

**Office of Inspector General  
Corporation for National and  
Community Service**

**AUDIT OF  
CORPORATION FOR NATIONAL & COMMUNITY SERVICE  
GRANTS AWARDED TO  
HOOPA VALLEY TRIBE**

**OIG REPORT 16-05**

Office of Inspector General

Corporation for  
**NATIONAL &  
COMMUNITY  
SERVICE** 

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This report was issued to Corporation management on November 13, 2015. 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 May 13, 2016, and complete its corrective actions by November 14, 2016. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.



November 13, 2015

TO: Tahsanchat Cooper  
Program Director, Hoopa Valley Tribe

Bill Basl  
Director, AmeriCorps State and National, CNCS

Dana Bourne  
Chief Grants Officer, CNCS

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

SUBJECT: Office of Inspector General (OIG) Report 16-05: Audit of Corporation for National and Community Service Grants Awarded to Hoopa Valley Tribe

Attached is the final report on the OIG's *Audit of Corporation for National and Community Service Grants Awarded to Hoopa Valley Tribe*. This audit was performed by OIG staff in accordance with the Government Auditing Standards, issued by the Comptroller General of the United States.

Under the Corporation's audit resolution policy, a final management decision on the findings and recommendations in this report is due by May 13, 2016. Notice of final action is due by November 14, 2016.

If you have questions pertaining to this report, please contact Thomas Chin, Audit Manager, at (202) 606-9362 or [t.chin@cncsoig.gov](mailto:t.chin@cncsoig.gov); or me at (202) 606-9360 or [s.axenfeld@cncsoig.gov](mailto:s.axenfeld@cncsoig.gov).

#### Attachment

cc: Ryan Jackson, Chairman, Hoopa Valley Tribe  
Brandy Morton, Chief Financial Officer, Hoopa Valley Tribe  
Jeffrey Page, Chief Operating Officer and Acting Chief Financial Officer, CNCS  
Kathryn Gillis, Director, Office of Accountability and Oversight, CNCS  
Jeremy Joseph, General Counsel, CNCS  
Edith Shine, Associate General Counsel, Office of General Counsel, CNCS  
Rhonda Honegger, Senior Grant Officer, Office of Grants Management, CNCS  
Charndrea Leonard, Senior Program Officer, AmeriCorps State and National, CNCS

**OFFICE OF INSPECTOR GENERAL**  
**AUDIT OF CORPORATION FOR NATIONAL AND COMMUNITY SERVICE**  
**GRANTS AWARDED TO HOOPA VALLEY TRIBE**

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## EXECUTIVE SUMMARY

Hoopa Valley Tribe (Hoopa) received grants totaling approximately \$2.8 million from the Corporation for National and Community Service (Corporation) for its Tribal Citizen Community Corps (TCCC) and Hoopa AmeriCorps Native Land (ANL) programs between June 2012 and June 2014. The Office of Inspector General (OIG) audited the costs incurred by Hoopa during this period and as a result, questioned \$184,885 or approximately 7.4 percent, of the \$2.5 million in Federal costs charged against these grants, as of July 2014. The questioned costs stem from non-compliance with applicable laws, regulations, and grant provisions, specifically attributed to the fact that the grantee did not perform and document required background checks for its AmeriCorps members and grantee's staff.

To address these findings, we recommend that the Corporation disallow and recover the questioned costs. To improve compliance, we also recommend that Hoopa: (1) develop and implement procedures to ensure that required background checks are conducted for its AmeriCorps members and staff; and (2) familiarize staff with the grant agreement terms and applicable laws and regulations.

The audit procedures were conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. The following table summarizes Hoopa's grant awards, the costs claimed, and the questioned costs identified by the audit.

### CONSOLIDATED SCHEDULE OF CLAIMED AND QUESTIONED COSTS

Grants	Audit Period	Total Federal Grant Awarded (\$)	Total Federal Costs Claimed (\$)	Questioned Cost (\$)	Appendix <sup>1</sup>
TCCC Grant 10TNHCA003	06/30/2012 to 06/30/2014	1,755,000	1,754,999	126,738	A
ANL Grant 11TNHCA002	06/30/2012 to 06/30/2014	466,337	378,734	37,392	B
TCCC Grant 13TNHCA001	09/01/2013 to 06/30/2014	585,000	380,778	20,755	C
<b>Total (\$)</b>		<b>2,806,337</b>	<b>2,514,511</b>	<b>184,885</b>	

<sup>1</sup> Separate schedules detailing the questioned costs are presented in Appendices A through C.

## FINDINGS

Our audit uncovered violations of applicable grant terms, rules, and regulations, which resulted in questioned costs and overcharges. Our findings fall into five categories:

- Finding No. 1 – The grantee did not conduct or document required background checks for certain AmeriCorps members.
- Finding No. 2 – The grantee did not conduct or document required background checks for grant-funded Hoopa staff.
- Finding No. 3 - Disallowance of direct costs questioned in the audit renders certain indirect costs unallowable.
- Finding No. 4 – One Federal Financial Report was submitted late.
- Finding No. 5 – Required position descriptions were missing from AmeriCorps member files.

We discuss them in turn, highlighting the questioned costs<sup>2</sup> associated with each finding.

### **Finding No. 1 – The grantee did not conduct or document required background checks for certain AmeriCorps members.**

To protect members of the public and participants in Corporation programs from violent criminals, grantees must conduct background checks of specific sources to ensure that a member is not a registered sex offender and has not been convicted of murder. Auditors reviewed the files of ten of Hoopa's 32 TCCC members during the audit period to determine whether Hoopa complied with this requirement. Four of the ten files lacked evidence that Hoopa conducted the required criminal history checks. In two cases, there was no check of the State Criminal History Registry. In another two cases, there was no evidence that the grantee had searched the National Sex Offender Public Website (NSOPW), which is a precondition to AmeriCorps service; without that search, these members should not have been permitted to serve. Consequently, we question \$2,610 in living allowances paid to these members from TCCC grant 10TNHCA003 and \$8,318 from grant 13TNHCA001, as well as the education awards (\$1,815 from grant 10TNHCA003 and \$10,900 from grant 13TNHCA001) erroneously certified for these members.

The failure to conduct the required checks exposed the public to risk of contact with violent and potentially predatory offenders. Hoopa staff should not have allowed members to serve prior to completion of the nationwide NSOPW checks, or should have ensured that they were accompanied when in contact with vulnerable populations. We have no evidence that either of these things occurred.

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<sup>2</sup> A questioned cost is: (1) an alleged violation of a provision of law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; (2) a finding that at the time of testing, such costs were not supported by adequate documentation; or (3) a finding that the expenditure of funds for the intended purpose was unnecessary or unreasonable.

With respect to the state criminal history checks for two TCCC members, Hoopa staff believed that these checks were to be conducted by the vendor engaged to perform the social security number check.<sup>3</sup> We have not determined whether that reflects a misunderstanding, or whether the vendor failed to perform checks that it was contractually required to perform. We question the education award and living allowance payments of \$4,425 and \$19,218 charged to the TCCC grants 10TNHCA003 and 13TNHCA001, respectively.

## Criteria

45 Code of Federal Regulations (CFR) §2540.201, *To whom must I apply the National Service Criminal History Check eligibility criteria?*, states:

You must apply the National Service Criminal History Check eligibility criteria to individuals serving in covered positions. A covered position is a position in which the individual receives an education award or a Corporation grant-funded living allowance, stipend, or salary.

45 CFR §2540.203, *What search components of the National Service Criminal History Check must I satisfy to determine an individual's eligibility to serve in a covered position?*, states:

(a) *Search procedure for individuals in covered positions who do not have recurring access to vulnerable populations.* Unless the Corporation approves an alternative search procedure under §2540.207 of this chapter, to determine an individual's eligibility to serve in a covered position, you must conduct and document a National Service Criminal History Check that consists of the following components:

(1) A nationwide name-based search of the Department of Justice (DOJ) National Sex Offender Public Web site (NSOPW), and

(2) Either:

(i) A name- or fingerprint-based search of the official state criminal history registry for the state in which the individual in a covered position will be primarily serving or working *and* for the state in which the individual resides at the time of application; or

(ii) Submission of fingerprints through a state central record repository for a fingerprint-based Federal Bureau of Investigation (FBI) national criminal history background check.

(b) *Search procedure for individuals in covered positions who have recurring access to vulnerable populations.* (1) This rule applies to individuals who:

(i) Begin working for, or who start service with, you on or after April 21, 2011;

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<sup>3</sup> Hoopa hired a vendor to conduct its social security number (SSN) checks and its state criminal history checks. However, for an unknown reason, the vendor failed to check the state criminal history checks for two members, and only performed the SSN check. The SSN check only included a verification of the SSN and citizenship status of an individual.

- (ii) Will be 18 years old or older at any time during their term of service; and
- (iii) Serve in a covered position that will involve recurring access to children age 17 years or younger, to individuals age 60 years or older, or to individuals with disabilities.

(2) Unless the Corporation approves an alternative search procedure or an exception under §2540.207 of this chapter, to determine the eligibility of an individual described in paragraph (b)(1) of this section you must conduct and document a National Service Criminal History Check that consists of the following components:

- (i) A nationwide name-based search of the Department of Justice (DOJ) National Sex Offender Public Web site (NSOPW);
- (ii) A name- or fingerprint-based search of the official state criminal history registry for the state in which the individual in a covered position will be primarily serving or working *and* for the state in which the individual resides at the time of application; and
- (iii) Submission of fingerprints through a state central record repository for a fingerprint-based FBI national criminal history background check.

45 CFR §2540.204, *When must I conduct a National Service Criminal History Check on an individual in a covered position?*, states:

(a) *Timing of the National Service Criminal History Check Components.* (1) You must conduct and review the results of the nationwide NSOPW check required under § 2540.203 before an individual in a covered position begins work or starts service. (2) You must initiate state registry or FBI criminal history checks required under § 2540.203 before an individual in a covered position begins work or starts service. You may permit an individual in a covered position to begin work or start service pending the receipt of results from state registry or FBI criminal history checks as long as the individual is not permitted access to children age 17 years or younger, to individuals age 60 years or older, or to individuals with disabilities, without being in the physical presence of an appropriate individual, as described in § 2540.205(g) of this chapter.

**Recommendations:**

We recommend that the Corporation:

- 1a. Disallow and recover the questioned costs totaling \$23,643; and
- 1b. Ensure that Hoopa staff is properly trained in the performance and documentation of background checks for AmeriCorps members, understands what Hoopa must require of any vendors it engages for this service and takes appropriate measures to properly oversee and monitor their work.

**Hoopa's Comments:**

Hoopa stated that although the supporting documentation may not have been available during the audit, the requests for background checks were made before AmeriCorps members started

their service. Hoopa's corrective action in resolving the finding include requiring staff to take background check training and performing quarterly reviews of member files to ensure required background check documentation is retained. Hoopa also stated that it met the program goals/objectives and tasks identified in the grant guidelines; therefore, the costs should not be questioned.

**Corporation's Comments:**

The Corporation stated that it would review the Hoopa's documentation to determine whether background check requirements were met and to ensure Hoopa implemented proper procedures and training on background check requirements.

**OIG Comments:**

Hoopa's planned corrective action meets the intent of the OIG's recommendations. Also, OIG will be engaged in the audit resolution process with the Corporation in its determination of allowed and disallowed costs.

**Finding No. 2 – The grantee did not conduct or document required background checks for grant-funded Hoopa staff.**

Hoopa was unable to demonstrate that it conducted required background checks for its staff. Two of the eight staff files we reviewed contained no evidence that the NSOPW checks were conducted, either before or after the staff members began their employment with Hoopa. This error was apparently due to a misunderstanding of the background check requirements - the former Hoopa Program Director did not conduct NSOPW checks, and the current Program Director thought that the two long-time staff were not required to have NSOPW checks.

Applicable rules and regulations expressly require not only that the checks be performed but also that the grantee maintains the original documentation of the results. The table below quantifies the questioned Federal costs for salaries and fringe benefits associated with these TCCC and AmeriCorps Native Land staff:

<b>Grants</b>	<b>Questioned Cost (\$)</b>
TCCC 10TNHCA003	112,925
ANL 11TNHCA002	34,622
<b>Total (\$)</b>	<b>147,547</b>

**Criteria**

45 CFR §2540.201, *To whom must I apply the National Service Criminal History Check eligibility?*, states:

You must apply the National Service Criminal History Check eligibility criteria to individuals serving in covered positions. A covered position is a position in which the individual receives an education award or a Corporation grant-funded living allowance, stipend, or salary.

45 CFR §2540.204, *When must I conduct a National Service Criminal History Check on an individual in a covered position?*, states:

- (a) *Timing of the National Service Criminal History Check Components.* (1) You must conduct and review the results of the nationwide NSOPW check required under § 2540.203 before an individual in a covered position begins work or starts service. (2) You must initiate state registry or FBI criminal history checks required under § 2540.203 before an individual in a covered position begins work or starts service. You may permit an individual in a covered position to begin work or start service pending the receipt of results from state registry or FBI criminal history checks as long as the individual is not permitted access to children age 17 years or younger, to individuals age 60 years or older, or to individuals with disabilities, without being in the physical presence of an appropriate individual, as described in § 2540.205(g) of this chapter.

45 CFR §2540.206, *What documentation must I maintain regarding a National Service Criminal History Check for a covered position?*, states:

You must:

- (a) Document in writing that you verified the identity of the individual in a covered position by examining the individual's government-issued photo identification card, and that you conducted the required checks for the covered position; and
- (b) Maintain the results, or a results summary issued by a State or Federal government body, of the NSOPW check and the other components of each National Service Criminal History Check, unless precluded from doing so by State or Federal law or regulation. You must also document in writing that an authorized grantee representative considered the results of the National Service Criminal History Check in selecting the individual.

**Recommendations:**

We recommend that the Corporation:

- 2a. Disallow and recover the questioned costs totaling \$147,547;
- 2b. Require that Hoopa staff be retrained in the performance and documentation of background checks for staff; and
- 2c. Ensure that the necessary background checks have been performed for current staff.

**Hoopa's Comments:**

Hoopa stated that although the supporting documentation may not have been available during the audit, the requests for background checks were made before hiring the staff. Also, Hoopa stated that the staff in question did not work with or have access to children and the elderly. Hoopa's corrective action in resolving the finding include requiring staff to take background check training and performing quarterly reviews of staff files to ensure required background check documentation is retained. Finally, Hoopa stated that it met the program goals/objectives and tasks identified in the grant guidelines; therefore, the costs should not be questioned.

**Corporation’s Comments:**

The Corporation stated that it would review Hoopa’s documentation to determine whether background check requirements were met and to ensure Hoopa implemented proper procedures and training on background check requirements.

**OIG Comments:**

Hoopa’s planned corrective action meets the intent of the OIG’s recommendations. Also, OIG will review and provide comments on the Corporation’s determination of allowed and disallowed costs during the audit resolution process.

**Finding No. 3 – Disallowance of direct costs questioned in the audit renders certain indirect costs unallowable.**

Hoopa applies its approved indirect cost rate to all direct costs charged to the AmeriCorps and TCCC grants. Thus, having questioned certain direct costs in connection with Findings 1 and 2, we are likewise required to question the corresponding indirect costs, totaling \$10,925 in the case of TCCC and \$2,770 for ANL.

Hoopa calculates its indirect cost rate annually, and this rate is approved by the National Business Center’s Indirect Cost Services of the Department of the Interior. For each of the fiscal years under audit, Hoopa’s approved indirect cost rates were as follows:

Date	Indirect Cost Rate
10/01/2011-09/30/2012	8.0%
10/01/2012-09/30/2013	8.0%
10/01/2013-Until Amended	8.0%

We applied the above rates to each of the questioned costs, by the fiscal year when the costs were incurred. Based on this procedure, we calculated the questioned costs for each grant as follows:

Finding No.	TCCC 10TNHCA003		ANL 11TNHCA002		TCCC 13TNHCA001	
	Questioned Costs (\$)	Indirect Cost (\$)	Questioned Costs (\$)	Indirect Cost (\$)	Questioned Costs (\$)	Indirect Cost (\$)
1	4,425	354	-	-	19,218	1,537
2	112,925	9,034	34,622	2,770	-	-
<b>Total (\$)</b>	117,350	9,388	34,622	2,770	19,218	1,537

**Recommendation:**

3. We recommend that the Corporation disallow and recover the questioned costs totaling \$13,695.

**Hoopa's Comments:**

Hoopa stated that it met the program goals/objectives and tasks identified in the grant guidelines; therefore, the costs should not be questioned.

**Corporation's Comments:**

The Corporation stated that it would review and adjust indirect costs applied to any costs which the Corporation disallows.

**OIG Comments:**

OIG will review and provide comments on the Corporation's determination of allowed and disallowed costs during the audit resolution process.

**Finding No. 4 – One Federal Financial Report was submitted late.**

Corporation grantees are typically required to prepare and submit to the Corporation a Federal Financial Report (FFR) for each grant on a semi-annually basis, but grantees submit quarterly cash on hand reports through Payment Management System. This document is a standardized, consolidated Federal cash and expenditure report showing the grant funds awarded to the grantee and the costs, both Federal share and match, claimed by the grantee against those funds. Our review of the 11 FFRs submitted by Hoopa for both the TCCC and ANL grants found that one FFR for the ANL grant was submitted 33 days past its due date of October 30, 2013.

Hoopa's grant compliance officer could not clearly recall why the FFR was submitted late; however, she speculated that the late filing of the FFR may have been caused by Hoopa's computer problems, although she thought the FFR submission went through successfully in eGrants initially. Late submission of an FFR affects the Corporation's ability to properly monitor the grant administration and expense activity in a timely manner. This could also adversely affect the program's goals and members' ability to serve the program recipients. Though the delay here was not prolonged, Hoopa should be capable of submitting required reports in a timely fashion.

**Criteria**

45 CFR §2541.410(b)(3), *Frequency*, states:

The Federal agency may prescribe the frequency of the report for each project or program. However, the report will not be required more frequently than quarterly. If the Federal agency does not specify the frequency of the report, it will be submitted annually. A final report will be required upon expiration or termination of grant support.

**Recommendation:**

4. We recommend that the Corporation ensure that Hoopa develops and implements internal controls and procedures to assure that FFRs are reported to the Corporation in a timely manner.

**Hoopa's Comments:**

Hoopa stated that the error occurred because the grant compliance officer requested an extension to file the FFR; however, the FFR filing due date was not extended. Hoopa's corrective action include requiring staff to review the policies and requirements for filing deadlines. Hoopa will also continue to seek training and education for its staff on this matter.

**Corporation's Comments:**

The Corporation stated that it would ensure Hoopa has procedures and internal controls in place to address the requirements of the on-time submission for required reports.

**OIG Comments:**

Hoopa's planned corrective action meets the intent of the OIG's recommendation.

**Finding No. 5 – Required position descriptions were missing from AmeriCorps member files.**

The AmeriCorps grant provisions require a grantee to have for each member a position description that accurately and completely describes the activities to be performed by that individual. The position description is an important part of the member's service agreement, which outlines that member's responsibilities during the service year.

We noted that one of the ten TCCC member files and one of the five ANL member files reviewed did not contain the required position description. Under Hoopa procedures, a staff member is responsible for completing a checklist to ensure that required documents, including the position description, are maintained in the member file.<sup>4</sup> Here, the checklists indicated that the files contained position descriptions. However, Hoopa could not produce a copy of the position descriptions for these members and could not explain their absence from the files.

**Criteria**

The 2014 AmeriCorps State and National Grant Provisions, Section IV. *AmeriCorps Special Provisions, D. Supervision and Support, 1. Planning for the Term of Service*, states that:

The grantee must accurately and completely describe the activities to be performed by each member in a position description. Position descriptions must be provided to CNCS upon request.

**Recommendation:**

5. We recommend that the Corporation ensure that Hoopa perform periodic member file reviews, including the position descriptions.

**Hoopa's Comments:**

Hoopa stated that although it could not identify the reason for the missing member job descriptions, however, they are currently available for all member positions. Hoopa's corrective

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<sup>4</sup> The absence of the position description is a compliance issue and does not give rise to questioned costs.

action in resolving the finding include developing a member file checklist to include required documentation, providing training to Hoopa staff on documentation requirements, and performing quarterly member file reviews to ensure required documentation is retained.

**Corporation's Comments:**

The Corporation stated that it would ensure Hoopa has procedures and internal controls in place on periodic member file reviews and retaining member position descriptions.

**OIG Comments:**

Hoopa's planned corrective action meets the intent of the OIG's recommendation.

**AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY**

The audit objectives were to determine whether Corporation-funded Federal assistance provided to Hoopa was expended in accordance with grant terms and provisions, laws and regulations; to determine whether the claimed costs are allowable, adequately supported, and properly charged; and to report upon such compliance issues, controls and questioned costs that may be identified as a result of performing these audit procedures. The audit covered a two-year period from June 2012 to June 2014.

The audit procedures required us to obtain an understanding of Hoopa and its policies, procedures, and grants. We also reviewed documents at Hoopa's offices related to our audit procedures on member eligibility, claimed costs, matching costs, and compliance with laws, regulations, and the terms of grant agreements. Our audit procedures included judgmentally selecting samples to test costs claimed by Hoopa for compliance with its Corporation grant agreements, grant cost circulars issued by the Office of Management and Budget, and other Federal requirements. The questioned costs detailed in this report are based on this limited sample; the total costs questioned might have been higher if we had tested all of the expenditures incurred during the audit period, and we have not projected or estimated the amounts that would have been questioned had all of the claimed costs been tested. We began our audit in July 2014; conducted our on-site fieldwork at the Hoopa offices in Hoopa Valley Reservation, California, from September 22, 2014, to September 26, 2014; and concluded our audit fieldwork in May 2014.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**BACKGROUND**

The Corporation, under the authority of the National Community Service Trust Act, as amended, awards grants and cooperative agreements to State commissions, nonprofit entities, and tribes and territories to assist in the creation of full and part-time national and community service programs.

The Hupa people traditionally occupied lands in the far northwestern corner of California. The boundaries of the reservation were established by Executive Order on June 23, 1876 pursuant to the Congressional Act of April 3, 1864. The boundaries were expanded by Executive Order in 1891 to connect the old Klamath River (Yurok) Reservation to the Hoopa Valley Reservation.

Hoopa receives grants from the Corporation for the TCCC and ANL programs. The program mission is to assist individuals and families in preventing, reducing or eliminating poverty in their lives and through partnership to engage the community in addressing economic and social needs.

TCCC is a 1,700 hour, full-time Tribal AmeriCorps Residential Program that provides AmeriCorps members training and work experience, and an education award upon completion. The program has approximately 30 members reside in Hoopa, California. TCCC selects individuals, predominantly Native American Indians ages 18 to 24, from any of the 50 states in the U.S. Members begin and end in staggered terms, thus creating year-round service by members. TCCC specializes in completing service projects in five areas: environment, education, public safety, unmet human needs, and disaster response.

The Hoopa ANL program is designed to serve older adults in the Hoopa, California community by providing them with assistance from a group of 12 ANL members. These members are trained to serve senior citizens and are tasked to protect and care for the older adults during and after their AmeriCorps experience.

#### **EXIT CONFERENCE**

The exit conference was conducted on September 17, 2015. At the exit conference, we presented each of the findings set forth in this report. Hoopa's response was received on November 6, 2015 and is included in its entirety in Appendix D. The Corporation's response was received on November 5, 2015, and is included in its entirety in Appendix E.

# **APPENDICES**

**HOOPA VALLEY TRIBE  
SCHEDULE OF QUESTIONED COSTS  
AWARD NO. 10TNHCA003 (TCCC)**

Issues	Questioned Costs (\$)	Notes
Required background checks were not conducted for members	4,425	1
Required background checks were not conducted for staff	112,925	2
Indirect costs	9,388	3
<b>Total (\$)</b>	<b>126,738</b>	

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**NOTES:**

1. Hoopa failed to conduct critical background checks of its AmeriCorps members. This resulted in questioned cost paid to members as living allowance and education award. (See Finding No. 1)
2. Hoopa failed to conduct critical background checks of its staff. (See Finding No. 2)
3. Indirect costs are disallowed because of the direct costs questioned during the audit. (See Finding No. 3)

**HOOPA VALLEY TRIBE  
SCHEDULE OF QUESTIONED COSTS  
AWARD NO. 11TNHCA002 (ANL)**

<b>Issues</b>	<b>Questioned Costs (\$)</b>	<b>Notes</b>
Required background checks were not conducted for staff	34,622	1
Indirect costs	2,770	2
<b>Total (\$)</b>	<b>37,392</b>	

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**NOTES:**

1. Hoopa failed to conduct critical background checks of its staff. (See Finding No. 2)
2. Indirect costs are disallowed because of the direct costs questioned during the audit. (See Finding No. 3)

**HOOPA VALLEY TRIBE  
SCHEDULE OF QUESTIONED COSTS  
AWARD NO. 13TNHCA001 (TCCC)**

<b>Issues</b>	<b>Questioned Costs (\$)</b>	<b>Notes</b>
Required background checks were not conducted for members	19,218	1
Indirect costs	1,537	2
<b>Total (\$)</b>	<b>20,755</b>	

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**NOTES:**

1. Hoopa failed to conduct critical background checks of its AmeriCorps members. This resulted in questioned cost paid to members as living allowance and education award. (See Finding No. 1)
2. Indirect costs are disallowed because of the direct costs questioned during the audit. (See Finding No. 3)

**APPENDIX D**

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**HOOPA VALLEY TRIBE  
RESPONSE TO DRAFT REPORT**



# HOOPA VALLEY TRIBAL COUNCIL

## Hoopa Valley Tribe

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Chairman Ryan Jackson

November 6, 2015

Stuart Axenfeld  
Assistant Inspector General for Audit  
Office of Inspector General  
Corporation for National & Community Service  
1201 New York Ave, NW  
Suite 830  
Washington, DC 20525

Dear Mr. Axenfeld:

The Hoopa Valley Tribe has prepared this letter as a response to the findings related to the October 6, 2015 letter regarding the Office of Inspector General's Audit regarding Corporation for National and Community Service Grants Awarded to the Hoopa Valley Tribe.

With regard to finding No.1 – *The grantee did not conduct or document required background checks for certain AmeriCorps members.*

Although documentation may not have been available at the time of audit, we believe that due diligence was attempted to have been completed. Requests for background checks were submitted prior to commencement of work. The positions in question are under constant supervision of a Team Leader and therefore do not pose a risk to the public and vulnerable populations. Furthermore, the goals/objectives and tasks designated within the grant guidelines were completed, we don't believe that costs for the work provided should be considered ineligible for payment.

#### Corrective Action:

The Director-Mrs. Cooper will receive additional training on hiring and reporting requirements. She and key staff will complete the National Service Criminal History Checks (NSCHC) online training within 90 days from submission of this letter. In addition to this, Mrs. Cooper will continually train staff responsible for ensuring that the required checks are performed and reviewed in the necessary timeframes required. All files will be reviewed on a quarterly basis to verify completeness, and to ensure all documentation remains in the file. Files will be held in a secured locking file cabinet to ensure unauthorized access is prohibited.

With regard to finding No. 2 – *The grantee did not conduct or document required background checks for grant-funded Hoopa staff.*



Again, although documentation may not have been available at the time of audit, we believe that due diligence was attempted in hiring of the staff in question. Requests for criminal background checks were submitted prior to or at the time of hiring and/or during the term of employment. Furthermore, the Director of the Program has described the staff in question as not being in a position that involves recurring access to children age 17 year or younger nor to individuals 60 years or older nor to individuals with disabilities. We believe that the staff in question were and are pertinent to carrying out the goals/objectives and tasks designated within the grant guidelines, tasks were completed to satisfaction and often times with praise and accreditation from outside agencies. We don't believe that costs associated with completing these tasks should be questioned or withheld from reimbursement.

**Corrective Action:**

The Director-Mrs. Cooper will receive additional training on hiring and reporting requirements. She and key staff will complete the National Service Criminal History Checks (NSCHC) online training within 90 days from submission of this letter. In addition to this, the Mrs. Cooper will continually train staff responsible for ensuring that the required checks are performed and reviewed in the necessary timeframes required. All files will be reviewed on a quarterly basis to verify completeness, and to ensure all documentation remains in the file. Files will be held in a secured locking file cabinet to ensure unauthorized access is prohibited.

With regard to finding No. 3- *Disallowance of direct costs questioned in the audit renders certain indirect costs unallowable.*

We believe that ultimately the goals/objectives and tasks identified in the grant guidelines were met and performed satisfactorily. Costs should not be questioned as the work or services were performed and should be compensated and/or reimbursed accordingly.

**Corrective Action:**

The Grants Compliance Officer-Mrs. Matilton will meet with Mrs. Cooper quarterly to ensure that all compliance measures are met prior to submission of financial reports and application of Indirect Cost rates. Continued training and education for the Grants Compliance Officer and Program Director will be sought in an ongoing effort to maintain the most recent and relevant information on grant reporting and management.

With regard to finding No. 4 – *One Federal Financial Report was submitted late.*

After review of the report and the submission timelines, Mrs. Matilton believes that the report was erroneously submitted after the date because she believed that after requesting the no-cost time extension there was additional time for submission for the report. She did not realize that the due date was not extended.

**Corrective Action:**



The Grants Compliance Officer-Mrs. Matilton, within 90 days from submission of this letter, will review the policies and requirements for reporting for clarification regarding deadlines and what effect extension may or may not have on them. Again, continued training and education will be sought to receive the most relevant and recent information is obtained.

With regard to finding No. 5 – *Required position descriptions were missing from AmeriCorps member files.*

Job descriptions are currently available for all AmeriCorps and TCCC member positions. Although we cannot specifically identify why these particular files in question were not complete with the current job description, according to the checklist completed they were in the file at one point in time.

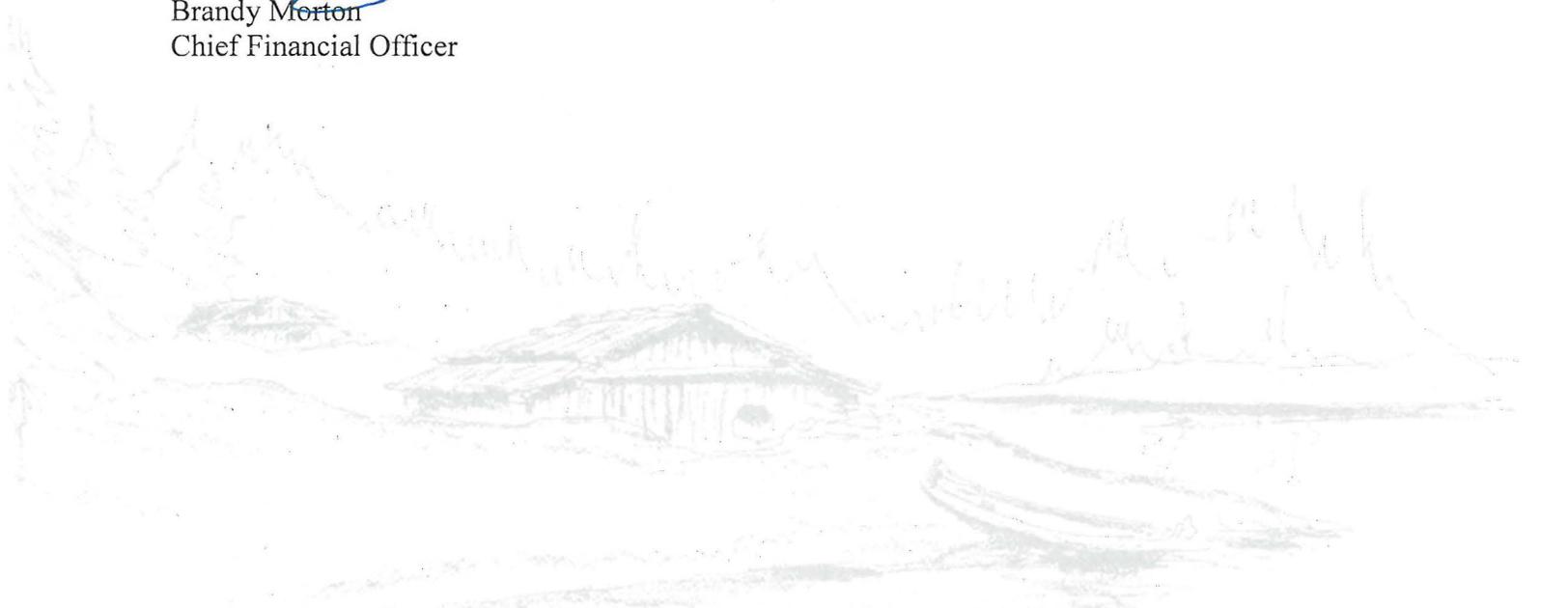
Corrective Action:

A checklist has been developed to assist in remedying this finding. Key staff responsible for maintaining these files have been trained by the Director Mrs. Cooper in compliance steps to ensure that this doesn't happen again in the future. Quarterly compliance checks will be performed by Mrs. Cooper to ensure that the checklists for files are accurate, complete and that all necessary documentation still remains in the file as needed. Files will be held in a secured locking file cabinet to ensure unauthorized access is prohibited.

If you have any questions or would like to discuss the response, please feel free to contact me through email at [bmorton@hoopa-nsn.gov](mailto:bmorton@hoopa-nsn.gov) or by telephone at (530)625-4211 ext. 116.

Sincerely,

Brandy Morton  
Chief Financial Officer

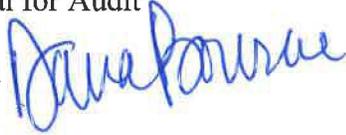


**APPENDIX E**

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**CORPORATION FOR NATIONAL AND COMMUNITY SERVICE  
RESPONSE TO DRAFT REPORT**

Corporation for  
**NATIONAL &  
COMMUNITY  
SERVICE** 

**To:** Stuart Axenfeld, Assistant Inspector General for Audit  
**From:** Dana Bourne, Chief of Grants Management   
**Date:** November 5, 2015  
**Subject:** Response to OIG Draft of Audit of Corporation  
For National and Community Service Grants Awarded to the Hoopa  
Valley Tribe

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Thank you for the opportunity to review the draft report of the Audit of CNCS's grants awarded to the Hoopa Valley Tribe. We will work with Hoopa Valley Tribe representatives to ensure its corrective action adequately addresses all audit findings and recommendations.

*Finding No. 1 – The grantee did not conduct or document required background checks for certain AmeriCorps members.*

CNCS will review documentation to determine whether background check requirements were met. CNCS will work with the Hoopa Valley Tribe to ensure that proper procedures and training regarding background check requirements are implemented.

*Finding No. 2 – The grantee did not conduct or document required background checks for grant-funded Hoopa staff.*

CNCS will review documentation to determine whether background check requirements were met. CNCS will work with the Hoopa Valley Tribe to ensure that proper procedures and training regarding background check requirements are implemented. CNCS will ensure that Hoopa Valley Tribe has performed required background checks on their staff.

*Finding No. 3 - Disallowance of direct costs questioned in the audit renders certain indirect costs unallowable.*

CNCS will review and adjust indirect costs applied to any costs which CNCS determines as disallowed.

*Finding No. 4 – One Federal Financial Report was submitted late.*

CNCS will ensure that Hoopa Valley Tribe has procedures and internal controls which address the requirements for timely submission of required reports.

*Finding No. 5 – Required position descriptions were missing from AmeriCorps member files.*

CNCS will ensure that Hoopa Valley Tribe has procedures and internal controls which include periodic member file reviews, including the position descriptions.

**Cc:** Jeff Page, Acting Chief Financial Officer  
Bill Basl, Director, AmeriCorps  
Jeremy Joseph, General Counsel  
Kathryn Gillis, Director, Office of Accountability and Oversight