

Office of Inspector General Corporation for National and Community Service

AGREED-UPON PROCEDURES REVIEW OF CORPORATION FOR NATIONAL AND COMMUNITY SERVICE GRANTS TO CITIZEN SCHOOLS, INC.

OIG REPORT NUMBER 09-14



Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

Prepared by:

Regis & Associates, PC
1400 Eye Street, N.W.
Washington, DC 20005

This report was issued to Corporation management on May 13, 2009. 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 November 13, 2009, and complete its corrective actions by May 13, 2010. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.



OFFICE OF INSPECTOR GENERAL

May 13, 2009

TO: Lois Nembhard
Acting Director, AmeriCorps*State and National

Margaret Rosenberry
Director, Office of Grants Management

FROM: Stuart Axenfeld /s/
Assistant Inspector General for Audit

SUBJECT: OIG Report 09-14, *Agreed-Upon Procedures Review of Corporation for National and Community Service Grants to Citizen Schools, Inc.*

Attached is the final report for the above-noted agreed-upon procedures review. We contracted with the independent certified public accounting firm of Regis & Associates, PC (Regis) to perform the procedures. The contract required Regis to conduct its review in accordance with generally accepted government auditing standards.

Regis is responsible for the attached report, dated December 19, 2008, and the conclusions expressed therein. We do not express opinions on the Schedule of Awards, Claimed and Questioned Costs, conclusions on the effectiveness of internal controls, or the grantee's compliance with laws, regulations, and grant provisions.

Under the Corporation's audit resolution policy, a final management decision on the findings in this report is due by November 13, 2009. Notice of final action is due by May 13, 2010.

If you have questions pertaining to this report, please call me at (202) 606-9360, or Ron Huritz, Audit Manager, at (202) 606-9355.

Attachment

cc: George Chu, Chief Financial Officer, Citizen Schools, Inc.
William Anderson, Acting Chief Financial Officer, CNCS
Rocco Gaudio, Deputy Chief Financial Officer, Grants & Field Financial Management, CNCS
Sherry Blue, Audit Resolution Coordinator, CNCS
Peter Regis, President, Regis & Associates, PC



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**AGREED-UPON PROCEDURES REVIEW OF
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
GRANTS AWARDED TO
CITIZEN SCHOOLS, INC.**

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EXECUTIVE SUMMARY

Summary of Results

The Office of Inspector General (OIG), Corporation for National and Community Service (the Corporation), contracted with Regis and Associates, PC to perform agreed-upon procedures (AUP) for cost testing, review of grantee-operating programs, and compliance testing of Corporation-funded Federal assistance provided to Citizen Schools, Inc. (Citizen Schools). As a result of applying these procedures, we questioned \$38,662 in claimed costs, education awards, and interest forbearance. The detailed results of our agreed-upon procedures on claimed costs and education awards are presented in Exhibit A, *Schedule of Awards, Claimed and Questioned Costs*. A questioned cost is an alleged violation of a provision of law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; a finding that, at the time of the review, such cost was not supported by adequate documentation, or a finding that the expenditure of funds for the intended purpose was unnecessary or unreasonable.

Costs Claimed and Questioned Amount. Citizen Schools claimed total grant costs of \$2,574,855 during the period tested. As a result of testing a judgmental sample of transactions, we questioned the amounts shown below.

| <u>Program</u> | <u>Award Number</u> | <u>Funding Authorized</u> | <u>AUP Period</u> | <u>Amount Claimed During AUP Period</u> | <u>Questioned Amount</u> |
|---------------------|---------------------|---------------------------|-------------------|---|--------------------------|
| AmeriCorps National | 05NDHMA001 | \$ 2,707,238 | 08/01/05-07/31/08 | \$ 2,574,855 | \$ 38,662 |

Details on questioned amounts are discussed in the *Independent Accountants' Report on Applying Agreed-Upon Procedures*.

Compliance and Internal Control. The detailed results of our AUP showed instances of non-compliance with grant provisions, regulations, or Office of Management and Budget (OMB) circulars. Those instances of non-compliance are shown below, and in Exhibit B in the Compliance and Internal Control section of the *Independent Accountants' Report on Applying Agreed-Upon Procedures*.

- Labor Charges to grant were based on budgets and allocated levels of effort without after the fact confirmation of those efforts.
- The draft policy governing record retention is not finalized.
- Citizen Schools did not notify and obtain written approval for key personnel changes from the Corporation.
- Program compliance requirements were not followed as noted below:
 - Member files did not include documentation to support citizenship
 - Member files did not have documentation to support the conduct of criminal background checks

- Member file did not include documentation to support eligibility
- Member contracts did not include required non-discrimination clauses on civil rights and equal opportunity
- Mid-term and end-of-term evaluations were missing or incomplete
- Incomplete and late submission of enrollment and exit forms
- Service Hours were recorded by members before contracts were signed
- Member timesheets contained irregularities
- Lack of pre-service orientation documentation

Exit Conference. The contents of this report were discussed with the Corporation and Citizen Schools at an exit conference held in Boston, MA, on March 18, 2009. We provided a draft of this report to Citizen Schools and the Corporation on April 7, 2009 for comment. Citizen Schools' response to the findings and recommendations in the draft report are included as Appendix A, and summarized in each finding. The Corporation did not respond to the individual findings and recommendations. Its response is included as Appendix B.

Agreed-Upon Procedures Scope

Our procedures covered the allowability, allocability, and reasonableness of financial transactions claimed under funding provided by the Corporation for the award, as well as grant match costs for the period shown on Page 1.

In addition, the AUP had the objectives of determining whether members enrolled in the program are eligible, are performing service in accordance with grant terms and conditions and, if certified for an education award, have performed the minimum service hours required to become eligible for the award

We also performed tests to determine compliance with grant terms and provisions. We performed our procedures during the period October 10 through December 19, 2008.

The OIG's agreed-upon procedures program, dated July 2008, provides guidance for understanding Citizen Schools; reconciling claimed and matched costs to accounting records; testing compliance with provisions of the grant; and testing claimed grant and match costs. We used judgmental sampling for the testing. These procedures are described in more detail on page 3, in the Independent Accountants' Report on Applying Agreed-Upon Procedures.

Background

The Corporation supports national and community service programs that provide full- and part-time opportunities for Americans to engage in service that fosters civic responsibility, strengthens communities, and provides educational opportunities for those who make a commitment to service. The AmeriCorps program is one of the Corporation's three major service initiatives. Approximately three-quarters of all AmeriCorps grant funding goes to governor-appointed State service commissions, which award competitive grants to nonprofit groups that then recruit AmeriCorps members to respond to local needs. The Corporation

distributes most of the balance of its funding directly to multi-State and national organizations, such as Citizen Schools, through a competitive grant process.

Citizen Schools, a non-profit organization registered in the Commonwealth of Massachusetts in 1995, administers a National Teaching Fellowship Program with funding from the Corporation.

The National Teaching Fellowship is a service program offering a two-year leadership development experience, including service as a team leader at a Citizen Schools campus. It also offers professional development with a partner organization in the community and the opportunity for optional enrollment in a Master's program in out-of-school learning.

The Fellowship is designed to provide hands-on leadership development to people of varied backgrounds, who have high potential as educators and community builders. The Teaching Fellowship is a paid position in which members receive an annual stipend and a benefit package, which includes health care and dental coverage, retirement benefits, training, and a transportation allowance. Upon successful completion of service, members are eligible to receive an education award, which can be applied towards outstanding Federal student loans or the cost of attending a college or university.

The Citizen Schools National Teaching Fellowship program is offered in California, Massachusetts, New Jersey, New Mexico, New York, North Carolina and Texas.

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

We performed the procedures described below, which were agreed to by the OIG, solely to assist the OIG in cost testing, review of grantee operated programs, and compliance testing of Corporation-funded Federal assistance provided to Citizen Schools for the award and periods listed in the table below. This AUP engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and generally accepted government auditing standards. The sufficiency of these procedures is solely the responsibility of the 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.

| <u>Program</u> | <u>Award Number</u> | <u>Funding Authorized</u> | <u>AUP Period</u> | <u>Amount Claimed During AUP Period</u> | <u>Questioned Amount</u> |
|---------------------|---------------------|---------------------------|-------------------|---|--------------------------|
| AmeriCorps National | 05NDHMA001 | \$ 2,707,238 | 08/01/05-07/31/08 | \$ 2,574,855 | \$ 38,662 |

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed other procedures, other matters might have come to our attention that would have been reported to you.

The procedures that we performed included:

- Obtaining an understanding of Citizen Schools operations;
- Reconciling claimed and matched grant costs to the grantee's accounting systems ;
- Testing a sample of member files to verify that documents supported member eligibility to serve, and allowability of living allowances and education awards;
- Testing Citizen Schools' compliance with certain grant provisions and award terms and conditions; and
- Testing claimed and matched grant costs to ensure:
 - i. Proper recording of the AmeriCorps grant;
 - ii. Costs were properly matched; and

- iii. Costs were allowable and supported in accordance with applicable regulations, OMB circulars, grant provisions, and award terms and conditions.

Results

We questioned Federal-shared costs of \$24,466, education awards of \$14,175, and interest forbearance of \$21. The questioned costs, education awards, and interest forbearance are summarized in Exhibit A, *Schedule of Awards, Claimed and Questioned Costs*. The compliance and internal control testing results are summarized in Exhibit B. Issues identified include the following:

- Labor charges to grant were based on budgets and allocated levels of effort without after the fact confirmation of those efforts.
- The draft policy governing record retention is not finalized.
- Citizen Schools did not notify and obtain written approval for key personnel changes from the Corporation.
- Program compliance requirements were not followed as noted below:
 - Member files did not include documentation to support citizenship
 - Member files did not have documentation to support the conduct of criminal background checks
 - Member file did not include documentation to support eligibility
 - Member contracts did not include required non-discrimination clauses on civil rights and equal opportunity
 - Mid-term and end-of-term evaluations were missing or incomplete
 - Incomplete and late submission of enrollment and exit forms
 - Service hours were recorded by members before contracts were signed
 - Member timesheets contained irregularities
 - Lack of pre-service orientation documentation

EXHIBIT A

CITIZEN SCHOOLS, INC.

SCHEDULE OF AWARDS, CLAIMED AND QUESTIONED COSTS

| <u>Program</u> | <u>Award Number</u> | <u>Funding Authorized</u> | <u>AUP Period</u> | <u>Amount Claimed During AUP Period</u> | <u>Questioned Costs</u> |
|---------------------|---------------------|---------------------------|-------------------|---|-------------------------|
| AmeriCorps National | 05NDHMA001 | \$ 2,707,238 | 08/01/05-07/31/08 | \$ 2,574,855 | \$38,662 |

EXCEPTION TYPES AND QUESTIONED AMOUNTS

| <u>Exception Type</u> | <u>Number of Individuals</u> | <u>Questioned Share of Member Living Allowance</u> | <u>Questioned Education Awards</u> | <u>Questioned Interest Forbearance Amount</u> | <u>Total Questioned Amount*</u> |
|-----------------------------------|------------------------------|--|------------------------------------|---|---------------------------------|
| Citizenship/Lawful Legal Resident | 4 Members | \$24,466 | \$14,175 | \$21 | \$38,662 |
| Total Questioned Amount | | \$24,466 | \$14,175 | \$21 | \$38,662 |

*Details of this questioned amount are more fully described in Finding 4 on Page 11.

CITIZEN SCHOOLS, INC.

COMPLIANCE AND INTERNAL CONTROL ISSUES

Finding 1. Labor charges to grant were based on budgets and allocated levels of effort, without after-the-fact confirmation of those efforts

Our test procedures included a review of the timesheets of six salaried employees who had 20 percent or more of their salaries charged to the AmeriCorps National Direct grant 05NDHMA001, and of five campus directors whose wages were charged to the same grant.

We found that the salaried employees were required to complete timesheets only when taking vacation or sick leave, and that timesheets of those employees, when completed, and those of the campus directors, did not show hours worked. We also found that charges to the grant were based on budgets for the salaried employees and allocated levels of effort for the campus directors for each reporting period.

In addition, we found that Citizen Schools' management was unable to provide the timesheets of one campus director to support charges for the pay periods ending 6/30/08 and 7/15/08. However, the report on activities performed during these periods showed that the director worked during these periods. Alternative procedures allowed us to conclude that the costs claimed were equitable, by reviewing daily activity logs of salaried employees and campus directors. The activity logs showed that applied levels of effort were reasonable and, therefore, resulted in no questioned costs. However, Citizen Schools' current timekeeping practice is not in accordance with the requirements of the grant provisions or OMB Circular A-122, codified at 2 CFR Part 230.

Preparation of timesheets that show actual after-the-fact time spent on activities provides adequate support for charges to the grant. Furthermore, there is an increased likelihood that costs will be claimed in accordance with grant provisions and cost principles.

Criteria

Pursuant to OMB Circular A-122, codified at 2 CFR Part 230, *Cost Principles for Non-Profit Organizations*, Paragraph 7, Subparagraph M.2 of Attachment B, states in part, "Reports reflecting the distribution of activity of each employee must be maintained for all staff members (professionals and nonprofessionals) whose compensation is charged, in whole or in part, directly to awards. Reports maintained by non-profit organizations to satisfy these requirements must meet the following standards: (a) The reports must reflect an after-the-fact determination of the actual activity of each employee. Budget estimates (i.e., estimates determined before the services are performed) do not qualify as support for charges to awards."

In addition, part (d) of Subparagraph M.2 states, "The reports must be prepared at least monthly and must coincide with one or more pay periods."

Recommendations

We recommend that the Corporation ensure and verify that Citizen Schools:

- 1a. Implements a timekeeping system that documents actual labor costs and after-the-fact time charged to AmeriCorps grants.
- 1b. Maintains timesheets for all employees whose compensation and services are directly charged to the award. The timesheets should be prepared on a monthly basis at a minimum, and must coincide with one or more pay periods.

Citizen Schools' Response

Citizen Schools concurs with the finding and recommendation. It indicated that it is currently testing an electronic timesheet system that will allow all staff to allocate time to various projects or activities, including actual labor allocations and after-the-fact time charged to AmeriCorps grants. The system tracks hours on a daily basis, and timecards will be approved and submitted monthly for salaried staff and AmeriCorps members on stipend, and weekly for hourly staff.

Auditor's Comments

The actions proposed by Citizen Schools, if implemented, should be adequate to address the finding.

Finding 2. The draft policy governing record retention should be finalized

During our review, we found that Citizen Schools did not have an approved written policy governing record retention. The grantee does have a draft version of a retention policy, which will be finalized upon review by the legal department and approved by the board of directors. Citizen Schools stated that employees currently adhere to the requirements of the draft version.

Maintaining adequate supporting documentation is necessary to track expenses, provide support for program accomplishments, and prepare for audits and reviews. A formal policy on record retention would provide uniform guidance to all employees, and would facilitate the retention of adequate records for the length of time required by the Corporation's regulations. Citizen Schools said that the lack of a written retention policy was an oversight, and maintained that records are kept for more than three years, as required by the Corporation.

Criteria

The 2007 AmeriCorps Grant Provisions, Section V.E., *General Provisions, Retention of Records*, states, "The grantee must retain and make available all financial records, supporting

documentation, statistical records, evaluation and program performance data, member information and personnel records, for 3 years from the date of the submission of the final Financial Status Report. If an audit is started prior to the expiration of the 3-year period, the records must be retained until the audit findings involving the records have been resolved and final action taken.”

Recommendations

We recommend that the Corporation:

- 2a. Ensure that Citizen Schools implements an officially approved record retention policy that requires the maintenance of all financial records, supporting documentation, statistical records, evaluation and program performance data, member information and personnel records, for three years from the date of the submission of the final FSR.
- 2b. Ensure that all grantee and subgrantee employees are made aware of the record retention policy.

Citizen Schools’ Response

Citizen Schools concurs with the finding and recommendation. Citizen Schools drafted a record retention policy several months ago in recognition of the AmeriCorps requirements, and anticipates approval and implementation by September 2009.

Auditor’s Comments

The actions proposed by Citizen Schools should be adequate to address the finding.

Finding 3. Citizen Schools did not notify and obtain written approval for key personnel changes from the Corporation

We found that Citizen Schools did not notify and obtain written approval from the Corporation for key personnel changes that occurred since November 2005. Specifically, Citizen Schools replaced personnel in the following positions during the term of the grant without receiving prior approval from the Corporation:

1. The national director of the Teaching Fellowship Program
2. Two deputy directors of the Teaching Fellowship Program
3. Chief Financial Officer
4. Financial Manager

A process for notifying and obtaining the requisite approval would have provided the Corporation with opportunities to assess qualifications of the individuals involved in the administration and financial management of the grant funds. Citizen Schools’ management

said they discussed the personnel changes with the appropriate Corporation personnel. However, they were not aware of the need for formal notification and approval.

Criteria

Title 45 CFR § 2543.25, *Revision of Budget and Program Plans*, states in part (c), “For non construction awards, recipients shall request prior approvals from Federal awarding agencies for one or more of the following program or budget related reasons:” including “(2) Change in a key person specified in the application or award document.”

The 2007 AmeriCorps Grant Provisions, Section IV.M., *AmeriCorps Special Provisions, Budget and Programmatic Changes*, states in part, “1. Programmatic Changes. The State Commission or Parent Organization must first obtain the prior written approval of the AmeriCorps Program Office before making the following changes in the approved Program:

* * *

b. Substantial changes in the level of participant supervision;

* * *

4. Approvals of Programmatic and Budget Changes. The Corporation’s Grants Officers are the only officials who have the authority to change the requirements of the grant. The Grants Officers will execute written amendments, and grantees should not assume approvals have been granted unless documentation from the Grants Office has been received.”

Recommendation

We recommend that the Corporation:

- 3. Ensure that Citizen Schools notifies and receives approval for key personnel changes from the Corporation before their time is charged to the grant.

Citizen Schools’ Response

Citizen Schools concurs with the finding and recommendation. Citizen Schools indicated there was no formal approval mechanism (e.g., form, letter, other type of documentation) allowing Citizen Schools to notify the Corporation, or for the Corporation to approve the changes. It indicated that it will work with the Corporation’s program officer to define an appropriate approval mechanism for personnel changes moving forward.

Auditor’s Comments

The actions proposed by Citizen Schools should be adequate to address the finding.

Finding 4. Member files did not include documentation to support citizenship

Four files lacked adequate supporting documentation to substantiate that the members had U.S citizenship or legal residency. We questioned \$38,662 in claimed costs, education awards, and interest forbearance for these members. The details of this questioned amount are shown in Exhibit A of this report.

Citizen Schools did not comply with AmeriCorps regulations to ensure that applicants met all AmeriCorps eligibility requirements before starting service. Consequently, participants received living allowances and education awards to which they were not entitled.

Criteria

The 2007 AmeriCorps Grant Provisions, Section IV.L., *AmeriCorps Special Provisions, Member Records and Confidentiality*, states in part 2,

To verify U.S. citizenship, U.S. national status, or U.S. lawful permanent resident alien status, the grantee must obtain and maintain documentation as required by 45 CFR § 2522.200 (c). The Corporation does not require programs to make and retain copies of the actual documents used to confirm age or citizenship eligibility requirements, such as a driver's license, or birth certificate, as long as the grantee has a consistent practice of identifying the documents that were reviewed and maintaining a record of the review.

Recommendations

We recommend that the Corporation:

- 4a. Disallow and recover \$38,662 in claimed costs, education awards, and interest forbearance for members determined to be ineligible;
- 4b. Require Citizen Schools to follow the AmeriCorps regulations to ensure that adequate documentation is maintained to verify member eligibility; and
- 4c. Ensure that documentation of citizenship or legal residency is maintained in member files for members who are currently serving, before the members are certified for education awards.

Citizen Schools' Response

Citizen Schools concurs with the finding and recommendation. Citizen Schools stated it has a policy in place whereby hiring managers, in conjunction with human resources staff, are required to sign off on all eligibility documents required by the Corporation, that provides proof of citizenship or permanent residency. However, Citizen Schools acknowledged that documentation and record keeping regarding member files should be improved. It plans to implement various corrective actions by September 2009, including hiring an AmeriCorps

compliance specialist to support member administration, and revising and clarifying member file policies and procedures.

Citizen Schools also stated that it has received proof of citizenship for three of the four members whose eligibilities were questioned by the auditors. This proof of citizenship will be sent to the Corporation by May 15, 2009.

Auditor's Comments

The actions proposed by Citizen Schools should be adequate to address the finding. However, the claimed costs, education awards, and interest forbearance related to these members should be resolved by the Corporation.

Finding 5. Member files did not have documentation to support the conduct of criminal background checks

Three files (seven percent of the items sampled) did not contain documentation verifying that criminal background checks were performed. These members began their service prior to the November 23, 2007, change in AmeriCorps regulations.

Citizen Schools did not comply with AmeriCorps regulations to ensure that prospective members did not have criminal records that would affect their eligibility to participate in the program. Citizen Schools' management said that criminal background checks were performed for these members but the records were misplaced.

Not obtaining required criminal background checks increases the risk that a member, who should not have been serving children or persons age sixty and older, could have direct contact with those groups, resulting in a potential liability for Citizen Schools and the Corporation, and potentially endangering program beneficiaries.

Criteria

Title 45 CFR § 2540.200 and 2522.205, *To whom must I apply suitability criteria relating to criminal history?*, states:

You must apply suitability criteria relating to criminal history to an individual applying for, or serving in, a position for which an individual receives a Corporation grant-funded living allowance, stipend, education award, salary, or other remuneration, and which involves recurring access to children, persons age 60 and older, or individuals with disabilities.

Recommendation

We recommend that the Corporation:

5. Require Citizen Schools to ensure that criminal background checks are performed for all members serving the groups identified above, and that records are properly maintained to support compliance.

Citizen Schools' Response

Citizen Schools concurs with the finding and recommendation. Citizen Schools stated it has a policy in place whereby hiring managers are required to ensure a criminal background check, pursuant to the laws of the state in which the member serves and consistent with AmeriCorps regulations, has been properly reviewed before a member is enrolled. Any member who does not complete a background check or who has an unsatisfactory result will not be enrolled or allowed to serve in any capacity. However, Citizen Schools acknowledged that documentation and record keeping regarding member files should be improved. It plans to implement various corrective actions by September 2009, including hiring an AmeriCorps compliance specialist to support member administration, and clarifying its policies and procedures for member files.

Auditor's Comments

The actions proposed by Citizen Schools, if implemented, should be adequate to address the finding.

Finding 6. Member file did not include documentation to support eligibility

One file did not have documentation to support that the member earned a high-school diploma or its equivalent, with a written declaration under penalty of law that he or she met the AmeriCorps member eligibility requirements. We also found that the member was not 17 years of age at the time of enrollment, and that parental consent allowing the member to serve was not documented.

Citizen Schools did not comply with AmeriCorps regulations to ensure that the applicant met AmeriCorps eligibility requirements before starting service. Consequently, the member may have received an education award to which he/she was not entitled. Citizen Schools offered no reason why parental consent was not obtained, and believes that this was an isolated incident.

Criteria

Title 45 CFR § 2522.200 *What are the eligibility requirements for an AmeriCorps participant?* states:

- (a) Eligibility. An AmeriCorps participant must—
- (1)(i) Be at least 17 years of age at the commencement of service; or
 - (ii) Be an out-of-school youth 16 years of age at the commencement of service participating in a program described in §2522.110(b)(3) or (g);
 - (2)(i) Have a high school diploma or its equivalent; or
 - (ii) Not have dropped out of elementary or secondary school to enroll as an AmeriCorps participant and must agree to obtain a high school diploma or its equivalent prior to using the education award.”

Furthermore, paragraph (b) of the same CFR section states,

Written declaration regarding high school diploma sufficient for enrollment. For purposes of enrollment, if an individual provides a written declaration under penalty of law that he or she meets the requirements in paragraph (a) of this section relating to high school education, a program need not obtain additional documentation of that fact.

The 2007 AmeriCorps Grant Provisions, Section IV.C., AmeriCorps Special Provisions, Parental Consent, states in part 6,

Before enrolling in a Program, individuals under eighteen years of age must provide written consent from a parent or legal guardian.

Recommendations

We recommend that the Corporation:

- 6a. Require Citizen Schools to comply with AmeriCorps regulations to ensure that adequate documentation is maintained to verify member eligibility, including parental consent for members under age 17 where required, or that Citizen Schools require members to provide a written declaration under penalty of law that they meet the education requirements; and
- 6b. Ensure that, for members who are currently serving, the grantee maintains documentation of high school diplomas or other equivalency certifications in member files before the members are certified for education awards.

Citizen Schools' Response

Citizen Schools concurs with the finding and recommendation. Citizen Schools stated it has a policy in place requiring its program managers to sign off on all eligibility documents required by the Corporation, including parental consent where required. Citizen Schools

acknowledged that documentation and record keeping regarding member files will be improved by corrective actions to be completed by September 2009.

Auditor's Comments

The actions proposed by Citizen Schools, if implemented, should be adequate to address the finding.

Finding 7. Member contracts did not include required non-discrimination clauses on civil rights and equal opportunity provisions

The member contract used by Citizen Schools did not include the AmeriCorps requirement on Civil Rights and Equal Opportunity. All 44 member files tested lacked these requirements.

Citizen Schools did not comply with AmeriCorps grant provisions relating to non-discrimination. Citizen Schools said that the lack of the clauses in member contracts was due to its misunderstanding of the specific requirement that the clauses be in the contracts. By not including these requirements in member contracts, members may not be aware of their rights under Civil Rights and Equal Opportunity provisions.

Criteria

The 2007 AmeriCorps Grant Provisions, Section V.G., *AmeriCorps General Provisions, Non-Discrimination*, states in part 3:

The grantee must include information on civil rights requirements, complaint procedures and the rights of beneficiaries in member contracts, handbooks, manuals, pamphlets, and post in prominent locations, as appropriate.

Recommendation

We recommend that the Corporation:

7. Require Citizen Schools to include the civil rights and equal opportunity provisions in its member contracts.

Citizen Schools' Response

Citizen Schools concurs with the finding and recommendation. Citizen Schools stated it has revised the member contracts to include the required clauses. Citizen Schools also stated that it has already included this provision as part of member orientation training.

Auditor's Comments

The actions proposed by Citizen Schools should be adequate to address the finding. However, the Corporation should follow up to ensure that the planned actions are implemented.

Finding 8. Mid-term and end-of-term evaluations were missing or incomplete

Six member files lacked mid-term evaluations, and 16 files lacked end-of-term evaluations. Nine files lacked both mid and end-of-term evaluations, three members' end-of-term evaluations were not signed by the member or supervisor, and one member's mid-term evaluation was not signed by the campus director.

The table below summarizes the instances of missing documentation:

| Exception Type | Instances |
|---|------------------|
| Members' files lacked mid-term evaluations | 6 |
| Members' files lacked end-of-term evaluations | 16 |
| Members' files lacked bi-annual evaluations | 9 |
| Evaluations lacked necessary signatures | 4 |

Citizen Schools did not comply with the AmeriCorps grant provisions requiring performance review and evaluation of members. Citizen Schools said the evaluations were either missing or not performed. Without evaluations, Citizen Schools may not be able to determine whether a member satisfactorily completed his/her term of service, is eligible for an education award, or is eligible to serve a second term.

Criteria

The 2007 AmeriCorps Grant Provisions, Section IV.D., AmeriCorps Special Provisions, Training, Supervision and Support, states in part 6, "Performance Reviews. The grantee must conduct and keep a record of at least a mid-term and end-of-term written evaluation of each member's performance for Full and Half-Time members and an end-of-term written evaluation for less than Half-time members."

Title 45 CFR § 2522.220 (c), *Eligibility for second term*, states:

A participant will only be eligible to serve a second or additional term of service if that individual has received satisfactory performance review(s) for any previous term(s) of service in accordance with the requirements of paragraph (d) of this section. Mere eligibility for a second or further term of service in no way guarantees a participant selection or placement.

Recommendation

We recommend that the Corporation:

8. Ensure that Citizen Schools strengthens its internal control policies and procedures to comply with the mid- and end-of-term evaluation requirements of the grant provisions. The Corporation should follow up to verify that required evaluations were completed for all members.

Citizen Schools' Response

Citizen Schools concurs with the finding and recommendation. Citizen Schools stated that it will integrate the member evaluation process into its overall performance management systems to facilitate tracking, compliance and documentation.

Auditor's Comments

The actions proposed by Citizen Schools, if implemented, should be adequate to address the finding.

Finding 9. Incomplete and late submission of enrollment and exit forms

Our review of 44 member files showed the following:

| Exception Type | Program Year | | | Total |
|---|--------------|-----------|-----------|-------|
| | 2005-2006 | 2006-2007 | 2007-2008 | |
| Enrollment and exit forms were missing | 1 | 0 | 0 | 1 |
| Third page of enrollment forms were missing | 11 | 0 | 0 | 11 |
| Enrollment forms were not approved in WBRS within 30 days of members starting service | 1 | 10 | 9 | 20 |
| Exit forms were not approved in WBRS within 30 days of members ending service | 3 | 2 | 3 | 8 |
| Enrollment forms were not signed by or dated by members | 0 | 3 | 0 | 3 |
| Enrollment form was incomplete | 0 | 1 | 0 | 1 |
| Exit form was incomplete | 1 | 0 | 0 | 1 |

Citizen Schools did not comply with AmeriCorps grant provisions that require complete and timely reporting on member history. Complete enrollment and exit forms are necessary to maintain accurate member information and enable the Corporation to monitor member service history.

Criteria

The 2007 AmeriCorps Grants Provisions, Section IV.N., *AmeriCorps Special Provisions, Reporting Requirements*, states in part 2:

AmeriCorps Member-Related Forms. The grantee is required to submit the following documents to the National Service Trust at the Corporation on forms provided by the Corporation. Grantees and sub-grantees may use WBRs to submit these forms electronically. Programs using WBRs must also maintain hard copies of the forms.

a. *Enrollment Forms.* Enrollment forms must be submitted no later than 30 days after a member is enrolled.

* * *

c. *Exit/End-of-Term-of-Service Forms.* Member Exit/End-of-Term-of-Service Forms must be submitted no later than 30 days after a member exits the program or finishes his/her term of service.

Recommendation

We recommend that the Corporation:

9. Ensure that Citizen Schools strengthens its internal control policies and procedures by completing and submitting enrollment and exit forms on a timely basis.

Citizen Schools' Response

Citizen Schools concurs with the finding and recommendation. Citizen Schools stated that it is strengthening its internal controls, policies and procedures regarding timely completion and submission of enrollment and exit forms to ensure forms are processed and approved within the deadline.

Auditor's Comments

The actions proposed by Citizen Schools, if implemented, should be adequate to address the finding.

Finding 10. Service hours were recorded by members before contracts were signed

Our review of 44 member files found that 18 members began serving and recording service hours before they had signed member contracts. We did not question the education awards because the members who received awards earned sufficient hours after the contracts were signed to be eligible for the awards.

Citizen Schools did not comply with AmeriCorps grant provisions requiring fulfillment of given criteria prior to members accumulating service members. Applicants do not become

members until they sign AmeriCorps contracts. Applicants who record service time before contracts are in place may receive benefits, living allowances, and education awards and interest forbearance to which they are not entitled.

Criteria

The 2007 AmeriCorps Grant Provisions, Section IV.C., *AmeriCorps Special Provisions, Member Enrollment*, states:

1. *Member Enrollment Procedures.*
 - a. An individual is enrolled as an AmeriCorps member when all of the following have occurred:
 - i. He or she has signed a member contract;
 - ii. The program has verified the individual's eligibility to serve;
 - iii. The individual has begun a term of service; and
 - iv. The program has approved the member enrollment form in WBRIS.
 - b. Prior to enrolling a member in AmeriCorps, programs make commitments to individuals to serve. A commitment is defined as signing a member contract with an individual or otherwise entering into a legally enforceable commitment as determined by state law.

Recommendation

We recommend that the Corporation:

10. Ensure that Citizen Schools permits only those persons meeting the criteria of an AmeriCorps member to record hours of service. The Corporation should follow up to ensure compliance.

Citizen Schools' Response

Citizen Schools concurs with the finding and recommendation. Citizen Schools stated that it will closely monitor member contract compliance, and clarify policies regarding hours of service with key staff, including member supervisors.

Auditor's Comments

The actions proposed by Citizen Schools, if implemented, should be adequate to address the finding.

Finding 11. Member timesheets contained irregularities

We found the following in our review of 44 member files with 451 timesheets:

- Forty-two members' timesheets were not dated by members and/or supervisors, and were not approved within 30 days of the end of the reporting period.
- Hours recorded on 413 timesheets for 38 members did not agree with hours posted in WBRS.

Citizen Schools did not comply with AmeriCorps policy for properly completing timesheets. Its procedures for timesheet preparation did not include a quality assurance review before data was entered into WBRS, or reconciliation of hours entered into WBRS with timesheets. However, Citizen Schools said it has recently begun to review timesheets and reconcile them to WBRS. Inaccurate timekeeping records increase the risk of participants receiving education awards for which they are not eligible.

Criteria

The 2007 AmeriCorps Grant Provisions, Section IV.C. *AmeriCorps Special Provisions, Member Enrollment* states in part 2:

AmeriCorps Members. The grantee must keep time and attendance records on all AmeriCorps members in order to document their eligibility for in-service and post-service benefits. Time and attendance records must be signed and dated by both the member and an individual with oversight responsibilities for the member.

Recommendations

We recommend that the Corporation:

11. Require Citizen Schools to strengthen its procedures to ensure that the review and approval of service hours is recorded on timesheets, and that timesheets are signed by members and supervisors in a timely manner.

Citizen Schools' Response

Citizen Schools concurs with the finding and recommendation. Citizen Schools stated that it is currently testing an electronic timesheet system that will allow all members to record service hours and approvals, and provide an audit trail.

Auditor's Comments

The actions proposed by Citizen Schools, if implemented, should be adequate to address the finding.

Finding 12. Lack of pre-service orientation documentation

We found that there was no supporting documentation, such as New Member Orientation sign-in sheets, to substantiate that members attended pre-service orientation sessions.

Citizen Schools stated that while all new members are required to attend orientation, sign-in sheets are not completed. The retention of sign-in sheets is necessary to substantiate that new members have participated in orientation.

Criteria

The 2007 AmeriCorps Grant Provisions, Section IV.D., *AmeriCorps Special Provisions, Training, Supervision and Support*, states in part 3:

The grantee must conduct an orientation for members and comply with any pre-service orientation or training required by the Corporation. This orientation should be designed to enhance member security and sensitivity to the community. Orientation should cover member rights and responsibilities, including the Program's code of conduct, prohibited activities (including those specified in the regulations), requirements under the Drug-Free Workplace Act (41 U.S.C. 701 *et seq.*), suspension and termination from service, grievance procedures, sexual harassment, other non-discrimination issues, and other topics as necessary.

Recommendations

We recommend that the Corporation:

- 12a. Ensure that Citizen Schools requires all members to attend orientation pursuant to the AmeriCorps provisions.
- 12b. Ensure that Citizen Schools maintains adequate supporting documentation, such as New Member Orientation Sign-in Sheets, to substantiate attendance by members.

Citizen Schools' Response

Citizen Schools concurs with the finding and recommendation. Citizen Schools stated that it conducts a centralized AmeriCorps orientation every year for which it prepares orientation materials for each member. All members are required to attend and this requirement is enforced through its AmeriCorps Program Director. However, Citizen Schools agreed that it has not consistently maintained documentation of member attendance at these sessions. In the future, it will include a list of attendees at each session.

Auditor's Comments

The actions proposed by Citizen Schools, if implemented, should be adequate to address the finding.

This report is intended for the information and use of the Office of Inspector General, Corporation management, Citizen Schools, and the U.S. Congress. However, this report is a matter of public record and its distribution is not limited.

Regis & Associates, PC

Regis and Associates, PC
December 19, 2008

APPENDIX A

**CITIZEN SCHOOLS, INC.
RESPONSE TO THE DRAFT REPORT**

April 30, 2009

Stuart Axenfeld
Assistant Inspector General for Audit
Office of Inspector General
1201 New York Avenue, NW
Suite 830
Washington D.C. 20525

Dear Mr. Axenfeld,

Thank you for the opportunity to comment on this draft report on the *Agreed-Upon Procedures Review of Corporation for National and Community Service Grants Awarded to Citizen Schools, Inc.*

Citizen Schools greatly values its partnership with the Corporation for National and Community Service (the Corporation) and welcomes the opportunity to enhance our AmeriCorps program and our systems for programmatic, administrative, and financial management.

We appreciate that the audit process generated useful learning for our team, and provided affirmation of the efforts we have invested in program quality and administrative compliance.

In this letter we offer our responses to the findings in the draft report. We hope these responses help to clarify our approach to the issues raised, and can lead to a prompt resolution of any remaining issues.

Thank you for your partnership.

Kind Regards,

(original signed)

George Chu
Chief Financial Officer
Citizen Schools, Inc.
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Fax: 617-399-5515
georgechu@citizenschools.org
www.citizenschools.org

Cc: Ron Huritz, Audit Manager, Office of Inspector General; Lateef Abassi, Senior Audit Manager, Regis & Associates PC



Finding 1. Labor charges to the grant were based on budgets and allocated levels of effort, without after-the-fact confirmation of those efforts

AUDITOR RECOMMENDS THE CORPORATION:

- a) Ensure Citizen Schools implements a timekeeping system that documents actual labor costs and after-the-fact time charged to AmeriCorps grants.
- b) Ensures Citizen Schools maintains timesheets for all employees whose compensation and services are directly charged to the award. The timesheets should be prepared on a monthly basis at a minimum, and must coincide with one or more pay periods.

CITIZEN SCHOOLS RESPONSE:

We agree that accurate tracking of staff time charged to AmeriCorps grants is essential, and that detailed timesheet information by pay period will enhance our ability to do so. Historically, we have set and monitored staff time allocations through our annual planning process and periodic check-ins with key staff – and thus were confident the charges to AmeriCorps for these staff were appropriate as concluded by the audit.

However, our current practice should be improved. To that end, Citizen Schools is currently piloting an electronic timesheet system (ADP Enterprise eTime). This system will allow all staff to allocate time to various projects or activities, including actual labor allocations and after-the-fact time charged to AmeriCorps grants. The system tracks hours on a daily basis, and timecards will be approved and submitted monthly for salaried staff and stipended AmeriCorps members, and weekly for hourly staff. The timesheet system will maintain an electronic record of each timesheet and audit trails of all approvals.

We anticipate implementation by September, 2009.

Finding 2. The draft policy governing record retention should be finalized

AUDITOR RECOMMENDS THE CORPORATION:

- a) Ensure that Citizen Schools implements an officially approved record retention policy that requires the maintenance of all financial records, supporting documentation, statistical records, evaluation and program performance data, member information and personnel records, for three years from the date of the submission of the final FSR.
- b) Ensure that all grantee and subgrantee employees are made aware of the record retention policy.

CITIZEN SCHOOLS RESPONSE:

Citizen Schools drafted a record retention policy several months ago in recognition of the requirements of Sarbanes-Oxley and AmeriCorps. We are currently in the process of vetting this draft with our legal counsel and auditors and will submit the policy for Board approval at our next Board meeting.

Once approved, we will post the finalized policy on our intranet and integrate the policy into all relevant trainings and materials.

We anticipate approval and implementation by September, 2009.

Finding 3. Citizen Schools did not notify and obtain written approval for key personnel changes from the Corporation

AUDITOR RECOMMENDS THE CORPORATION:

- a) Ensure that Citizen Schools notifies and receives approval for key personnel changes from the Corporation before their time is charged to the grant.

CITIZEN SCHOOLS RESPONSE:

Citizen Schools has always maintained close communication with its AmeriCorps Program Officer in regard to key staff changes, including those listed in the audit findings. In all cases, introductions or notifications were made through the Citizen Schools AmeriCorps Program Director.

However, there was no formal approval mechanism (e.g., form, letter, other type of documentation) defined for Citizen Schools to officially notify the Corporation, or for the Corporation to officially approve of the change. We will work with our Program Officer to define an appropriate approval mechanism for personnel changes moving forward.

We anticipate implementation by July, 2009.

Finding 4. Member files did not include documentation to support citizenship

AUDITOR RECOMMENDS THE CORPORATION:

- a) Disallow and recover \$38,662 in claimed costs, education awards, and interest forbearance for members determined to be ineligible;
- b) Require Citizen Schools to follow the AmeriCorps regulations to ensure that adequate documentation is maintained to verify member eligibility; and
- c) Ensure that documentation of citizenship or legal residency is maintained in member files for members who are currently serving, before the members are certified for education awards.

CITIZEN SCHOOLS RESPONSE:

Citizen Schools has a policy in place whereby hiring managers, in conjunction with HR staff, are required to sign off on all eligibility documents required by the Corporation that provides proof of Citizenship or permanent residency. This requirement is well documented in our on-boarding procedures and HR policies and adherence is closely monitored by our HR staff. As a result, we are confident these documents were submitted for all members.

However, our documentation and record keeping regarding member files should be improved. To this end, we plan to:

- Integrate recruiting, HR, and AmeriCorps functions under a single chain of supervision to facilitate coordination, communication, and accountability regarding member administration
- Hire an AmeriCorps Compliance Specialist to support member administration
- Integrate member file monitoring and management with our broader Finance and HR internal audit procedures to raise visibility and accountability regarding member files
- Revise and clarify member file policies and procedures and reiterate to key staff

We anticipate implementation by September, 2009.

Citizen Schools received proof of citizenship for three of the four members whose eligibility documentation was questioned by the auditors. This proof of Citizenship will be scanned and sent via email to the Corporation by May 15, 2009. Citizen Schools therefore requests that the Corporation revise

the schedule of claimed costs, education awards, and interest forbearance related to these members. Citizen Schools believes the fourth member to also be a citizen, but was unable to provide documentation to this effect.

Finding 5. Member files did not have documentation to support the conduct of criminal background checks

AUDITOR RECOMMENDS THE CORPORATION:

- a) Require Citizen Schools to ensure that criminal background checks are performed for all members serving the groups identified above, and that records are properly maintained to support compliance.

CITIZEN SCHOOLS RESPONSE:

Citizen Schools has a policy in place whereby hiring managers, in conjunction with HR staff, are required to ensure a criminal background check, pursuant to the laws of the state in which the member serves, and consistent with AmeriCorps regulations, has been properly reviewed before a member is enrolled. Any member who does not complete a background check or who has an unsatisfactory result will not be enrolled or allowed to serve in any capacity.

This requirement is also in place for all Citizen Schools employees as well given our work with youth. This requirement is well documented in our on-boarding procedures and HR policies and adherence is closely monitored by our HR staff. As a result, we are confident the criminal background checks were completed for all members.

However, our documentation and record keeping regarding member files should be improved. To this end, we plan to:

- Integrate recruiting, HR, and AmeriCorps functions under a single chain of supervision to facilitate coordination, communication, and accountability regarding member administration
- Hire an AmeriCorps Compliance Specialist to support member administration
- Integrate member file monitoring and management with our broader Finance and HR internal audit procedures to raise visibility and accountability regarding member files
- Revise and clarify member file policies and procedures and reiterate to key staff

We anticipate implementation by September, 2009.

Finding 6. Member file did not include documentation to support eligibility

AUDITOR RECOMMENDS THE CORPORATION:

- a) Require Citizen Schools to comply with AmeriCorps regulations to ensure that adequate documentation is maintained to verify member eligibility, including parental consent for members under age 17 where required, or that Citizen Schools require members to provide a written declaration under penalty of law that they meet the education requirements; and
- b) Ensure that, for members who are currently serving, the grantee maintains documentation of high school diplomas or other equivalency certifications in member files before the members are certified for education awards.

CITIZEN SCHOOLS RESPONSE:

Citizen Schools has a policy in place whereby hiring managers, in conjunction with HR staff, are required to sign off on all eligibility documents required by the Corporation, including parental consent where required. This requirement is well documented in our on-boarding procedures and HR policies and adherence is closely monitored by our HR staff. As a result, we are confident these documents were submitted for all members.

However, our documentation and record keeping regarding member files should be improved. To this end, we plan to:

- Integrate recruiting, HR, and AmeriCorps functions under a single chain of supervision to facilitate coordination, communication, and accountability regarding member administration
- Hire an AmeriCorps Compliance Specialist to support member administration
- Integrate member file monitoring and management with our broader Finance and HR internal audit procedures to raise visibility and accountability regarding member files
- Revise and clarify member file policies and procedures and reiterate to key staff

We anticipate implementation by September, 2009.

Finding 7. Member contracts did not include required non-discrimination clauses on civil rights and equal opportunity provisions

AUDITOR RECOMMENDS THE CORPORATION:

- a) Require Citizen Schools to include the civil rights and equal opportunity provisions in its member contracts

CITIZEN SCHOOLS RESPONSE:

Citizen Schools has revised the member contracts to include the required clauses. Citizen Schools already includes this provision as part of member orientation training.

We anticipate implementation by July, 2009.

Finding 8. Mid-term and end-of-term evaluations were missing or incomplete

AUDITOR RECOMMENDS THE CORPORATION:

- a) Ensure that Citizen Schools strengthens its internal control policies and procedures to comply with the mid- and end-of-term evaluation requirements of the grant provisions. The Corporation should follow up to verify that the required evaluations were completed for all members.

CITIZEN SCHOOLS RESPONSE:

Citizen Schools has a policy in place whereby member supervisors, in conjunction with HR staff, are required to provide mid- and end-of-term evaluations to members in compliance with the grant provisions. Due to our high rate of expansion, which sometimes outpaced our administrative infrastructure, the evaluations were not consistently collected and documented in member files.

Citizen Schools will integrate the member evaluation process into our overall performance management systems to facilitate tracking, compliance and documentation. In addition, see response to findings 4-6 regarding actions taken to improve member file management.

We anticipate implementation by September, 2009.

Finding 9. Incomplete and late submission of enrollment and exit forms

AUDITOR RECOMMENDS THE CORPORATION:

- a) Ensure that Citizen Schools strengthens its internal control policies and procedures by completing and submitting enrollment and exit forms on a timely basis.

CITIZEN SCHOOLS RESPONSE:

Due to our high rate of expansion, which sometimes outpaced our administrative infrastructure, timely submission of member paperwork has sometimes suffered in the past.

Citizen Schools is strengthening its internal controls, policies and procedures regarding timely completion and submission of enrollment and exit forms to ensure forms are processed and approved within the deadline. The changes highlighted in the response to Findings 4-6 will address this issue, in particular the additional administrative support provided by the addition of the AmeriCorps Compliance Specialist.

We anticipate implementation by September, 2009.

Finding 10. Service hours were recorded by members before contracts were signed

AUDITOR RECOMMENDS THE CORPORATION:

- a) Ensure that Citizen Schools permits only those persons meeting the criteria of an AmeriCorps member to record hours of service. The Corporation should follow up to ensure compliance.

CITIZEN SCHOOLS RESPONSE:

Citizen Schools will more closely monitor member contract compliance and clarify policies regarding hours of service with key staff, including member supervisors.

The changes highlighted in the response to Findings 4-6 will address this issue, in particular the additional administrative support provided by the addition of the AmeriCorps Compliance Specialist.

We anticipate implementation by September, 2009.

Finding 11. Member timesheets contained irregularities

AUDITOR RECOMMENDS THE CORPORATION:

- a) Require Citizen Schools to strengthen its procedures to ensure that the review and approval of service hours is recorded on timesheets, and that timesheets are signed by members and supervisors in a timely manner.

CITIZEN SCHOOLS RESPONSE:

We agree that accurate tracking of member service hours is essential. Historically, we used a spreadsheet-based time tracking system for members service hours. This has created difficulties as we have grown rapidly geographically and our technology and administrative infrastructure was strained.

For example, some member supervisors had difficulty submitting timesheets in a timely manner because of an inability to consistently access technology (email, fax) and thus were forced to rely upon mail.

We have since upgraded our infrastructure. Most importantly, Citizen Schools is currently piloting an electronic timesheet system (ADP Enterprise eTime). This will allow all members to record service hours and approvals/audit trail.

We anticipate implementation by September, 2009.

Finding 12. Lack of pre-service orientation documentation

AUDITOR RECOMMENDS THE CORPORATION:

- a) Ensure that Citizen Schools requires all members attend orientation pursuant to the AmeriCorps provisions.
- b) Ensures that Citizen Schools maintains adequate supporting documentation, such as New Member Orientation Sign-in Sheets, to substantiate attendance by members.

CITIZEN SCHOOLS RESPONSE:

Citizen Schools conducts a centralized AmeriCorps orientation every year for which we prepare orientation materials for each member. All members are required to attend and this requirement is enforced through our AmeriCorps Program Director.

However, Citizen Schools has not consistently maintained documentation of member attendance at these sessions. Moving forward, we will include a list of member attendees at each session.

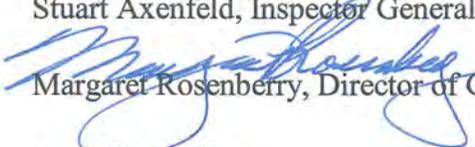
We anticipate implementation by July, 2009.

APPENDIX B

**CORPORATION FOR NATIONAL AND COMMUNITY SERVICE'S
RESPONSE TO THE DRAFT REPORT**



To: Stuart Axenfeld, Inspector General for Audit

From:  Margaret Rosenberry, Director of Grants Management

Date: April 30, 2009

Subject: Response to OIG Draft of Agreed-Upon Procedures of Grant Awards to the Citizen Schools, Inc.

Thank you for the opportunity to review the Office of the Inspector General draft Agreed-Upon Procedures report of the Corporation's grant awards to the Citizen Schools, Inc. We are not responding to the findings at this time. We recently received a corrective action plan from Citizens Schools that addresses all findings. Based on our preliminary review, the grantee has developed a very good plan. Given the limited timeframe to respond to the draft report, we have not had sufficient time to complete our review of the Schools' plan. We will provide our response to the audit findings and recommendations with our management decision after we complete our review of the Citizen Schools plan and have worked with them to resolve any remaining issues. Given the nature of the report's findings and the responsiveness of Citizen Schools, we expect to complete our management decision by the end of May 2009.

Cc: William Anderson, Acting Chief Financial Officer for Finance
Frank Trinity, General Counsel
Kristin McSwain, Director of AmeriCorps
Rocco Gaudio, Deputy CFO for Grants and FFMC
Sherry Blue, Audit Resolution Coordinator