of 2 CFR § 200.306, *Cost sharing or matching*, and that its documentation was reasonable under the circumstances. Below, we summarize LearningWorks' response to the findings, together with our comments thereon.

Donated Classroom and Office Space: LearningWorks asserts that the superintendent letters stating the total square footage donated were sufficient, asserting that the letters imply that LearningWorks had exclusive use of the space because they do not state otherwise. Further, the subgrantee states that the 52-week length of its program year made it appropriate to charge the grant for 52 weeks of space usage. Finally, LearningWorks contends that the valuation documentation submitted meets the requirements of the applicable regulations.

AmeriCorps OIG assessment and response: We adhere to our original position. The superintendent letters do not identify the space devoted to the program, and they provide no evidence of exclusivity, which they never mention. It is, for example, impossible to determine from the letters whether the AmeriCorps program was credited with space being used simultaneously by classroom teachers and AmeriCorps members, *e.g.*, when an AmeriCorps member worked with individual students or small groups at the back of a classroom. Our reference to floor plans or blueprints identifying space usage was illustrative only.

¹² Each of these recommendations was directed to AmeriCorps, rather than the Commission.

During our audit, LearningWorks was unable to illustrate or identify the space charged to the grant. There was no lease or comparable agreement that specified the space to be used, the hours of availability, or exclusivity of use. Without any supporting evidence except a countersigned letter, it is impossible to demonstrate that these charges are properly allocable to the AmeriCorps program and that they are necessary and reasonable, as required by 2 C.F.R. section 200.306(b)(3). Moreover, without knowing the specific space involved, it may be impossible to verify that the same space is not being claimed under, or paid for by, another Federal award.¹³ Finally, some description of the space and facilities is necessary for purposes of evaluating the comparability of other properties used to determine fair market value.

While LearningWorks has asserted that it enjoyed exclusive use of the space, it has no documentation to that effect. We do not see how the failure of the superintendent's letter to address this point can fairly be read to imply exclusive use. LearningWorks bears the responsibility to demonstrate and document that the donated space was exclusively used and donated for its usage. As the drafter of the superintendent letters, Learningworks is responsible for the failure to address exclusivity.

Further, the truism that a program year is 52 weeks long does not alone justify charging the grant for 52 weeks of usage. According to the 2016 grant narrative approved by AmeriCorps, which LearningWorks quotes in its response to the audit, the program operates for 46 weeks per year: 40 weeks of the school year (including vacations), plus six weeks during the summer. This is consistent with the term of AmeriCorps member service, which is less than a full year. LearningWorks has not demonstrated that it required or used the donated facilities for programmatic purposes beyond the period contemplated in the grant narrative.¹⁴

Applicable cost principles require that costs charged to a grant, including in-kind costs, be allowable, allocable, and reasonable. Here, the minimal evidence provided by LearningWorks makes it impossible to verify that all of the costs attributed to the donated space are properly allocable to the AmeriCorps grant, or that the terms of use were reasonable. The incentive of any grantee to maximize the value of its in-kind match makes it particularly important to develop and maintain documentation showing specifically what was donated, why it was appropriate, and how it was used.¹⁵

Finally, LearningWorks relies on the work of Gebhardt Property Management (GPM) to support the fair market value of a comparable rental property. As we noted in our report, the “valuation”

¹³ 200.306(b)(2) and (5).

¹⁴ The statement that the schools are open year-round to the community, including AmeriCorps members and their students, is beside the point because it does not speak to the length of the program. If LearningWorks is suggesting that members interact with students without the close supervision of teachers and others, that raises substantial safety concerns.

¹⁵ The rental fee schedules obtained by LearningWorks for school districts shed some light on the value of the donated space. But LearningWorks must still demonstrate what space it used, during what period, and whether its possession and use was exclusive or shared, in order to determine fair market value.

documentation, even as supplemented three years later by GPM in a “certification,” lacks sufficient information to identify the properties or specify the characteristics that make them comparable. This prevents an auditor from testing and validating the information.

As outlined in our report, nothing in GPM’s work demonstrates that the preparer was qualified by training or expertise in the valuation of properties, the memorandum does not state the standards under which it was prepared and there can be no assurance that it meets any generally accepted ethical and valuation performance standards. Taken together, the lack of detail in the work performed and the lack of assurance regarding the qualifications of the appraiser and standards governing the work make the results unreliable and insufficient to support the in-kind valuation claimed.

Proposed Corrective Action: In its response, LearningWorks proposed a corrective action plan of updating its Valuation and Accounting Treatment Policy to include: (i) an express statement in each space donation letter of whether the space was provided for LearningWorks’ exclusive use; (ii) when not exclusive, an express statement in each space donation letter of the number of hours per week space was available to LearningWorks; and (iii) a requirement that market value assessments be appended to in-kind certification letters.

AmeriCorps OIG’s Assessment and Response: The corrective actions proposed by LearningWorks to strengthen its valuation policy concede implicitly that the documentation provided by LearningWorks was deficient and that better evidence should be available. We have the following concerns with its corrective actions:

- An express statement of whether space is provided for LearningWorks’ exclusive use is not sufficient. LearningWorks must also retain documentation to show whether the usage was in fact exclusive and the period of exclusive use.
- If space is not exclusively used for the program, LearningWorks should retain documentation to show actual usage of the space. It cannot depend on a certification letter after the program ends to state the program was used for a number of hours per week.
- We agree that LearningWorks should attach market value assessments to its letters from the school superintendents. However, these assessments should be done by independent appraisers who can demonstrate the necessary skills, training, and experience, identify the professional standards used in preparing their work, and contain adequate documentation of the valuation process to permit testing and verification by auditors.

Donated Services of Teachers and Administrative Personnel: LearningWorks asserts that it properly supported the costs associated with the donated teacher and administrative staff effort, using average payroll costs and estimates of average labor hours devoted to the AmeriCorps program. LearningWorks argues that its match calculations are conservative, *i.e.*, lower than the

actuals would show. LearningWorks further contends that the Uniform Grant Guidance permits it to rely on alternative methods of calculating labor charges, if they are supported by a system of internal control that can ensure charges are accurate, allowable, and properly allocated. Finally, LearningWorks submits, the large number of hours served by AmeriCorps members suggests the supervisory time of teachers and administrative personnel was greater than claimed for the in-kind match.

AmeriCorps OIG’s Assessment and Response: Valuation of the donated services claimed as in-kind match depends on two separate elements: the hourly labor costs/payroll rates of participating teachers and administrative staff, and the amounts of time that they contributed. LearningWorks did not provide adequate support for either of these factors in its valuations.

We agree with LearningWorks that the rules regarding third-party organization-furnished services, 2 C.F.R. section 200.306(f), govern the valuation of the services that teachers and administrative staff donated to the AmeriCorps program. That regulation requires, in pertinent part:

When a third-party organization furnishes the services of an employee, these services must be valued at the employee's regular rate of pay plus an amount of fringe benefits that are reasonable, necessary, allocable, and otherwise allowable,

The regulation requires in-kind donated services to be valued based on the payroll costs applicable to each employee whose services are contributed. That is not what LearningWorks did. Instead, the superintendent letters that LearningWorks submitted to support its valuation of in-kind services used district-wide average costs of teachers and staff to value the services, without any evidence that these averages accurately reflect the payroll costs of the teachers and staff who actually supported the AmeriCorps program.

LearningWorks also missed the mark in quantifying the hours that school personnel dedicated to the AmeriCorps program. In its response, LearningWorks contends that it is not required to maintain contemporaneous records of the time that each school employee devoted to the AmeriCorps program, citing 2 C.F.R section 200.430(i); it contends that this provision grants greater leeway than recognized in the audit report.

That cited cost principle requires that labor costs charged to a Federal award must be based on records that accurately reflect the work performed and must be supported by a system of internal controls that provides reasonable assurance that the personnel costs incurred are accurate, allowable, and properly allocated. The documentation must, among other things, support the allocation of the employee salary across multiple activities and cost objectives, *e.g.*, distinguish time devoted to the AmeriCorps program from time devoted to tasks not supported by that grant.¹⁶ A nonprofit or government organization that does not keep contemporaneous

¹⁶ 2 C.F.R. section 200.430(i)(1)(vii)

records distinguishing among cost objectives may use budgets or estimates for interim purposes, but must ultimately reconcile those amounts to each employee's actual hours devoted to the grant according to procedures outlined in the employer's policies.¹⁷ The reconciliation must be sufficient to make "all necessary adjustment . . . such that the final amount charged to the Federal award is accurate, allowable, and properly allocated."¹⁸

The documentation submitted by LearningWorks and the process described in LearningWorks' response does not satisfy these standards. The hours reported on the superintendent letters are estimates of the time allocable to the AmeriCorps program. Nothing in the letter, or any other documentation submitted by LearningWorks, demonstrates that the reported hours were subject to any system of internal control to ensure that the allocation of time to the AmeriCorps program was accurate, nor is there evidence of a written policy or a formal after-the-fact reconciliation process used by the school districts in their operations.

Indeed, as LearningWorks describes the process, teachers self-report their after-the-fact estimates annually, based on a review of their schedules, which were then aggregated into the superintendent letters.¹⁹ LearningWorks provides no basis to believe that the school districts scrutinized, tested, or validated the reported numbers in any way. The fact that all of the hours reported by LearningWorks were round figures provides strong evidence that they were estimates, rather than representing the actual time devoted to the program. The result is that LearningWorks, in valuing the services contributed by the school system, is essentially relying on the honor system, which is not a valid internal control.

Finally, LearningWorks characterizes the reported hour as "conservative," noting the many hours served by the AmeriCorps members whom the school staff is meant to supervise. Although the program design may envision close supervision by teachers and administrators, there is no guarantee that each staff member devotes the expected time to those duties.

LearningWorks chose to proceed with its program knowing that the school districts were unwilling to have their teachers track their actual AmeriCorps time.²⁰ At the same time, we saw no indication that LearningWorks obtained evidence of any system of internal controls that would validate the accuracy of the time claimed as in-kind match contributions. By proceeding without a method to assure the accuracy of the hours claimed as a match, LearningWorks assumed the risk that it would be unable to support the donated services claimed.

Proposed Corrective Actions: LearningWorks stated that it began to implement bi-weekly timesheets for all partner schools for personnel to track time contributed to applicable projects for the 2019-2020 program year, although it maintains that this is not required by applicable

¹⁷ *Id.* at 200.430(i)(1)(viii)

¹⁸ *Id.*

¹⁹ Joint Response of the Maine Commission and LearningWorks, pp. 9-10

²⁰ We adverted to LearningWorks' Valuation and Accounting Treatment Policy as evidence that LearningWorks was familiar with at least one way to substantiate the number of volunteer hours claimed.

regulations.

LearningWorks also proposed two corrective actions:

- Develop internal protocol outlining documentation standards in accordance with 2 CFR 200.306(f); this protocol will provide the actual hourly wages and reasonable fringe benefits for donated salaries; and
- Update its site agreement with partnering school districts to include a projected number of hours that personnel will be obligated to contribute their services in-kind to the AmeriCorps grant quarterly.

AmeriCorps OIG's Assessment and Response: LearningWorks' implementation of bi-weekly timesheets for all partner schools should provide some assurance of hours donated toward the AmeriCorps grant as required by 2 CFR 200.430(i). Further, LearningWorks proposed corrective action to develop an internal protocol that is suitable if implemented.

However, LearningWorks' proposed action to update its site agreement to include projected hours does not address the inadequacy of internal controls over donated services. It must include language requiring partnering school districts to provide source documentation such as, but not limited to, timesheets or attendance logs with actual hours worked and allocated to the respective grant, to support all staff hours contributed to the program. LearningWorks might also consider asking AmeriCorps members to record the time that they spend with school district personnel, for comparison against the hours reported by staff. All of these sources document could support future in-kind certification letters.

APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

Our objective was to determine whether the Commission and its subgrantees, MCC and LearningWorks, managed and expended AmeriCorps grant funds following grant terms and conditions and the Uniform Grant Guidance. This engagement began in May 2018 as an agreed-upon procedure conducted by contract auditors on behalf of AmeriCorps OIG. In March 2019, AmeriCorps OIG converted the agreed-upon procedures to a limited scope evaluation. The limited scope evaluation included the following Commission's AmeriCorps grants and their respective scope period reviewed:

- Maine Commission, Grant number 16CAHME001, January 1, 2016, through December 31, 2018;
- Maine Conservation Corps, Grant number 15ACHME001, September 1, 2016, through August 31, 2018; and,
- LearningWorks, Grant number 16ACHME001, August 15, 2016, through August 14, 2018.

Our limited scope procedures included:

- Reviewing policies and procedures to obtain an understanding of Maine, and its subgrantees' grant activities, processes, and internal controls over Federal expenditures;
- Interviewing grantee and subgrantee, LearningWorks personnel to gain an understanding of its programs and internal controls over Federal programs and expenditures;
- Re-testing the Commission's and its subgrantees' fringe benefits, match costs, and other direct costs, and the Commission's media expenses and public service announcements; and
- Reviewing and re-testing National Service Criminal History Checks.

We conducted this evaluation following the Council of Inspectors General on Integrity and Efficiency Quality Standards for Inspection and Evaluation.

APPENDIX B: SCHEDULE OF LEARNINGWORKS CLAIMED AND QUESTIONED COSTS

	Awarded	Claimed		Questioned		
Program Year²¹	Federal Funds	Federal Costs	Match Costs	Federal Costs	Match Costs	Total Costs
Program Year 1	\$497,773	\$349,183	\$353,692	\$54,514	\$277,078	\$331,592
Program Year 2	\$382,646	\$426,207	\$383,671	\$199,500	\$315,659	\$515,159
Totals	\$880,419	\$775,390	\$737,363	\$254,014	\$592,737	\$846,751

²¹ The Federal Financial Reports (FFRs) for program year 1 included federal and match costs from the semiannual periods ending March 31, and September 30, 2017. Whereas, the FFRs for program year 2 included federal and match costs from the semiannual periods ending March 31, and September 30, 2018.

APPENDIX C: AMERICORPS' COMMENTS



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

FROM: Cindy Galyen, Acting Senior Grants Officer, Audit and Policy
Office of Audit and Debt Resolution

DATE: December 14, 2020

SUBJECT: Management Response to Office of Inspector General Draft Report:
*Evaluation of Corporation for National and Community Service Grants
Awarded to Maine Commission for Community Service*

CINDY GALYEN Digitally signed by
CINDY GALYEN
Date: 2020.12.14
15:26:39 -05'00'

Thank you for the opportunity to review and provide initial comment on the subject draft evaluation report, which was re-issued on December 7, 2020. AmeriCorps appreciates the Office of Inspector General (OIG) staff for their work in performing this evaluation and issuing the draft report.

In the draft report, the OIG identified 2 findings and 7 recommendations. The comments below summarize AmeriCorps' initial response. AmeriCorps will make its final determination for all findings, recommendations, and questioned costs after receipt of the final report and after reviewing the auditor's working papers and the Maine Commission for Community Service (MCCS) corrective action plan. We will work with MCCS's representatives to ensure its corrective actions adequately address all audit findings and recommendations.

Finding 1: LearningWorks Findings

The auditors recommend that CNCS¹:

1. Disallow the \$592,737 in questioned match costs to recover the \$254,014 in Federal costs from LearningWorks for the program years 2017 and 2018 due to inadequate documentation to support its in-kind match contributions: donated classroom and office space, and teaching and administrative staff hours;
2. Conduct an assessment of LearningWorks' match contribution for its third-year funding to determine whether it met its match requirement and disallow any unsupported match and Federal costs.
3. Oversee the Maine Commission when coordinating with LearningWorks to revise its policies to define supporting documentation for the usage and valuation of donated spaces for in-kind contributions.
4. Instruct the Maine Commission to evaluate compliance of LearningWorks procedures on internal controls for time recordkeeping for donated personnel time at its service

¹ The OIG draft report refers to the agency as CNCS; therefore, the AmeriCorps response mirrors this language when citing directly from the draft report.



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sites to provide reasonable assurance that charges are accurate, allowable, and allocable.

5. Provide training to the Maine Commission staff and offer training to LearningWorks and other subgrantees concerning acceptable valuation and documentation of in-kind match costs.

Management Response:

AmeriCorps generally concurs with the auditor's recommendations. AmeriCorps will work together with M CCS to ensure LearningWorks revises its in-kind documentation and valuation procedures in accordance with the requirements of 2 C.F.R. § 200.306, sharing appropriate samples from other grantees as needed. To verify implementation of the revised procedures and ensure compliance, AmeriCorps will require M CCS to review a sample of LearningWorks' in-kind contributions and the supporting documentation to determine the charges are accurate, allowable, and allocable. AmeriCorps has developed training for grantees on the valuation and documentation of in-kind match costs and will ensure M CCS and LearningWorks have copies of the training. AmeriCorps will verify that appropriate representatives from M CCS and LearningWorks have completed the training.

The auditors questioned \$592,737 in match costs for LearningWorks' 2017 and 2018 program years related to inadequate documentation of in-kind matching costs. As a result of the questioned matching costs, the auditors recommend that AmeriCorps recover \$254,014 in federal funds due to inadequate in-kind matching cost documentation. AmeriCorps will review the in-kind documentation related to donated space and in-kind hours, the auditor's working papers, Learning Works' policies and procedures, and other contemporaneous supporting documentation to make its determination on the questioned matching costs and any associated recovering of Federal funds. AmeriCorps will additionally work with M CCS to complete a review of LearningWorks' in-kind costs and documentation for their third program year (2019) and will similarly disallow costs that cannot be adequately supported.

Finding 2: Findings Regarding the Commission

The auditors recommend that CNCS:

6. Require the Maine Commission to develop and implement oversight or quality control of all fiscal monitoring performed by its staff.
7. Coordinate with the Maine Commission to develop guidance explaining and illustrating what constitutes acceptable documentation to support in-kind contributions.

Management Response:

AmeriCorps concurs with the auditor's recommendations. AmeriCorps will work with M CCS to strengthen its oversight and fiscal monitoring of its subgrantees, including reviewing M CCS's revised fiscal monitoring tool and monitoring procedures. AmeriCorps will additionally request and review a completed fiscal monitoring tool to verify implementation of the enhanced procedures. AmeriCorps will ensure that M CCS creates or enhances its



guidance for acceptable in-kind documentation through updates to its subrecipient guidance and training documents, policies and procedures, or other appropriate mechanisms.

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

Cc: Malena Brookshire, Chief Financial Officer
Helen Serassio, Acting General Counsel
Chester Spellman, Director, AmeriCorps State and National
Jill Graham, Acting Chief Risk Officer
Lisa Bishop, Director, Office of Grant Administration

APPENDIX D: COMMENTS OF THE COMMISSION AND LEARNINGWORKS



Volunteer Maine

The Maine Commission for Community Service
A Stronger Maine Through Volunteerism



December 14, 2020

Monique P. Colter
Assistant Inspector General for Audit
Corporation for National and Community Service
250 E St. SW, Suite 4100
Washington, DC 20525

RE: Evaluation Report OIG-EV-21-01, CNCS Grants Awarded to the Maine Commission for Community Service

Dear Ms Colter,

Thank you for the opportunity to respond to issues raised in the evaluation of grants awarded to Volunteer Maine (formerly the Maine Commission for Community Service) by the Corporation for National and Community Service. As this process draws to a close, your accessibility and professionalism has been appreciated.

The Commission and its grantee organizations are pleased to learn the major concern is related to a weakness in documentation and that, in general, the Commission and its subgrantees generally complied with all other requirements especially the National Service Criminal History Check requirements. Additionally, the report notes the Commission and Maine Conservation Corps properly documented match.

Volunteer Maine takes the responsibility of managing public dollars seriously, and we appreciate the opportunity to further enhance Commission operations and grant administration. The Maine state service commission continually seeks to strengthen our policies, procedures, and systems to ensure compliance and detect and correct instances of noncompliance or inadequate procedures.

The following pages contain the "Volunteer Maine/Maine Commission for Community Service Evaluation Response." We look forward to working with CNCS to resolve the finding and ensure the continued success of CNCS programming in Maine.

Sincerely,

/s/

Maryalice Crofton
Executive Director

cc: C Branham (Commission Chair), Cindy Galyen (CNCS/AmeriCorps Audit Resolution), Chester Spellman (Director, AmeriCorps State and National), Jennifer Bastress Tahmasebi (Deputy Director, AmeriCorps State and National)

19 Elkins Lane, Room 105, 105 State House Station, Augusta, ME 04333-0105
Phone: (207) 624-7792 • Email: Service.Commission@maine.gov • www.MaineServiceCommission.gov



Volunteer Maine

The Maine Commission for Community Service
A Stronger Maine Through Volunteerism



Volunteer Maine/Maine Commission for Community Service OIG-EV-21-01 Response

Submitted: December 14, 2020

Regarding the Commission

Recommendation 6. Require the Maine Commission to develop and implement oversight or quality control of all fiscal monitoring performed by its staff.

The Commission CONCURS that, in a time of staff transition, it relied too heavily on the financial monitoring credentials of the person in the Grant Officer position. The person did not compare the Source of Revenue section of a subgrantee budget with the expense portion of the budget. If that had been done, the in-kind would have been evident. The successor who began in 2018 as well as the person who started in 2019 both completed Management Concepts' online course, "Managing Federal Grants and Cooperative Agreements for Recipients." The current grant officer was hired in January 2019 and selected because of experience overseeing/administering FEMA assistance grants, including financial oversight. Training on the peculiarities of AmeriCorps funds and budgets occurred in 2019 and 2020 through CNCS and the state commission association.

Corrective Action: The Commission will add a step to the monitoring procedure that will have another qualified staff member review fiscal monitoring performed by the Grant Officer.

Recommendation 5. Provide training to the Maine Commission staff and offer training to LearningWorks and other subgrantees concerning acceptable valuation and documentation of in-kind match costs.

AND

Recommendation 7. Coordinate with the Maine Commission to develop guidance explaining and illustrating what constitutes acceptable documentation to support in-kind contributions

While the Commission would gladly work with CNCS/AmeriCorps on their program guidance and online course, we DISAGREE with the characterization that the Commission does not know what constitutes acceptable documentation. During the phases when documents and evidence were requested by the OIG team, the Commission submitted over \$700,000 in documentation of in-kind match related to 16CAHME001 which was deemed acceptable. In addition, the Commission provides extensive training each year for grantee fiscal and programmatic staff. The 8 hours devoted to financial management uses the CNCS curriculum materials for, among other things, cash and in-kind match documentation. The Commission submitted to the OIG team the annual attendance lists for AmeriCorps Grantee Operation Training (a five-day program) and the curriculum materials covering in-kind. The content matches the CNCS online course "Key Concepts of Cash and In-kind Match." What the evaluation discussion highlights is the need for Commission staff to re-test grantee retention a few months after the summer training to ensure their knowledge at the time of implementation remains accurate.

Corrective Action: The Commission will require programs to annually complete the CNCS course in Litmos, "Key Concepts of Cash and In-kind Match," and submit evidence (the achievement screen) to the Grant Officer with the March quarterly GPR.

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Regarding subgrantee, LearningWorks

The Commission has worked with the subgrantee on their responses to findings in the December 7, 2020 Evaluation Report. The text of their response is incorporated below.

LearningWorks (LW) appreciates the opportunity to provide comments upon the Corporation for National and Community Service (CNCS) Office of Inspector General (OIG) Draft Evaluation Report.

As CNCS is aware, during the period under review, Learning Works carried out a highly effective Aim High AmeriCorps Program by partnering with five school districts in Maine to provide extended day learning and targeted instructional support to young students. During the period under review, this program provided 1-on-1 and small group targeted academic support for 693 low-performing students, 551 of whom increased their academic performance, going on to meet or exceed their learning targets in literacy and math. In 2018, CNCS evaluators determined that Aim High AmeriCorps' program model falls into the 'Strong Evidence Tier' category; program evaluation data showed that this program was not only responsible for helping struggling students achieve academic gains and becoming more academically engaged, the program positively and meaningfully contributed to partner schools and their communities.

LearningWorks also invested in the personal and professional development of 89 Aim High AmeriCorps members during this period. Recognizing the importance of equipping members with the skills and knowledge needed to build trusting relationships and foster academic growth, program staff members developed and implemented a robust orientation, onboarding, and professional development program tailored to members' individual strengths, needs, and professional goals. Through bimonthly workshops and trainings, members explored a variety of topics and concepts, including best practices for tutoring math and literacy, teaching young English Language Learners, cultural competency and equity in education, mitigating the impacts of adverse childhood experiences, and transition planning for their own academic and career pursuits following AmeriCorps service.

In carrying out these AmeriCorps-supported activities, LearningWorks has emphasized compliance with federal requirements. LW is concerned that the draft report questions considerable sums of in-kind match on the basis of an overly strict (and, in places, erroneous) reading of federal requirements.

LearningWorks looks forward to working with CNCS in the audit resolution process to bring this matter to a close. As discussed in detail below, LW is confident it can resolve all of the questions raised in the draft report.

Draft Findings

The draft findings and recommendations related to LearningWorks fall into two basic categories:

1. The assertion that documentation used by LearningWorks to value space donated by partner schools was insufficient (*CNCS-OIG Findings 1 and 2*); and
2. The assertion that documentation used by LearningWorks to value the donated effort of partner school teachers and administrators was insufficient (*CNCS-OIG Findings 3 and 4*).

As explained further below, LearningWorks' match documentation generally met the standards of 2 C.F.R. § 200.306 and was reasonable under the circumstances.

Classroom and Office Space

CNCS-OIG Finding 1: Documentation is insufficient to establish the amount of space used, or the hours for which it was used.

LearningWorks Response: Donated Space is Reasonably Supported

The draft report asserts that LearningWorks' supporting documentation for valuation of classroom and administrative space donated by partner schools was insufficient, questioning: (i) exact scope of space occupied, (ii) approach to documenting hours of use, and (iii) the independent appraisals upon which the donors and LearningWorks relied for fair rental rate valuation.¹ Each issue is addressed below.

Scope of Space Occupied

The space occupied at each school was supported by a letter from the partner school's superintendent stating the amount of administrative and classroom space, in square foot terms, donated to the Aim High AmeriCorps Program.

The draft report suggests that letters signed by the superintendents of schools, clearly identifying the amount of square feet donated, must also be accompanied by floor plans or blueprints of the school facility. This is an unreasonable expectation, and beyond the standard of documentation set forth in 2 C.F.R. § 200.306. Since 1999, following the well-known school shooting at Columbine, Colorado, schools and other public facilities ceased to make blueprints and floor plans available. This fact was confirmed for us in June 2020, when LearningWorks asked its partner schools for these documents at the behest of the CNCS-OIG. LearningWorks was denied access to these documents by each district, due to the security concerns associated with releasing the information.

The draft report further suggests that LearningWorks' preparation of draft letters for partner school endorsement calls into question the figures appearing within the letters. These letters were drafted in close collaboration with each partner school's building leaders and superintendents. In each case, the partner school provided the square foot information to be stated in the letter. While, as a matter of courtesy and convenience, LearningWorks drafted the final copies of these letters on its agency letterhead for superintendents to sign, the source information was provided by the partner schools.

Documentation of Hours of Use

LearningWorks was afforded exclusive use of the donated space by its partner schools for the full program year, 24 hours a day, 7 days a week. This exclusivity was indicated in the annual certification letters by the fact that limiting or conditional language was *not* used to characterize the donation. Aim High AmeriCorps members used the space to meet with students, hold program meetings, and facilitate professional development. The space was also used to store members' belongings and program supplies without interference. Just as if LearningWorks rented office space within a school for its exclusive use, the number of hours or days per year that Aim High AmeriCorps members physically occupied the space was irrelevant to the issue of the donation's market rental value.

Additionally, the draft report confuses the length of the school year (40 or 46 weeks, depending on the district) with the length of the program year, which is 52 weeks. Aim High AmeriCorps supported low-performing students that attend community schools, which additionally function as community centers that house a variety

¹ Draft report at 4-6.

of local resources for the benefit of the public. Accordingly, community schools are open to AmeriCorps members and their students year-round. Members supported students who were participating in on-site summer and year-round remedial programming hosted by the partner schools. As stated in Aim High AmeriCorps' 2016 CNCS-approved grant narrative, which serves as the basis for LearningWorks' Cooperative Agreement with the Maine Commission for Community Service:

[The program] will assist students before, during and after school, during school vacations, and during the summer break, with a goal of adding 1 to 2.5 hours of extra learning time a week over 40 weeks of the school year and providing 5 weeks of summer programming. Some schools participating in this project will start the day early, some extend the day by up to 2.5 hours, others will provide summer learning opportunities, and some will provide a combination of the above.²

In summary, during the grant period at issue, Aim High AmeriCorps members at each of the five sites used the school building office and classroom space year-round. During such time, they exclusively occupied the donated space.

CNCS-OIG Finding 2: Property market value assessment conducted by Gebhardt Property Management was insufficient.

LearningWorks Response: Appraisals Relied Upon by LearningWorks and Partner Schools Were Sufficient

The draft report asserts that the appraisal was insufficient due to: (i) a lack of evidence that the comparison properties cited in the assessment were comparable; (ii) questions of whether privately-owned commercial properties are comparable to school buildings; and (iii) the qualifications of the appraiser, Gebhardt Property Management (GPM).

The applicable regulatory standard is set forth at 2 C.F.R. § 200.306(i)(3), which states:

The value of donated space must not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality.

LearningWorks' Valuation and Accounting Treatment Policy properly adopts this standard,³ and LearningWorks did just this in hiring GPM.

The draft report speculates, without providing any substantive information contradicting the valuations provided by GPM, that the comparable properties might not truly be comparable because GPM did not list the

² Aim High AmeriCorps 2016 Grant Narrative, Program Design - Extended Learning Opportunities.

³ LearningWorks' Valuation and Accounting Treatment Policy states: "**Space:** • Will be valued at the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality. • Information on the date of donation and records from the appraisal will be maintained in a property file. • If less than an arms-length transaction, will be valued based on actual allowable costs to occupy the facility (e.g. repairs and maintenance, insurance, etc.) not to exceed fair market value."

details of each. The draft report goes so far as to state, “[i]n short, we were expected to take the writer’s word that these properties are appropriate comparables.”⁴

Under the standard set forth at 2 C.F.R. § 200.306(i)(3) – yes, absent information suggesting the valuation to be flawed, the CNCS-OIG should accept the conclusions of local property management professionals who have signed-off on an appraisal. GPM is a full-service company that provides expertise in, among other things, accounting and leasing of commercial and residential buildings across Southern Maine. Although not certified appraisers, it is within the regular scope of GPM’s work to manage rental properties and advise its commercial clients on fair rental values. Moreover, it is customary practice in southern Maine to utilize property management firms to obtain data about comparable market rental values. Full appraisals by certified appraisers are typically reserved for the sale or refinancing of properties in this area. GPM was, and is, qualified to conduct a market value assessment of the spaces donated to Aim High AmeriCorps.

Finally, LearningWorks recently obtained a copy of the *Community Use of School Facilities* policy and corresponding rental fee schedule from each school district with which Aim High AmeriCorps partnered in 2016-17 and 2017-18. The cost of classroom and office space usage ranged from \$25 to \$125 per hour, depending upon the district, which would result in rates higher than those stated in GPM assessments. LearningWorks would be happy to provide copies of these documents.

Summary and Proposed Corrective Action

While committed to compliance with all federal requirements, LW believes the position taken on donated space valuation in the draft report to be an unreasonable interpretation of the pertinent regulations. Though not actually stating any valuation is wrong, the draft report speculatively casts doubt upon the independent market research provided by GPM and calls for support beyond that required by 2 C.F.R. § 200.306. The donated space provided by LearningWorks’ partner schools should be allowed.

Despite its disagreement on the point of the proposed disallowance of this match, LearningWorks would be willing to enhance its space valuation approach prospectively to align more closely with the heightened standard suggested in the draft audit report. To this end, LW proposes one corrective action measure:

Corrective Action Proposal 1: LearningWorks will update its Valuation and Accounting Treatment Policy to call prospectively for: (i) an express statement in each space donation letter of whether the space is provided for LearningWorks’ exclusive use; (ii) when not exclusive, an express statement in each space donation letter of the number of hours per week the space will be available to LearningWorks; and (iii) a requirement that market value assessments be appended to in-kind certification letters.

Teaching and Administrative Time and Costs

CNCS-OIG Finding 3: Documentation is insufficient to establish the cost per hour of teacher and administrative time donated in-kind

LearningWorks Response: Costs Associated with Donated Teacher and School Staff Effort is Reasonably Supported

⁴ Draft report at 6.

The draft report asserts that LearningWorks' supporting documentation for the donated effort of teachers and staff from partner schools was insufficient, questioning underlying documentation of the labor valuation furnished.⁵

Nature of Donated Services and Applicable Standard

The draft report variously refers to standards for volunteer effort valuation and valuation of effort donated by third-party organizations.

The certified public school teachers, instructional specialists, certified education technicians, office administrators and school principals whose services served as match contributions were compensated by their employers – its partnering school districts. Their effort was required by, and under the direction of, their primary employers, and the services were of the same type as those for which they are employed.⁶ LearningWorks did not recruit, supervise, or otherwise direct the advisory contributions of these school district employees.

Under these circumstances, the effort of the teachers and staff provided by partner schools was effort donated by third-party organizations as described at 2 C.F.R. § 200.306(f). As such, the effort of the personnel is to be valued at the rate at which they are paid by their employer for similar services, including their base salary/wage, applicable fringe, and allocable overhead.⁷

Relatedly, LearningWorks' Valuation and Accounting Treatment Policy provides documentation standards only for "volunteers" as described at 2 C.F.R. § 200.306(e).⁸ The draft report incorrectly suggests that the policy's volunteer provision is applicable to these personnel.

Documentation of Cost of Third-Party Organization-Furnished Personnel

The draft report asserts that LearningWorks' approach to valuation of school employee salary/wage and fringe was inadequate because it is based upon aggregate average figures produced by the Maine Educators Association instead of an employee-by-employee calculation.⁹

Though LW believes that the conservative averages applied by LearningWorks and its partner schools should have been accepted, the matter is, in any event, moot. During the CNCS-OIG's fieldwork, LW worked with its partnering school districts to test the valuations with sampled actual employee-by-employee salary/wage data,

⁵ Draft report at 7-8.

⁶ See Official partner school employee job descriptions submitted by LearningWorks to CNCS-OIG on August 22, 2019.

⁷ 2 C.F.R. § 200.306(f).

⁸ LearningWorks' distinction is consistent with federal Department of Labor guidance on the definition of a "volunteer" at 29 C.F.R. § 553.101(a) and (c). Paragraph (a) states in part that a volunteer is "[a]n individual who performs hours of service for a public agency for civic, charitable, or humanitarian reasons, without promise, expectation or receipt of compensation for services rendered . . ." Paragraph (c) elaborates that "[i]ndividuals shall be considered volunteers only where their services are offered freely and without pressure or coercion, direct or implied, from an employer."

⁹ Draft report at 7.

demonstrating that LW's averages resulted in lower match valuations than the actual costs.¹⁰ The value of reasonable fringe benefits and overhead was not claimed. LearningWorks' supporting documentation and calculations were provided to the CNCS-OIG on November 26, 2019 but have not appeared in the draft report. On June 30, 2020, LW also provided further certifications from its partner school superintendents confirming the annual wages of all school personnel whose efforts constituted a donation by a third-party organization, yet those were not referenced in the draft report. LW is happy to provide this documentation again.

CNCS-OIG Finding 4: Documentation is insufficient to establish the number of hours of teacher and administrative time donated in-kind

LearningWorks Response: Donated Teacher and School Staff Effort is Reasonably Supported

The draft report asserts that LearningWorks' supporting documentation for the donated effort of teachers and staff from partner schools was insufficient, questioning underlying documentation of the labor effort furnished.¹¹

Documentation of Effort of Third-Party Organization-Furnished Personnel

The draft report asserts that the underlying match cost was fundamentally the effort of employees and that it must therefore be documented in a manner consistent with 2 C.F.R. § 200.430. Essentially, the draft report suggests that detailed time and effort documentation was required to make the match allowable.¹²

First, as effort donated by third-party organizations, in particular public entities that are themselves both familiar with federal grant management requirements and subject to annual single audits, LearningWorks was entitled to rely upon the reasonable certifications of school management regarding total time committed to the project.¹³

Beyond the fact that LearningWorks was entitled to reasonably rely upon the schools' certifications, LW is concerned that the draft report overstates the compliance standard currently applicable to documentation of personnel time. Specifically, 2 C.F.R. § 200.430 does not require personnel activity reports for every individual charged in whole or in part to a federal grant project as its predecessor Office of Management and Budget ("OMB") Circular A-122 had (or as OMB Circular A-87 had for state and local government personnel splitting time between cost centers).¹⁴ As acknowledged in the draft report, personnel effort must now merely be

¹⁰ LW's initial calculations and comparison samples included only salary/wage data, without any fringe rate applied. As such, there is no question that they considerably undervalue to potential rate that qualifies as allowable match under 2 C.F.R. § 200.306(f).

¹¹ Draft report at 7-8.

¹² Draft report at 8.

¹³ LearningWorks, as well as its partner public school systems, undergo annual Single Audits (also referred to as "Subpart F audits" and formerly as "A-133 audits") in which the efficacy of LW's respective internal controls are rigorously tested. As indicated by LearningWorks' independent auditor, Peter Montano, in his memo to CNCS-OIG dated July 8, 2020, LearningWorks may reasonably rely on the audit process of the various school districts and their internal controls to ensure that the accuracy and correctness of information their superintendents supply to it for the purpose of calculating match contribution. Consistently, as part of its Fiscal Year 2018 Single Audit, LearningWorks' Aim High AmeriCorps program was rigorously tested by its independent auditing firm, PGM Nonprofit Accounting and Consulting Specialists. The audit specifically included testing of the program's in-kind certification documentation and yielded no findings or recommendations for corrective action.

¹⁴ Compare OMB Circular A-122, Att. B, ¶ 8.m and OMB Circular A-87, Att. B, ¶ 8.h.

“supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.”¹⁵

LearningWorks (and the schools) employed such a system of internal controls in their conservative valuation of effort for these personnel.

As was stated in Aim High AmeriCorps’ 2016 CNCS-approved grant narrative:

partnering “[s]chool staff and [a]dministrators will provide no less than two hours per week in providing guidance to [Aim High AmeriCorps] members. ... The supervision that members receive from school staff, such as teachers, math coaches and literacy coaches is generally skill- and task-based in nature. Other school staff time dedicated to members and the program is focused on meetings, feedback, and working with the [Aim High AmeriCorps] program coordinator on member placement within the school.”¹⁶

LearningWorks regularly revisited with school building leaders the grant documentation methods for time spent on professional services contributed in-kind to the AmeriCorps grant and settled on a solution of documenting the time sent via a year-end retrospective, i.e. the annual in-kind certification letters. Again, these letters and their contents were drafted in close collaboration with each partner school’s building leaders and superintendents, who conferred with the employees whose in-kind contributions are presently at issue. The partner school employees whose contributions are at issue referenced their knowledge of their own schedules and commitments to determine the average amount of time their work was for the benefit of the Aim High AmeriCorps program.

The Response to Intervention (RTI) model upon which the program’s educational intervention is based requires that students be identified as requiring one of three tiers of academic intervention ranging from general classroom support (Tier 1) to special education accommodations (Tier 3). Aim High AmeriCorps members worked primarily with Tier 1 and Tier 2 students - those needing either general classroom support or supplemental services through a combination of individualized academic support provided both in and out of the classroom. Unlike partner school personnel, AmeriCorps members are prohibited from being left alone to instruct whole classrooms or supervise large groups of students. Members always serve under the direct guidance and advice of partner school personnel when providing general classroom, 1-on-1, or small group in-class support.¹⁷

Because school personnel at the elementary school level have fixed yearly classroom periods and office hours, they were able to cross reference their schedules with those of the AmeriCorps members that were assigned to their students and classrooms to calculate a conservative estimate of weekly time and effort contributed to the Aim High AmeriCorps program on a yearly basis. Aim High AmeriCorps members provided 17,096.5 hours of

¹⁵ Draft report at 7 (citing 2 C.F.R. § 200.430(i)(1)(i)-(ii)). As discussed above, the report erroneously states that LearningWorks’ policy applicable to volunteer time applies to these personnel.

¹⁶ Aim High AmeriCorps 2016 Grant Narrative, Program Design - Extended Learning Opportunities.

¹⁷ Extensive and regular consultation and guidance by school personnel to AmeriCorps members is required throughout the program’s implementation of its support services in the following ways: Identifying for members RTI Tier 1 and 2 cohort members; giving members access to relevant student attendance, grade and assessment data; Explaining to members weekly classroom and specialist curriculum and assignments; Advising members on how to prioritize their daily schedule to ensure that Tier 2 students who had missed class time to work with specialists receive adequate support to catch up with their peers; Advising members on which types of academic support Tier and 2 students require at any given time; Providing eyes-on oversight of member’s academic support of students; and Apprising members of Tier 1 and 2 student progress between standardized tests.

support to low-performing students in the 2016-17 service year, and 23,392 hours in 2017-18. Full-Time members served between 35-40 hours per week, Half-Time members served 20-25 hours per week, and Minimum-Time members served 7-10 hours per week. Given the significant weekly commitment required of members to serve students assigned to them, the average weekly in-kind support reported by each partner school personnel reflects a fraction of the actual supervision, guidance, and expertise they provided to Aim High AmeriCorps members. Each district's leaders not only agreed with the average number of contributed hours per week cited in each letter, they provided that information to LearningWorks for use in the letter. While, as a matter of courtesy and convenience, LearningWorks drafted the final copies of these letters on its agency letterhead for superintendents to sign, the source information was provided by the partner schools.

As a result of the questions raised during the audit fieldwork leading to this report, starting in the 2019-20 program year, LearningWorks implemented hard copy bi-weekly timesheets for all partner school personnel to use to track their contributed time. While LW does not believe such timesheets are required by applicable federal regulations, LW has no objection to implementing this additional measure to prospectively provide additional assurance to CNCS.

Summary and Proposed Corrective Action

For the reasons above, the donated personnel effort, furnished by third-party organizations, met the requirements of 2 C.F.R. § 200.306. Nonetheless, as with donated space, LearningWorks is more than happy to enhance its policies and practices to provide additional assurances to CNCS.

As discussed above, LearningWorks has already implemented a hard-copy timesheet mechanism to track time provided by teachers and administrators. LearningWorks proposes two further corrective action measures:

Corrective Action Proposal 2: LearningWorks will develop an internal protocol that outlines documentation standards for in-kind contributions of time and services, in accordance with 2 CFR § 200.306(f). This protocol will provide that the actual hourly wages, and reasonable fringe benefits, associated with time and services contributed in-kind are expressly outlined in supporting documents.

Corrective Action Proposal 3: LearningWorks will update its site agreement with each of its partnering school districts to include a projected number of hours that school teachers, instructional specialists, certified education technicians, office administrators and school principals will be obligated to contribute their services in-kind to the AmeriCorps grant on a quarterly basis. Language to be added to the agreements will be to the effect of: "Each participating classroom teacher will provide X services to Aim High AmeriCorps members for up to Y hours per month."

Summary

The match adequately documented by LearningWorks supports the federal award funds it expended in program years one and two. LearningWorks space and consultation matches were approved by CNCS and therefore allowable and necessary expenses for the operation of the program. Moreover, the match expenditure amounts were reasonable under the OMB Uniform Guidance prudent person standard for allowable costs.

While LearningWorks welcomes the opportunity to work with CNCS and Volunteer Maine to enhance its practices, LW believes the facts reviewed by the CNCS-OIG and documented in its draft report actually demonstrate that LearningWorks' exceeded its matching obligations.

Under the circumstances, the suggestion of substantial payments to the federal government based upon an unnecessarily strict construction of federal grant management regulations is unfair and improper. It will

significantly harm the Aim High AmeriCorps program, the students and partner schools it assists, and the AmeriCorps members it trains.

Conclusion

Although LW disagrees with the proposed disallowances, it wishes to reiterate that LearningWorks is committed to compliance with all federal requirements and will work with CNCS to establish measures necessary to provide CNCS additional reasonable assurances of its program integrity. LearningWorks' partnership with CNCS and Volunteer Maine is extremely important to not only the organization, but also the schools, students, and AmeriCorps members it serves.

Volunteer Maine and LearningWorks ask the CNCS-OIG to reconsider the findings in the draft report, in particular to the extent that they result from unnecessarily strict interpretations of pertinent regulations.

LearningWorks and Volunteer Maine look forward to providing any additional information that may be required and working with the CNCS audit resolution team.



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