

CORPORATION FOR NATIONAL & COMMUNITY SERVICE

OFFICE OF INSPECTOR GENERAL

Agreed-Upon Procedures of Corporation for National and Community Service Grants Awarded to the North Carolina Commission on Volunteerism and Community Service

OIG Report 19-05

Prepared by:

Cotton & Company LLP
625 Slaters Lane, 4th Floor
Alexandria, Virginia 22314



This report was issued to Corporation management on March 12, 2019. Under the laws and regulations governing audit follow up, the Corporation is to make final management decisions on the report's findings and recommendations no later than September 12, 2019, and complete its corrective actions by March 12, 2020. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.



March 12, 2019

TO: Chester Spellman
Director of AmeriCorps State and National

Joseph Liciardello
Acting Chief Grants Officer

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

SUBJECT: *OIG Report 19-05, Agreed-Upon Procedures for the Corporation for National and Community Service Grants Awarded to the North Carolina Commission on Volunteerism and Community Service*

Attached is the final report for the above engagement. This agreed-upon procedures review was conducted by Cotton & Company LLP in accordance with attestation standards established by the American Institute of Certified Public Accountants and *Government Auditing Standards*, issued by the Comptroller General of the United States. The period tested included costs claimed on Commission and AmeriCorps grants from August 2014 through June 2017.

The draft report was issued to management on January 23, 2018. The Corporation for National & Community Service (CNCS) requested that we delay issuing the final report due to the Commission's involvement with Hurricane Florence disaster relief. We also allowed CNCS to provide a substantive response to our recommendations.

The Commission and two subgrantees violated grant terms and conditions in its operations and subgrantee monitoring. Of the \$16,132,771 federal and match costs claimed, we questioned \$1,863,309. Twenty-six percent of the questioned costs (\$484,399) was for National Service Criminal History Checks deficiencies at the subgrantees. In addition, 29 percent (\$540,511) was questioned for Commission timekeeping deficiencies.

During audit resolution, please note that some member costs were questioned for multiple reasons. However, the auditors only disallowed the costs once. Each of the reasons for questioning member related costs provides an independent basis for disallowance. In other words, if a member's education award is allowed for one reason it may be disallowed for another.

Under the CNCS audit resolution policy, a final management decision on the findings and recommendations in this report is due by September, 16, 2019. Notice of final action is due by March 15, 2020.

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

Attachment

cc: Caroline Farmer, Executive Director, North Carolina Commission on Volunteerism and Community Service
Barbara Stewart, CNCS Chief Executive Officer
Desiree Tucker-Sorini, Chief of Staff
Tim Noelker, General Counsel, CNCS
Jennifer Bastress Tahmasebi, Deputy Director, AmeriCorps State and National, CNCS
Autumn Rose, Senior Grants Officer, CNCS
Lora Pollari-Welbes, Audits and Investigations Program Manager, CNCS
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Michael Gillespie, Partner, Cotton & Company LLP

**OFFICE OF INSPECTOR GENERAL
 AGREED-UPON PROCEDURES FOR
 CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
 GRANTS AWARDED TO
 NORTH CAROLINA COMMISSION ON VOLUNTEERISM AND COMMUNITY SERVICE**

CONTENTS

Section	Page
Executive Summary.....	1
Independent Accountants' Report on Applying Agreed-Upon Procedures	3
Exhibit A: Consolidated Schedule of Claimed and Questioned Costs	6
Schedule A: Schedule of Questioned Costs Award No. 16CAHNC001	7
Schedule B: Schedule of Claimed and Questioned Match Costs Award No. 12AFHNC001	9
Schedule C: Schedule of Claimed and Questioned Federal Costs Award Nos. 12AFHNC001 and 13ACHNC001	10
Schedule D: Schedule of Claimed and Questioned Costs University of North Carolina at Chapel Hill Advising Corps Award Nos. 12AFHNC001 and 15AFHNC001	11
Schedule E: Schedule of Claimed and Questioned Costs University of North Carolina at Chapel Hill Literacy Corps Award Nos. 12AFHNC001 and 15AFHNC001	15
Schedule F: Schedule of Claimed and Questioned Costs East Carolina University Award No. 13ACHNC001 and 15AFHNC001.....	18
Exhibit B: Compliance Results.....	22

Appendices

- A: Corporation for National and Community Service's Response to Draft Report
- B: North Carolina Commission on Volunteerism and Community Service
Response to Draft Report

EXECUTIVE SUMMARY

From August 2014 to June 2017, the North Carolina Commission on Volunteerism and Community Service (Commission) administered AmeriCorps funds totaling \$21,749,422 and awarded 14 subgrants.

We reviewed the costs incurred and reported during this period by the Commission and by two of its subgrantees: East Carolina University (ECU) and the University of North Carolina at Chapel Hill (UNC-CH), including UNC-CH's two AmeriCorps programs, the College Advising Corps (Advising Corps) and Literacy Corps. Together, the Commission and these subgrantees claimed \$16,132,771 in federal and match expenditures.

Our review discovered that the Commission did not provide sufficient program and financial oversight of these subgrantees, as required by grant terms and the Commission's own monitoring policy. The Commission and the tested subgrantees violated grant terms and conditions in six main areas: subgrantee monitoring, Commission timekeeping, claiming unallowable costs, submitting financial reports that do not reconcile to internal accounting records, errors in completing National Service Criminal History Checks (NSCHC) and member administration.

We found improper and unsupported costs totaling \$2,040,402 (\$777,219 in Federal costs and \$1,086,090 in match costs, as well as an additional \$176,876 in questionable education awards and \$217 in accrued interest).¹ Much of the questioned costs are attributable to poor timekeeping practices at the Commission, insufficient criminal history checks by subgrantees that the Commission failed to discover and correct, subgrantees' failure to perform required end-of-term evaluations for AmeriCorps members and unexplained disparities between the subgrantee costs reported to the Federal government and the subgrantees' internal general ledgers. We also found that the Commission charged the AmeriCorps grant for the salary of an employee properly allocated to a separate grant to the North Carolina Department of Public Safety (DPS) after exhausting the DPS grant funds. The Schedule of Questioned Costs below summarizes the costs that we found to be improperly incurred or unsupported.

¹ Participants who successfully complete terms of service under AmeriCorps grants are eligible for education awards, and in some cases, repayment of student loan interest accrued during their service terms (accrued interest), funded by the Corporation's National Service Trust. We determined the effect of our findings on participants' eligibility for education and accrued-interest awards based on the same criteria used for the grantee's claimed costs.

Schedule of Questioned Costs

Description	Questioned Federal Costs	Questioned Match Costs	Questioned Education Awards	Questioned Accrued Interest
Commission Timekeeping (Finding 2)	\$317,927	\$222,584	\$0	\$0
Unallowable Costs (Finding 3)	32,861	151,692	0	0
Reconciliations (Finding 4)	3,682	432,547	0	0
National Service Criminal History Checks (Finding 5)	327,158	157,241	49,610	0
End-of-Term Evaluations (Finding 6)	95,591	122,026	62,757	217
Member Weekend, Holiday, and Personal Leave Service Hours (Finding 7)	0	0	22,387	0
Member Timesheet Certifications (Finding 8)	0	0	25,252	0
Compelling Personal Circumstances (Finding 9)	<u>0</u>	<u>0</u>	<u>16,870</u>	<u>0</u>
Total	<u>\$777,219</u>	<u>\$1,086,090</u>	<u>\$176,876</u>	<u>\$217</u>

Extensive turnover within the Commission leadership and staff contributed to the deficiencies that we found. Following the 2016 election, the new Governor replaced the Executive Director and the Finance Officer, as well as the remaining Commission staff, except for two AmeriCorps Program Officers. The new staff had difficulty locating the records needed for our Agreed-Upon Procedures review (AUP) and were not well versed in the Commission's own monitoring policies. The practice of replacing nearly the entire staff following an election created conditions under which mistakes were likely and subgrantee monitoring was likely to suffer. We note that the current staff has made progress in addressing these issues and correcting the deficiencies.

In responding to our draft report, the Commission acknowledged its responsibility to administer Federal funds in accordance with grant terms and conditions. Further, the Commission summarized the corrective actions that it has completed and those that are in process. It also provided revised policies, procedures and forms to demonstrate its commitment to carefully administering Federal funds. Initially, the Corporation responded the draft report with the statement that it would make final determinations for all findings, recommendation, and questioned costs after it receives the final report and reviews the auditor's workpapers and the Commission's corrective action plan. On January 10, 2019, the Corporation provided substantive responses to the recommendations. We have included the Corporation's January 10, 2019 response and the Commission's response in their entirety as Appendices A and B.

The details for these findings are included in Exhibit B.

The AUP was conducted in accordance with generally accepted government auditing standards. Cotton & Co, LLP performed the AUP on behalf of the Office of Inspector General for the Corporation for National and Community Service (OIG).



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March 12, 2019

Office of Inspector General
 Corporation for National and Community Service

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

Cotton & Company LLP performed the procedures detailed in the Office of Inspector General's (OIG's) *Agreed-Upon Procedures for Corporation Awards to Grantees (including Subgrantees)* program, dated June 2016. The OIG agreed to these procedures solely to assist it in grant cost and compliance testing of Corporation for National and Community Service (Corporation)-funded Federal assistance provided to the North Carolina Commission on Volunteerism and Community Service (Commission) for the awards detailed below.

We performed this agreed-upon procedures (AUP) engagement in accordance with attestation 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, either for the purpose for which this report has been requested or for any other purpose.

Our procedures covered testing of the following awards:

Grant Program	Award No.	Award Period	AUP Period	Awards in AUP Period
AmeriCorps Grants				
Formula	12AFHNC001	08/01/12-08/27/16	08/01/14-08/27/16	\$8,142,356
Competitive	13ACHNC001	08/15/13-08/14/16	08/01/14-08/14/16	\$2,547,694
Formula	15AFHNC001	08/01/15-09/30/18	08/01/15-03/31/17	\$10,421,518
Commission Level Grant				
Administrative	16CAHNC001	01/01/16-12/31/18	01/01/16-06/30/17	\$637,854
Total				<u>\$21,749,422</u>

We tested these AmeriCorps program awards at the Commission and at two of its subgrantees. We reviewed cash drawdowns reported on the Federal Cash Transaction Reports (FCTRs) for September 30, 2014, through June 30, 2017. We selected samples of labor, benefits, and other direct costs reported by the Commission on the Federal Financial Reports (FFRs) dated as follows:

- 2014:** March 31 and September 30
- 2015:** March 31 and September 30

2016: March 31, June 30, September 30, and December 31, as well as the final FFRs for Award Nos. 12AFHNC001 and 13ACHNC001
2017: March 31 and June 30

We also tested grant compliance requirements by sampling 62 members from ECU and UNC-CH, as shown below. Except as noted below, we performed all applicable testing procedures in the AUP program for each sampled member.

PY	ECU		UNC-CH	
	Total Members	Sampled Members	Total Members	Sampled Members
PY 2014-2015	78	9	58	4
PY 2014-2015 Compelling Personal Circumstances Only ²	N/A	12	0	0
PY 2015-2016	51	9	72	8
PY 2016-2017	<u>58</u>	<u>7</u>	<u>84</u>	<u>13</u>
Total	<u>187</u>	<u>37</u>	<u>214</u>	<u>25</u>

AUP SCOPE

We performed the AUP detailed in the OIG’s *Agreed-Upon Procedures for Corporation Awards to Grantees (including Subgrantees)* program, dated June 2016. Our procedures included performing testing over AmeriCorps (Competitive and Formula) and Commission-Level (Administrative) grants from August 1, 2014, through June 30, 2017. The grant award numbers and periods, AUP periods, and amounts awarded during the AUP period are shown in the table above.

The OIG’s AUP program included:

- Obtaining an understanding of the Commission’s operations, programs, and subgrantee-monitoring processes.
- Reconciling claimed Federal and match grant costs, both for the Commission and for a sample of subgrantees, to the North Carolina State accounting system.
- Testing subgrantee member files to verify that records supported eligibility to serve, allowability of living allowances, and eligibility to receive education awards.
- Testing compliance with selected AmeriCorps provisions and award terms and conditions at the Commission and a sample of subgrantees.

² ECU had 78 members in PY 2014-2015. We originally selected 9 of these 78 members for testing; however, when we expanded our testing of compelling personal circumstances, we selected an additional 12 members.

- Testing Federal and match grants claimed by both the Commission and a sample of subgrantees to ensure that the Commission and the subgrantees:
 - Properly recorded AmeriCorps grants in the North Carolina State general ledger and subgrantee records.
 - Claimed costs that were allowable and properly documented the costs in accordance with applicable Office of Management and Budget (OMB) circulars and Uniform Guidance and grant award terms and conditions.

We performed testing from July through November 2017 at the Cotton & Company office in Alexandria, Virginia; at the Commission office in Raleigh, North Carolina; and at the offices of the following two subgrantees:

- UNC-CH, Chapel Hill, North Carolina
- ECU, Greenville, North Carolina

AUP RESULTS

Based on our testing of the Commission and its subgrantees, we questioned claimed Federal-share costs of \$777,219 and match costs of \$1,086,090, as well as an additional \$176,876 in education awards and \$217 in accrued interest.

We discuss the detailed results of our AUP over claimed costs in Exhibit A and the supporting schedules. We discuss the results of our grant compliance testing in Exhibit B.

We were not engaged to and did not perform an examination or a review, the objective of which would be the expression of an opinion on the subject matter. 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.

This report is intended solely for the information and use of the OIG, the Corporation, the Commission, and U.S. Congress and is not intended to be, and should not be, used by anyone other than these specified parties.

COTTON & COMPANY LLP



Michael W. Gillespie, CPA, CFE
Partner

**NORTH CAROLINA COMMISSION ON VOLUNTEERISM AND COMMUNITY SERVICE
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE AWARDS
CONSOLIDATED SCHEDULE OF CLAIMED AND QUESTIONED COSTS**

Grant No.	Federal Costs		Questioned				Schedule
	Awarded	Claimed	Federal Costs	Match Costs	Education Awards	Accrued Interest	
12AFHNC001							
UNC-CH-AC	\$225,097	\$222,758	\$22,948	\$46,704	\$11,290	\$0	D
UNC-CH-LC	312,176	192,731	28,891	0	11,290	0	E
Other Subs	<u>4,463,858</u>	<u>3,602,769</u>	<u>0</u>	<u>427,749</u>	<u>0</u>	<u>0</u>	B
Subtotal	\$5,001,131	\$4,018,258	\$51,839	\$474,453	\$22,580	\$0	
Wrong Grant	<u>0</u>	<u>172,478</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	C
Total	<u>\$5,001,131</u>	<u>\$4,190,736</u>	<u>\$51,839</u>	<u>\$474,453</u>	<u>\$22,580</u>	<u>\$0</u>	
13ACHNC001							
ECU	\$790,843	\$570,243	\$160,653	\$47,453	\$45,002	\$217	F
Other Subs	<u>1,756,851</u>	<u>1,483,496</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Subtotal	\$2,547,694	\$2,053,739	\$160,653	\$47,453	\$45,002	\$217	
Wrong Grant	<u>0</u>	<u>(172,478)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	C
Total	<u>\$2,547,694</u>	<u>\$1,881,261</u>	<u>\$160,653</u>	<u>\$47,453</u>	<u>\$45,002</u>	<u>\$217</u>	
15AFHNC001							
UNC-CH-AC	\$983,250	\$793,669	\$109,312	\$191,830	\$63,345	\$0	D
UNC-CH-LC	609,731	338,513	113,888	5,510	30,731	0	E
ECU	370,674	163,741	21,414	5,317	15,218	0	F
Other Subs	<u>4,953,256</u>	<u>3,658,034</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total	<u>\$6,916,911</u>	<u>\$4,953,957</u>	<u>\$244,614</u>	<u>\$202,657</u>	<u>\$109,294</u>	<u>\$0</u>	
16CAHNC001	<u>\$637,854</u>	<u>\$409,296</u>	<u>\$320,113</u>	<u>\$361,527</u>	<u>\$0</u>	<u>\$0</u>	A
Totals	<u>\$15,103,590</u>	<u>\$11,435,250</u>	<u>\$777,219</u>	<u>\$1,086,090</u>	<u>\$176,876</u>	<u>\$217</u>	

SCHEDULE A

**NORTH CAROLINA COMMISSION ON VOLUNTEERISM AND COMMUNITY SERVICE
SCHEDULE OF CLAIMED AND QUESTIONED COSTS
AWARD No. 16CAHNC001**

	Amount	Notes
Total Claimed Federal Costs for AUP Period	<u>\$409,296</u>	1
Questioned Federal Costs:		
Timekeeping	\$317,927	2
Training costs charged to the wrong grant	1,850	3
Inadequate documentation for travel costs	<u>336</u>	4
Total Questioned Federal Costs	<u>\$320,113</u>	
Total Claimed Match Costs for AUP Period	<u>\$411,678</u>	5
Questioned Match Costs:		
Timekeeping	\$222,584	6
Public Service Announcements	87,290	7
Page stipends	39,250	8
State services	6,325	9
Interns	<u>6,078</u>	10
Total Questioned Match Costs	<u>\$361,527</u>	

NOTES

1. The amount of claimed Federal costs for the AUP period represents the total amount of Federal costs that the Commission claimed for Award No. 16CAHNC001 for the period from January 1, 2016, through June 30, 2017.
2. We questioned \$317,927 of Federal costs for Commission and North Carolina Governor's Office employees that the Commission charged to its Commission Support grant. The Commission lacked a system of internal controls that could provide reasonable assurance that charges to its Corporation awards were accurate, allowable, and properly allocated, and that the charges reflected the total activity for which the Commission compensated its employees (see Exhibit B, Finding 2).
3. We questioned \$1,850 of Federal costs for a training class taken by a Commission employee. The Commission should have reported the cost on its training grant (Award No. 16TAHNC001); however, it erroneously reported the cost on its Commission Support grant (Award No. 16CAHNC001) (see Exhibit B, Finding 3.a).
4. We questioned \$336 of Federal costs because the Commission did not provide adequate documentation for the lodging costs (see Exhibit B, Finding 3.b).
5. The amount of claimed match costs for the AUP period represents the total amount of match costs that the Commission claimed for Award No. 16CAHNC001 for the period from January 1, 2016, through June 30, 2017.

6. We questioned \$222,584 of match costs for Commission and Governor's Office employees that the Commission charged to its Commission Support grant, for the reasons discussed in Note 2 above (see Exhibit B, Finding 2).
7. We questioned \$87,290 of match costs for Public Service Announcements (PSA) that the Commission claimed on its June 2016 FFR because the Commission was unable to provide adequate documentation verifying that the costs were allocable to the period tested (see Exhibit B, Finding 3.c).
8. We questioned \$39,250 of match costs that the Commission claimed for stipends paid to participants in the Governor's Office Page Program. The Commission claimed \$27,400 as other direct costs and \$11,850 as personnel costs. However, the Page participants' activities did not directly benefit or promote volunteerism. In addition, Page participants did not complete timesheets or time certifications to support the hours worked (see Exhibit B, Finding 3.d).
9. We questioned \$6,325 of match costs that the Commission claimed for services provided by other North Carolina State departments because the costs were not verifiable and the Commission was unable to provide documentation showing how it derived the value of the services (see Exhibit B, Finding 3.e).
10. We questioned \$6,078 of match costs because the Commission was unable to provide time certifications to support the hours worked by interns (see Exhibit B, Finding 3.f).

SCHEDULE B

**NORTH CAROLINA COMMISSION ON VOLUNTEERISM AND COMMUNITY SERVICE
SCHEDULE OF CLAIMED AND QUESTIONED MATCH COSTS
AWARD NO. 12AFHNC001**

	Amount	Notes
Total Claimed Match Costs for AUP Period	<u>\$4,420,690</u>	1
Questioned Match Costs:		
Unsupported match costs	<u>\$427,749</u>	2

NOTES

1. The amount of claimed match costs for the AUP period represents the total amount of match costs the Commission claimed for Award No. 12AFHNC011 for the period from April 1, 2014, through August 21, 2016.
2. We questioned \$427,749 of match costs that the Commission claimed on Award No. 12AFHNC001 because the Commission's accounting records did not reconcile to the match costs that the Commission claimed on its FFRs for March 31, 2015; September 30, 2015; and March 31, 2016 (see Exhibit B, Finding 4.b).

SCHEDULE C

**NORTH CAROLINA COMMISSION ON VOLUNTEERISM AND COMMUNITY SERVICE
SCHEDULE OF CLAIMED AND QUESTIONED FEDERAL COSTS
AWARD No. 12AFHNC001
AWARD No. 13ACHNC001**

GRANTS

	Award 12AFHNC001	Award 13ACHNC001	Notes
Total Claimed Federal Costs for AUP Period	<u>\$4,018,258</u>	<u>\$2,053,739</u>	1
Allowed/Questioned Federal Costs:			
Subgrantee costs that the Commission reported on the wrong grant	<u>\$172,478</u>	<u>(\$172,478)</u>	2
Adjusted Total Federal Costs for AUP Period	<u>\$4,190,736</u>	<u>\$1,881,261</u>	

NOTES

1. The amount of claimed Federal costs for the AUP period represents the total amount of Federal costs that the Commission claimed for Award Nos. 12AFHNC001 and 13ACHNC001 for the period from April 1, 2014, through August 21, 2016.
2. We questioned \$172,478 of Federal costs on Award No. 13ACHNC001 and allowed the same amount of Federal costs on Award No. 12AFHNC001. The Commission erroneously reported the costs for its UNC-CH subgrantee as Federal costs on the March 31, 2015, and September 30, 2015, FFRs for Award No. 13ACHNC001. The Commission should have reported the costs on Award No. 12AFHNC001 instead (see Exhibit B, Finding 4.d).

SCHEDULE D

**NORTH CAROLINA COMMISSION ON VOLUNTEERISM AND COMMUNITY SERVICE
 SCHEDULE OF CLAIMED AND QUESTIONED COSTS
 UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL ADVISING CORPS
 AWARD No. 12AFHNC001
 AWARD No. 15AFHNC001**

	12AFHNC001 PY 2014-2015	15AFHNC001 PY 2015-2016	15AFHNC001 PY 2016-2017	Notes
Total Claimed Federal Costs for AUP Period	<u>\$222,758</u>	<u>\$426,430</u>	<u>\$367,239</u>	1
Questioned Federal Costs:				
Staff criminal history checks	\$10,994	\$12,732	\$4,175	2
Member National Sex Offender Public website (NSOPW) searches not conducted	0	0	7,587	3
Returning member evaluation/prior-year end-of-term evaluation missing	11,172	33,594	45,522	4
Duplicate payment	<u>0</u>	<u>1,366</u>	<u>0</u>	5
Questioned Federal costs before administrative costs	22,166	47,692	57,284	
Questioned administrative costs	<u>782</u>	<u>2,509</u>	<u>1,827</u>	6
Total Questioned Federal Costs	<u>\$22,948</u>	<u>\$50,201</u>	<u>\$59,111</u>	
Total Claimed Match Costs for AUP Period	<u>\$379,532</u>	<u>\$693,460</u>	<u>\$784,114</u>	7
Questioned Match Costs:				
Staff criminal history checks	\$33,710	\$49,138	\$17,971	8
Member NSOPW searches not conducted	0	0	10,971	9
Returning member evaluation/prior-year end-of-term evaluation missing	12,994	43,126	65,826	10
Unsupported match costs	<u>0</u>	<u>4,798</u>	<u>0</u>	11
Total Questioned Match Costs	<u>\$46,704</u>	<u>\$97,062</u>	<u>\$94,768</u>	
Questioned Education Awards:				
Member NSOPW searches not conducted	\$0	\$0	\$5,775	12
Returning member evaluation/prior-year end-of-term evaluation missing	5,645	17,190	34,650	13
Leave hours recorded as service	5,645	5,730	0	14
Weekend and holiday service hours	0	0	0	15
Uncertified member timesheets	<u>0</u>	<u>0</u>	<u>0</u>	16
Total Questioned Education Awards	<u>\$11,290</u>	<u>\$22,920</u>	<u>\$40,425</u>	

NOTES

1. The amount of claimed Federal costs for the AUP period represents the total amount of Program Year (PY) 2014-2015 Federal costs that the Commission claimed for UNC-CH Advising Corps on Award No.12AFHNC001 from August 1, 2014, to May 31, 2015. It also represents the total amount of PYs 2015-2016 and 2016-2017 Federal costs that the Commission claimed for the UNC-CH Advising Corps on Award No. 15AFHNC0001 for the periods from August 1, 2015, to September 30, 2016, and from August 1, 2016, to February 28, 2017.

2. We questioned Federal costs of \$27,901 (\$10,994 for PY 2014-2015, \$12,732 for PY 2015-2016, and \$4,175 for PY 2016-2017) because the NSOPW search for the UNC-CH Advising Corps Program Director was not adequate. UNC's vendor did not comply with Corporation requirements for NSOPW searches performed by a vendor. The results that UNC-CH provided indicated that the vendor did not identify any sex offender records. The vendor did not provide a screenshot or printout of the actual search results, as required by grant regulations. In addition, UNC-CH was unable to provide any evidence that the contract with the vendor contained the required language for sex offender searches (see Exhibit B, Finding 5.a).
3. We questioned Federal costs of \$7,587 for PY 2016-2017 because UNC-CH Advising Corps did not properly perform the NSOPW search for one AmeriCorps member; specifically, it conducted the search using an incorrect spelling of the member's name (see Exhibit B, Finding 5.b).
4. We questioned Federal costs of \$90,288, (\$11,172 in PY 2014-2015, \$33,594 in PY 2015-2016, and \$45,522 in PY 2016-2017) because UNC-CH Advising Corps was unable to produce documentation verifying that it provided an end-of-term evaluation in PY 2013-2014 for a member who returned in PY 2014-2015, end-of-term evaluations in PY 2014-2015 for the three members who returned in PY 2015-2016, and end-of-term evaluations in PY 2015-2016 for the seven members who returned in PY 2016-2017 (see Exhibit B, Finding 6.b).
5. We questioned Federal costs of \$1,366 for PY 2015-2016 because the Commission made a duplicate payment to its UNC-CH Advising Corps subgrantee (see Exhibit B, Finding 4.f).
6. We questioned Federal administrative costs of \$782 (\$22,166 multiplied by 3.53 percent) for PY 2014-2015, \$2,509 (\$47,692 multiplied by 5.26 percent) for PY 2015-2016, and \$1,827 (\$57,284 multiplied by 3.19 percent) for PY 2016-2017, for a total of \$5,118. We calculated these costs by multiplying the total questioned Federal costs for each program year by the respective administrative cost percentages claimed by UNC-CH Advising Corps.
7. The amount of claimed match costs for the AUP period represents the total amount of PY 2014-2015 match costs that the Commission claimed for UNC-CH Advising Corps on Award No.12AFHNC001 from August 1, 2014, to May 31, 2015. It also represents the total amount of PYs 2015-2016 and 2016-2017 match costs that the Commission claimed for UNC-CH Advising Corps on Award No. 15AFHNC0001 for the periods from August 1, 2015, to September 30, 2016, and from August 1, 2016, to March 31, 2017.
8. We questioned match costs of \$100,819 (\$33,710 for PY 2014-2015, \$49,138 for PY 2015-2016, and \$17,971 for PY 2016-2017) for the reasons discussed in Note 2 (see Exhibit B, Finding 5.a).
9. We questioned PY 2016-2017 match costs of \$10,971 for the reasons discussed in Note 3 (see Exhibit B, Finding 5.b).
10. We questioned match costs of \$121,946 (\$12,994 in PY 2014-2015, \$43,126 in PY 2015-2016, and \$65,826 in PY 2016-2017) for the reasons discussed in Note 4 (see Exhibit B, Finding 6.b).

11. We questioned \$4,798 of match costs that UNC-CH Advising Corps reported for PY 2015-2016 because UNC-CH Advising Corps' accounting records did not reconcile to Federal and match costs that it reported on its September 2016 Periodic Expense Report (PER), the last PER for PY 2015-2016 (Award No. 15AFHNC001). UNC-CH Advising Corps provided a reconciliation for PY 2015-2016 that showed \$778,206 of match costs; however, this amount was \$84,746 higher than the match costs reported on the September 2016 PER; however, the reconciliation did not contain transaction-level detail, and therefore we were only able to verify the amounts supported with actual accounting records (see Exhibit B, Finding 4.h).
12. We questioned education awards of \$5,775 for PY 2016-2017 for the reasons discussed in Note 3 (see Exhibit B, Finding 5.b).
13. We questioned education awards of \$57,485 (\$5,645 in PY 2014-2015, \$17,190 in PY 2015-2016, and \$34,650 in PY 2016-2017) for the reasons discussed in Note 4 (see Exhibit B, Finding 6.b).
14. We questioned \$11,375 of education awards for two UNC-CH Advising Corps members (one in PY 2014-2015 and one in PY 2015-2016) because the members recorded holiday and personal leave as service hours on their timesheets (Exhibit B, Finding 8.d). In total, we identified \$17,020 in questioned education awards for three UNC-CH Advising Corps members (two in PY 2014-2015 and one in PY 2015-2016) for this issue. However, we did not question a \$5,645 education award for one PY 2014-2015 member in this note or finding because we previously questioned the award in Note 13 and Exhibit B, Finding 6.b.
15. We identified \$63,085 of questioned education awards associated with 11 members (2 in PY 2014-2015, 4 in PY 2015-2016, and 5 in PY 2016-2017) because UNC-CH Advising Corps was unable to provide evidence that it performed daily supervision of members who served offsite. In particular, UNC-CH Advising Corps was unable to provide evidence that it performed daily supervision of members who performed their service hours when their sites were closed and who served excessive hours at the end of their service terms (see Exhibit B, Finding 7.a). However, we did not question any education awards for UNC-CH Advising Corps in this note or finding because we questioned these awards in previous findings. Specifically, we questioned \$51,710 in education awards associated with nine members (one in PY 2014-2015, three in PY 2015-2016, and five in PY 2016-2017) in Note 13 and Exhibit B, Finding 6.b. In addition, we questioned \$11,375 in education awards associated with two members (one in PY 2014-2015 and one in PY 2015-2016) in Note 14 and Exhibit B, Finding No. 8.a. We did not question the education awards for two other members because the members met the hour requirement for their member type after we deducted the questioned service hours.
16. We identified \$45,760 of questioned education awards because 12 UNC-CH Advising Corps members (2 in PY 2014-2015, 4 in PY 2015-2016, and 6 in PY 2016-2017) certified their timesheets before serving all of the hours recorded. After we deducted the uncertified hours from the members' total hours certified in the Corporation's My AmeriCorps Portal (Portal), the adjusted hours for 8 of the 12 members did not support the minimum service hours requirement. As such, the members were not eligible for an education award (see Exhibit B, Finding 8.a). However, we did not question any education awards in this note because we questioned these awards in previous findings. Specifically, we questioned \$11,375 in education awards for two members in Note 14 and Exhibit B, Finding 8.d and

\$34,385 in education awards for six members in Note 13 and Exhibit B, Finding 6.b. We did not question the education awards for the four remaining members because the members met the hour requirement for their member type after we deducted the uncertified hours.

Schedule E

**NORTH CAROLINA COMMISSION ON VOLUNTEERISM AND COMMUNITY SERVICE
SCHEDULE OF CLAIMED AND QUESTIONED COSTS
UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL LITERACY CORPS
AWARD NO. 12AFHNC001
AWARD NO. 15AFHNC001**

	12AFHNC001 PY 2014-2015	15AFHNC001 PY 2015-2016	15AFHNC001 PY 2016-2017	Notes
Total Claimed Federal Costs for AUP Period	<u>\$192,731</u>	<u>\$255,940</u>	<u>\$82,573</u>	1
Questioned Federal Costs:				
Staff criminal history checks	\$14,048	\$58,969	\$41,448	2
Unsupported living allowance costs	2,316	0	0	3
Member NSOPWs not properly conducted	<u>0</u>	<u>8,870</u>	<u>0</u>	4
Subtotal	16,364	67,839	41,448	
Excess Federal costs due to unmet match	<u>11,601</u>	<u>0</u>	<u>0</u>	5
Questioned Federal costs before administrative costs	27,965	67,839	41,448	
Questioned administrative costs	<u>926</u>	<u>2,856</u>	<u>1,745</u>	6
Total Questioned Federal Costs	<u>\$28,891</u>	<u>\$70,695</u>	<u>\$43,193</u>	
Total Claimed Match Costs for AUP Period	<u>\$153,164</u>	<u>\$232,187</u>	<u>\$37,577</u>	7
Questioned Match Costs:				
Member NSOPWs not properly conducted	<u>\$0</u>	<u>\$5,510</u>	<u>\$0</u>	8
Total Questioned Match Costs	<u>\$0</u>	<u>\$5,510</u>	<u>\$0</u>	
Questioned Education Awards:				
Member NSOPWs not properly conducted	\$0	\$5,730	\$0	9
Member NSOPWs not conducted	0	0	1,222	10
Weekend and holiday service hours	11,290	1,212	9,885	11
Uncertified member timesheets	<u>0</u>	<u>11,460</u>	<u>1,222</u>	12
Total Questioned Education Awards	<u>\$11,290</u>	<u>\$18,402</u>	<u>\$12,329</u>	

NOTES

1. The amount of claimed Federal costs for the AUP period represents the total amount of PY 2014-2015 Federal costs that the Commission claimed for UNC-CH Literacy Corps on Award No.12AFHNC001 from August 1, 2014, to May 31, 2015. It also represents the total amount of PYs 2015-2016 and 2016-2017 Federal costs that the Commission claimed for UNC-CH Literacy Corps on Award No. 15AFHNC0001 for the periods from August 1, 2015, to October 31, 2016, and from August 1, 2016, to February 28, 2017.
2. We questioned \$114,465 of Federal costs (\$14,048 in PY 2014-2015, \$58,969 in PY 2015-2016, and \$41,448 in PY 2015-2016) because UNC-CH Literacy Corps did not perform proper criminal history checks for three grant-funded employees. The criminal history check documentation provided for one employee lacked a state criminal history search. In addition, the NSOPW searches for two of the four grant-funded employees were not proper because they were not nationwide searches. UNC-CH Literacy Corps did not

perform either search until September 10, 2017, at which time the Puerto Rico database was not available. UNC-CH Literacy Corps did not perform any subsequent NSOPW searches for either employee to ensure that a nationwide search with all databases operable was performed (see Exhibit B, Finding 5.c).

3. We questioned Federal costs of \$2,316 for PY 2014-2015 because the member living allowance schedule that UNC-CH Literacy Corps provided for PY 2014-2015 supported less in living allowance costs than UNC-CH Literacy Corps reported on its May 2015 PER (see Exhibit B, Finding 4.j).
4. We questioned Federal costs of \$8,870 for PY 2015-2016 because UNC-CH Literacy Corps did not properly perform the NSOPW search for one PY 2015-2016 AmeriCorps member. Specifically, it conducted the search using an incorrect spelling of the member's name and the search was not nationwide, as the Missouri database was not available at the time UNC-CH Literacy Corps performed the search. UNC-CH Literacy Corps did not perform a subsequent NSOPW search, to ensure that a nationwide search with all databases operable was performed (see Exhibit B, Finding 5.d).
5. We questioned Federal costs of \$11,601 for PY 2014-2015 because UNC-CH Literacy Corps did not meet its match requirements and therefore claimed excess Federal costs (see Exhibit B, Finding 3.h).
6. We questioned Federal administrative costs of \$926 (\$27,965 multiplied by 3.31 percent) for PY 2014-2015, \$2,856 (\$67,839 multiplied by 4.21 percent) for PY 2015-2016, and \$1,745 (\$41,448 multiplied by 4.21 percent) for PY 2016-2017, for a total of \$5,527. We calculated these costs by multiplying the total questioned Federal costs for each program year by the respective administrative cost percentages claimed by UNC-CH Literacy Corps.
7. The amount of claimed match costs for the AUP period represents the total amount of PY 2014-2015 match costs that the Commission claimed for UNC-CH Literacy Corps on Award No.12AFHNC001 from August 1, 2014, to May 31, 2015. It also represents the total amount of PYs 2015-2016 and 2016-2017 match costs that the Commission claimed for UNC-CH Literacy Corps on Award No. 15AFHNC0001 for the periods from August 1, 2015, to October 31, 2016, and from August 1, 2016, to March 31, 2017.
8. We questioned \$5,510 in match costs for PY 2015-2016 for the reasons discussed in Note 4 (see Exhibit B, Finding 5.d).
9. We questioned \$5,730 in education awards for PY 2015-2016 for the reasons discussed in Note 4 (see Exhibit B, Finding 5.d).
10. We questioned an education award of \$1,222 for one PY 2016-2017 UNC-CH Literacy Corps member because UNC-CH Literacy Corps did not provide documentation to support that it had conducted an NSOPW search for the member (see Exhibit B, Finding 5.e).
11. We questioned the aforementioned \$22,387 of education awards (\$11,290 in PY 2014-2015, \$1,212 in PY 2015-2016, and \$9,885 in PY 2016-2017) because UNC-CH Literacy Corps was unable to provide evidence that it performed daily supervision of members who served offsite. In particular, UNC-CH Literacy Corps was unable to provide evidence that it performed daily supervision of members who performed their service hours when their

sites were closed. In total, we identified \$35,069 in questioned UNC-CH Literacy Corps education awards associated with 12 instances (2 in PY 2014-2015, 4 in PY 2015-2016, and 6 in PY 2016-2017) for this issue (see Exhibit B, Finding 7.b). However, we did not question \$12,682 of these education awards associated with three members (two in PY 2015-2016 and one in PY 2016-2017) in this note and finding because we are questioning these awards in Note 12 and Exhibit B, Finding 8.b. We did not question the three remaining instances because the members met the hour requirement for their member type after we deducted the questioned service hours.

12. We questioned \$12,682 in education awards for three UNC-CH Literacy Corps members (two PY 2015-2016 members and one PY 2016-2017 member) because the members certified their timesheets before serving all of the hours recorded. After we deducted the uncertified hours from the members' total hours certified in the Portal, the adjusted hours for the three members did not support their minimum service hours. As such, the members were not eligible for an education award.

Schedule F

**NORTH CAROLINA COMMISSION ON VOLUNTEERISM AND COMMUNITY SERVICE
SCHEDULE OF CLAIMED AND QUESTIONED COSTS
EAST CAROLINA UNIVERSITY
AWARD NO. 13ACHNC001
AWARD NO. 15AFHNC001**

	13ACHNC001 PY 2014-2015	13ACHNC001 PY 2015-2016	15AFHNC001 PY 2016-2017	Notes
Total Claimed Federal Costs for AUP Period	<u>\$338,478</u>	<u>\$231,765</u>	<u>\$163,471</u>	1
Questioned Federal Costs:				
Staff criminal history checks	\$89,460	\$29,116	\$10,085	2
Member NSOPWs not properly conducted	2,439	23,551	10,276	3
Member Federal Bureau of Investigation (FBI) searches not provided	3,408	0	0	4
Returning member evaluation/prior-year end-of-term evaluation missing	<u>0</u>	<u>5,303</u>	<u>0</u>	5
Questioned Federal costs before administrative costs	95,307	57,970	20,361	
Questioned administrative costs	<u>4,327</u>	<u>3,049</u>	<u>1,053</u>	6
Total Questioned Federal Costs	<u>\$99,634</u>	<u>\$61,019</u>	<u>\$21,414</u>	
Total Claimed Match Costs for AUP Period	<u>\$115,319</u>	<u>\$92,317</u>	<u>\$50,055</u>	7
Questioned Match Costs:				
Staff criminal history checks	\$10,086	\$20,231	\$5,317	8
Host site supervisor match costs	12,749	0	0	9
Member NSOPWs not properly conducted	2,163	224	0	10
Member FBI searches not provided	1,920	0	0	11
End-of-term evaluations not conducted	<u>0</u>	<u>80</u>	<u>0</u>	12
Subtotal	<u>\$26,918</u>	<u>\$20,535</u>	<u>\$5,317</u>	
Questioned Education Awards:				
Member NSOPWs not properly conducted	\$3,740	\$15,103	\$15,218	13
Member FBI searches not provided	2,822	0	0	14
Uncertified member timesheets	1,195	0	0	15
Returning member evaluation/prior-year end-of-term evaluation missing	1,195	4,077	0	16
Compelling personal circumstances not adequately documented	16,870	0	0	17
Weekend and holiday service hours	0	0	0	18
Member criminal history check not provided	<u>0</u>	<u>0</u>	<u>0</u>	19
Total Questioned Education Awards	<u>\$25,822</u>	<u>\$19,180</u>	<u>\$15,218</u>	
Questioned Accrued Interest:				
Returning member evaluation/prior-year end-of-term evaluation missing	<u>\$0</u>	<u>\$217</u>	<u>\$0</u>	20
Total Questioned Accrued Interest	<u>\$0</u>	<u>\$217</u>	<u>\$0</u>	

NOTES

1. The amount of claimed Federal costs for the AUP period represents the total amount of PYs 2014-2015 and 2015-2016 Federal costs that the Commission claimed for ECU on Award No. 13ACHNC001 from August 1, 2014, to September 30, 2015, and from August 1, 2015, to September 30, 2016. It also represents the total amount of Federal costs that the Commission claimed for ECU on Award No. 15AFHNC001 from August 1, 2016, to February 28, 2017.
2. We questioned \$128,661 of Federal costs (\$89,460 in PY 2014-2015, \$29,116 in PY 2015-2016, and \$10,085 in PY 2016-2017) because ECU did not perform NSCHCs on ECU Graduate Assistant students who worked on the AmeriCorps grants. In addition, ECU did not perform complete NSOPW searches for ECU employees who worked on the AmeriCorps grants (see Exhibit B, Finding 5.f).
3. We questioned \$36,266 of Federal costs (\$2,439 in PY 2014-2015, \$23,551 in PY 2015-2016, and \$10,276 in PY 2016-2017) because ECU's two vendors conducted inadequate NSOPW searches for 18 ECU members (4 in PY 2014-2015, 7 in PY 2015-2016, and 7 in PY 2016-2017). Specifically, the searches did not comply with Corporation requirements for NSOPW searches performed by a vendor. ECU provided results that lacked a screenshot or printout of the actual search results, and ECU was unable to provide any evidence that the contract with the vendor contained the required language for sex offender searches. In addition, we were unable to verify that one of the vendors used the United States Department of Justice (DOJ) NSOPW as the source for its searches (see Exhibit B, Finding 5.g).
4. We questioned \$3,408 in Federal costs for one ECU member for PY 2014-2015 because ECU did not retain documentation to support that it performed an FBI check for the member (see Exhibit B, Finding 5.h). In total, we identified \$11,158 in questioned Federal costs for this issue for three ECU members, one from each program year (\$3,408 in PY 2014-2015, \$5,303 in PY 2015-2016, and \$2,447 in PY 2016-2017). However, we did not question Federal costs of \$7,750 in this note and finding because we previously questioned the costs in Note 3 and Exhibit B, Finding 5.g.
5. We questioned Federal costs of \$5,303 for PY 2015-2016 because ECU was unable to produce documentation verifying that it provided an end-of-term evaluation in PY 2014-2015 for a member that returned in PY 2015-2016 (see Exhibit B, Finding 6.f). In total, we identified \$13,085 in questioned Federal costs for this issue for six members (one from PY 2014-2015, four from PY 2015-2016, and one from PY 2016-2017). However, we did not question Federal costs of \$7,782 in this note and finding because we previously questioned the costs in Note 3 and Exhibit B, Finding 5.g.
6. We questioned Federal administrative costs of \$4,327 (\$95,306 multiplied by 4.54 percent) for PY 2014-2015, \$3,049 (\$57,970 multiplied by 5.26 percent) for PY 2015-2016, and \$1,053 (\$20,361 multiplied by 5.17 percent) for PY 2016-2017, for a total of \$8,429. We calculated these costs by multiplying the total questioned Federal costs for each program year by the respective administrative cost percentages claimed by ECU.
7. The amount of claimed match costs for the AUP period represents the total amount of PYs 2014-2015 and 2015-2016 match costs that the Commission claimed for ECU on Award No. 13ACHNC001 from August 1, 2014, to September 30, 2015, and from August 1, 2015,

to September 30, 2016. It also represents the total amount of match costs that the Commission claimed for ECU on Award No. 15AFHNC001 from August 1, 2016, to March 31, 2017.

8. We questioned \$35,634 of match costs (\$10,086 in PY 2014-2015, \$20,231 in PY 2015-2016, and \$5,317 in PY 2016-2017) for the reasons discussed in Note 2 (see Exhibit B, Finding 5.f).
9. We questioned \$12,749 of in-kind match costs because ECU did not adequately document the in-kind match costs that it claimed in PY 2014-2015 for two member host sites (see Exhibit B, Finding 3.i).
10. We questioned \$2,387 of match costs (\$2,163 in PY 2014-2015 and \$224 in PY 2015-2016) for the reasons discussed in Note 3 (see Exhibit B, Finding 5.g).
11. We questioned \$1,920 of PY 2014-2015 match costs for one ECU member for the reasons discussed in Note 4 (see Exhibit B, Finding 5.h). In total, we identified \$2,000 in questioned match costs related to this issue for two ECU members (one from PY 2014-2015 and one from PY 2015-2016). However, we did not question match costs of \$80 in this note and finding because we previously questioned these costs in Note 3 and Exhibit B, Finding 5.g.
12. We questioned \$80 of PY 2015-2016 match costs because ECU was unable to produce documentation verifying that it provided an end-of-term evaluation in PY 2014-2015 for a member that returned in PY 2015-2016 (see Exhibit B, Finding 6.f). In total, we identified \$128 in questioned match costs related to this issue for two members, one from each program year. However, we did not question match costs of \$48 in this note and finding because we previously questioned these costs in Note 3 and Exhibit B, Finding 5.g.
13. We questioned \$34,061 of education awards (\$3,740 in PY 2014-2015, \$15,103 in PY 2015-2016, and \$15,218 in PY 2016-2017) for the reasons discussed in Notes 3 and 10 (see Exhibit B, Finding 5.g).
14. We questioned \$2,822 of PY 2014-2015 education awards for one ECU member for the reason discussed in Notes 4 and 11 (see Exhibit B, Finding 5.h.). In total, we identified \$8,575 of questioned education awards related to this issue for three ECU members, one from each program year (\$2,822 in PY 2014-2015, \$2,865 in PY 2015-2016, and \$2,888 in PY 2016-2017). However, we did not question education awards of \$5,753 in this note and finding because we questioned the costs in Note 13 and Exhibit B, Finding 5.g.
15. We questioned an education award of \$1,195 for one PY 2014-2015 ECU member because the member certified her timesheets before serving all of the hours recorded (see Exhibit B, Finding 8.c). In total, we identified \$9,297 of questioned education awards related to this issue for nine ECU members (five in PY 2014-2015 and four in PY 2015-2016). After deducting the uncertified hours from the members' total hours certified in the Portal, the adjusted hours for six of the members (four in PY 2014-2015 and two in PY 2015-2016) did not support their minimum service hours; as such, the members were not eligible for an education award. However, we did not question education awards of \$2,873, \$2,407, and \$2,822 in this note because we questioned the costs in Note 13 and Exhibit B, Finding 5.g; Note 16 and Exhibit B, Finding 6.f; and Note 14 and Exhibit B, Finding 5.h, respectively. We did not question the education awards for the remaining

three members because the members met the hour requirement for their member type after we deducted the uncertified hours.

16. We questioned \$5,272 of education awards (\$1,195 in PY 2014-2015 and \$4,077 in PY 2015-2016) for the reasons discussed in Notes 5 and 12 (see Exhibit B, Finding 6.g). In total, we identified \$15,903 in questioned education awards related to this issue for nine members (one from PY 2014-2015, four from PY 2015-2016, and four from PY 2016-2017). However, we did not question education awards of \$10,631 in this note because we previously questioned the awards in Note 13 and Exhibit B, Finding 5.g.
17. We questioned \$16,870 of PY 2014-2015 education awards for 13 ECU members. ECU exited these members for compelling personal circumstances and granted them partial education awards; however, ECU did not adequately document those circumstances (see Exhibit B, Finding 9). In total, we identified \$20,610 in questioned education awards related to this issue for 17 PY 2014-2015 ECU members. However, we did not question \$3,740 in education awards for four members in this note and finding because we questioned these awards in Note 13 and Exhibit B, Finding 5.g.
18. We identified \$39,263 of questioned education awards associated with 24 members (8 in PY 2014-2015, 9 in PY 2015-2016, and 7 in PY 2016-2017) because ECU was unable to provide evidence that it performed daily supervision of members who served offsite. In particular, ECU was unable to provide evidence that it performed daily supervision of members who performed service hours when their sites were closed (see Exhibit B, Finding 7.c). We did not question any education awards in this note and finding because we previously questioned:
 - \$32,839 in education awards associated with 17 members (4 in PY 2014-2015, 7 in PY 2015-2016, and 6 in PY 2016-2017) in Note 3 and Exhibit B, Finding 5.g.
 - \$1,195 for an education award associated with one PY 2014-2015 member in Note 15 and Exhibit B, Finding 8.a.
 - \$2,407 in education awards associated with two members (one in PY 2014-2015 and one in PY 2015-2016) in Note 16 and Exhibit B, Finding 6.f.
 - \$2,822 for an education award associated with one PY 2014-2015 member in Note 14 and Exhibit B, Finding 5.h.

We did not question the three remaining instances because the members met the hour requirement for their member type after we deducted the questioned service hours.

19. We identified a questioned education award of \$1,222 for one PY 2016-2017 ECU member because ECU did not perform a state criminal history check for the member. ECU's vendor conducted a background check for the member; however, it did not conduct a State Court Records check (see Exhibit B, Finding 5.i). However, we did not question the education award in this note because we previously questioned it in Note 13 and Exhibit B, Finding 5.g.
20. We questioned \$217 of accrued interest for one PY 2015-2016 member for the reasons discussed in Note 15 and Exhibit B, Finding 8.c, and in Note 18 and Exhibit B, Finding 7.c.

**NORTH CAROLINA COMMISSION ON VOLUNTEERISM AND COMMUNITY SERVICE
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE AWARDS
COMPLIANCE RESULTS**

In performing our AUP, we identified the compliance findings described below:

Finding 1. The Commission did not comply with its procedures or with Federal regulations for monitoring its subgrantees.

The Commission, both prior Commission staff and the current Commission staff, did not provide sufficient oversight of the AmeriCorps program funds that it administered. According to 2 Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Subpart D, *Post Federal Award Requirements*, §200.331, *Requirements for pass-through entities*, State Commissions must monitor the activities of their subrecipients, including the review of financial and performance reports, to ensure that the subrecipients use awarded funds for authorized purposes in compliance with Federal requirements and the terms and conditions of their sub-awards. Although the Commission had a policy in place for monitoring its subgrantees, the Commission did not follow the policy or document all of its financial and programmatic monitoring efforts in written monitoring reports for each subgrantee. Specifically, the Commission:

- Did not perform subgrantee monitoring in accordance with its monitoring policy. The Commission's monitoring policy required it to perform programmatic site visits to subgrantees based on the results of an annual risk assessment and provide written feedback to the subgrantees. The Commission performed risk assessments and a limited number of site visits in PYs 2014-2015 and 2015-2016. It did not perform a risk assessment or any monitoring visits to its subgrantees in PY 2016-2017.

PY	No. of Subgrantees	No. of Subgrantee Site Visits
2014-2015	14	4
2015-2016	14	5
2016-2017	<u>13</u>	<u>0</u>
Total	<u>41</u>	<u>9</u>

- Did not review subgrantee audit reports in accordance with its financial monitoring policy. Under the Commission's financial monitoring policy, the Commission's Grant Compliance Manager must review all audit reports to identify findings and ensure that the subgrantee resolves all material findings. The Commission requires all applicants to submit their most recent Single Audit or financial statement audit report when submitting their AmeriCorps grant applications. The Commission provided a table that listed the PY 2015-2016 subgrantees with Fiscal Year (FY) 2015 Single Audits; however, the Commission was unable to provide any documentation verifying that it had reviewed the reports. In addition, the table did not indicate whether any of the subgrantees that did not undergo Single Audits had audited financial statements. The Commission was also unable to provide any documentation to show that it reviewed any of its subgrantees' FY 2016 Single Audits or financial statement audits.

Recommendations: We recommend that the Corporation:

- 1a. Identify states that replace Commission staff due to elections and include this as a risk assessment factor in its risk assessments for state commissions.
- 1b. Verify that the Commission complies with its program-monitoring procedures by:
 - Reviewing the annual subgrantee risk assessments,
 - Reviewing completed monitoring reports,
 - Reviewing monitoring tools for all of the Commission's subgrantees, and
 - Documenting that it performed all such procedures.
- 1c. Verify that the Commission complies with its financial monitoring procedures for ensuring that its subgrantees comply with Single Audit requirements and that these procedures include:
 - Identifying all subgrantees that have Corporation expenditures for each State fiscal year and determining which of the subgrantees underwent Single Audits of the expenditures;
 - Reviewing the audit reports for findings that affect Corporation grants to determine if the Commission must adjust its records;
 - Reconciling subgrantee Schedule of Expenditures of Federal Awards (SEFA) expenditures for Corporation grants to Commission payments to the subgrantees to determine if the Commission must adjust its records;
 - Determining if subgrantees accurately presented AmeriCorps and other Corporation awards on their SEFA schedules; and,
 - Retaining documentation of subgrantee audit report reviews.
- 1d. Review documentation of the Commission's subgrantee reviews to verify that the Commission has implemented effective procedures for reviewing subgrantee Single Audit reports.

Summary of Management's Comments: The Corporation concurred with the recommendations, with the exception of Recommendation 1a. and the third bullet of Recommendation 1c. We summarized the Corporation's responses below. Please see Appendix A for the Corporation's full responses.

For Recommendation 1a., the Corporation agrees that staff turnover represents a risk that it should consider when identifying the risk level of grantees. However, the recommendation specifies staff turnover occurring as a result of elections, whereas the Corporation takes a broader approach. Its current annual risk assessment includes the turnover of key

programmatic and financial staff as a risk factor. The Corporation assesses this risk factor for all grantees where staff changes result in the loss of grant-specific and operational knowledge.

For the third bullet of Recommendation 1c., the Corporation stated there is no regulatory requirement for federal agencies or pass-through entities to perform a reconciliation of a grantee's or subgrantee's SEFA. The Corporation further asserted that such reconciliations would be time-consuming, as the SEFA expenditures and the AmeriCorps financial reporting periods are not the same. As discussed in 2 CFR §200.515, *Audit Reporting*, the auditor conducting the Single Audit is responsible for issuing an opinion as to whether the SEFA is fairly stated in relation to the financial statements. The Corporation will ensure that the Commission has adequate risk assessment, monitoring, and Single Audit review procedures to fulfill its requirements under 2 CFR §200.331, *Requirements for pass-through entities*.

Evaluation of Management's Comments: For Recommendation 1a., the Corporation stated that it conducts an annual risk assessment of potential programmatic and financial risk vulnerabilities affecting its entire universe of grant and cooperative agreement awards, and that this assessment includes staff turnover. This is somewhat responsive to the recommendation, which states, "Identify states that replace Commission staff due to elections and include this as a risk assessment factor in its risk assessments for state commissions."

However, the Corporation performs grantee risk assessments at the end of a fiscal year (September). There is a gap between when significant turnover due to an election, as was the case for the North Carolina Commission, occurs, and when the risk assessments are performed. The OIG will follow up with the Corporation to discuss a process for identifying state Commission turnover resulting from elections and how this can be built into the risk model to identify turnover shortly after elections. The Corporation should be aware of turnover before the annual Commission risk assessments, which take place at the end of each fiscal year (i.e., in September).

For Recommendation 1c., management agreed with the recommendation overall; however, it disagreed with the third bullet. According to 2 CFR §200.331, *Requirements for pass-through entities* (g), pass-through entities must "consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records." A pass-through entity cannot meet this requirement without making any effort or action to ensure the accuracy of the SEFA expenditures. The requirement at 2 CFR §200.515 does not negate the pass-through entity's obligations under 2 CFR §200.331. However, we accept management's corrective actions as responsive to the intent of the recommendation.

Summary of the Commission's Comments: The Commission did not concur with Finding 1a. and partially concurred with Finding 1b. We summarized the Commission's responses below. Please see Appendix B for the Commission's full response and proposed corrective actions.

For Finding 1a., the Commission did not concur that it did not comply with its written programmatic monitoring procedures for the following reasons:

- All programs received a yearly risk assessment. The Commission provided a chart showing the risk assessments performed in PYs 2014-2015, 2015-2016, and 2016-2017.
- The Commission did not have a clear understanding of the changes to the audit scope and did not provide the auditors with the requested PY 2016-2017-risk assessment and monitoring reports because it was not aware that we had requested these documents.
- The Commission asserts that it performed sufficient site monitoring in PY 2016-2017. It provided a list of site visits that it performed, as well as a list of site visits that it did not perform because it had determined that the subgrantees were low risk. The Commission also provided a copy of a site visit report dated November 21, 2016, for its Eagle Corps program.
- The Commission believes that it followed its risk assessment policy for subgrantee site visits. Although the risk assessment policy includes both financial and programmatic risk concerns, the policy does not state whether the Commission must conduct a programmatic or fiscal site visit at the subgrantee. In addition, the Commission's program monitoring policies state that the Commission is only required to maintain written documentation for programmatic site visits.
- The Program Director and the Financial Director operated two AmeriCorps programs: Project Power, which was the initial program, and Project Mars. Because the Project Mars staff gained experience from Project Power, the Commission asserted that the Project Mars program represented less risk than a new program usually would, even though Project Mars was a new grant. The Commission also noted that the October 2016 hurricane prevented it from conducting site visits to subgrantees in Fall 2016. When the Commission staff changed in January 2017, the Commission's AmeriCorps Program Officer determined that a programmatic site visit to the Project Mars program was unnecessary and therefore delayed the site visit to the subgrantee. The Commission completed the site visit for the program in February 2018.

For Finding 1b., the Commission agreed that its documentation of Single Audit reviews was insufficient. However, the Commission did not agree that it failed to comply with its monitoring responsibilities. The Commission provided an email from a former Commission employee stating that he provided subgrantee audit documentation to the Commission's former Finance Director for review. The employee also stated that he discussed the subgrantee audit results with the former Finance Director as part of the Commission's risk assessment process.

The Commission provided corrective actions in its response. It revised and clarified its monitoring policies and procedures and stated that, to ensure that it retains the new policies and procedures beyond the current administration, it will provide the updated policies and procedures to the Office of State Budget and Management (OSBM)-designated federal grants officer and to the Commissioners. On January 25, 2018, the Commission's Executive Director and Finance Director completed a training class on federal grants management. In addition, the Commission established a new financial grant review committee. The committee will review the financial information for all grant applications, including documentation such as

Single Audit reports; assess each applicant for risk and enlist the help of independent auditors when needed; and use grant review forms to document any audits and audit findings reviewed. The committee members will sign and date the forms.

Evaluation of the Commission's Comments: The corrective actions described by the Commission are responsive to the recommendations. See our detailed comments on the Commission's responses that disagreed with our findings below.

For Finding 1a., the Commission did not provide copies of the risk assessments it performed in PYs 2014-2015, 2015-2016, and 2016-2017 during fieldwork. Further, the 2016-2017 risk assessments that the Commission provided after conclusion of the fieldwork were incomplete. The Commission provided partial risk assessments which included only two of the eight pages that comprise the risk assessment checklist. As a result, we were unable to verify that the Commission had fully completed the risk assessments or how the Commission calculated the risk scores.

The Commission's statement that it was confused about program years included in the audit scope is not supported by its prior responses to monitoring requests for documentation and salary and other direct cost testing which included 3 program years. In addition during fieldwork, the Commission provided us with a document that summarized all of the site visits it performed from 2015 to 2017 which indicates the Commission was clear on the AUP scope.

The Commission's statement that its policies do not require it to document financial monitoring visits is not correct. During fieldwork, the Commission provided us with a copy of its "Programmatic Site Visit Policies and Procedures" document. Although the title of the document refers to programmatic site visits, the policies and procedures discussed both programmatic and financial visits. The document included policies and procedures related to providing written feedback to the subgrantees. Regardless of whether the Commission's policies required it to document financial site visits, without written documentation, the Commission is unable to support its financial monitoring efforts or results.

The Commission did not document its determination that the Project Mars program had less risk as a result of using experienced staff, nor did it document its January 2016 determination that it was not necessary to perform a site visit for the Project Mars program.

Finding 2. The Commission's timekeeping systems did not comply with Federal requirements.

We questioned \$317,927 of Federal salary and benefit costs and \$222,584 of match salary and benefit costs that the Commission claimed on Award No. 16CAHNC001 for Commission and North Carolina Governor's Office employees from January 1, 2016, through June 30, 2017. In Grant Years (GYs) 2016 and 2017, the Commission claimed Federal salary and benefit costs for its Commission staff and match costs for North Carolina Governor's Office employees who supported the Commission. However, the Commission lacked a system of internal controls that could provide reasonable assurance that charges to its Corporation awards were accurate, allowable, and properly allocated, and that they reflected the total activity for which the Commission compensated its employees as required by 2 CFR 200.430 (i)(1), *Standards for Documentation of Personnel Expenses*. Specifically:

- a. The Commission lacked written timekeeping policies and procedures for allocating salary and benefit costs to its administrative support grant and for completing the time certifications that it provided as support for certain GYs 2016 and 2017 salary and benefit costs.
- b. The Commission charged budget estimates for the Governor's Office employees who supported the Commission but did not have written policies and procedures in place for adjusting budgeted costs to actual costs and reporting the actual costs on its FFRs.
- c. Time certifications completed by Commission and Governor's Office employees did not account for or specify all of the Federal and non-Federal activities that the employees performed. Instead, the employees completed a generic, undated certification stating that the employees spent a certain percentage of their time supporting "the efforts and initiatives of the NC Commission on Volunteerism and Community Service."
- d. The Commission did not complete time certifications in a consistent and timely manner. The time certifications that the Commission provided for Commission and Governor's Office employees covered several periods. With one exception, both Commission and Governor's Office employees who worked solely on the Commission Support grant and those who worked on both the Commission Support grant and another activity or activities completed their time certifications semi-annually. The exception was a Commission employee, the AmeriCorps Program Officer/Disaster Services Coordinator, who completed one certification covering a 2.5 - year period. Before the issuance of 2 CFR Part 200, the Commission was required to follow 2 CFR Part 225 (OMB Circular A-87), *Cost Principles for State, Local, and Indian Tribal Governments*, Appendix B, *Selected Items of Cost*, Paragraph 8, *Compensation for personal services*. This regulation required employees working solely on one Federal award to complete semi-annual certifications and employees working on multiple activities or cost objectives to complete monthly certifications. This occurred because the prior Commission lacked proper written timekeeping policies and procedures, and the current Commission followed the incorrect timekeeping practices.
- e. The time certification that the Commission provided for its former AmeriCorps Program Officer/Disaster Services Coordinator did not appear to be accurate. The employee certified that 100 percent of his effort from July 1, 2014, through January 13, 2017, supported Commission initiatives. However, our testing of the employee's salary and benefit costs for the November 26, 2016, pay period indicated that the employee only charged 43 percent of his salary and benefit costs to the Commission Support grant. In addition, the Commission provided an email dated June 2017 that indicated that the employee worked on the North Carolina Department of Public Safety (DPS) task during this time. We also noted that, on June 26, 2017, the Commission transferred \$9,978.75 of the employee's salary costs for July 2016 through February 2017 to the Commission Support grant. The Commission had originally billed these costs to DPS but moved them to the Commission Support grant because DPS no longer had funds available to support the position.
- f. The Commission was able to provide only 11 of the approximately 69 time certifications for the 23 Commission and Governor's Office employees that worked on

the Commission Support grant in GYs 2016 and 2017. In addition, the 11 time certifications were not dated, and the Commission's former Executive Director and former AmeriCorps Program Officer/Disaster Services Coordinator completed their certifications in September 2017, which was after the conclusion of our onsite fieldwork at the Commission and after these individuals had ceased employment³ with the Commission.

Based on the conditions listed above, we have no confidence in the accuracy of salary and related benefits charged to Corporation grants. Therefore, we questioned \$317,927 of Federal costs and \$222,584 of match costs.

Period	Questioned Federal Costs	Questioned Match Costs
01/01/16-06/30/16	\$89,024	\$75,481
07/01/16-12/31/16	124,469	73,838
01/01/17-06/30/17	<u>104,434</u>	<u>73,265</u>
Total	<u>\$317,927</u>	<u>\$222,584</u>

Recommendations: We recommend that the Corporation:

- 2a. Provide additional guidance and instruction to the Commission regarding applicable CFR timekeeping regulations.
- 2b. Verify that the Commission has implemented timekeeping processes and procedures that are consistent with the CFR timekeeping requirements.
- 2c. Verify that the Commission maintains timesheets or time certifications that include accounting for total activities worked on by employees.
- 2d. Calculate and recover the appropriate amount of disallowed costs based on the costs questioned and require that the Commission adjusts its FFR for the disallowed costs.
- 2e. Monitor the Commission's matching requirements on these awards; at the end of the grant, determine whether the Commission met the match requirements.

Summary of Management's Comments: The Corporation concurred with Recommendations 2a. through 2e. Please see Appendix A for the Corporation's full responses. The Corporation stated to determine the appropriate remedy it requested the Commission to perform a time study to support the allocation of staff costs claimed for the AUP period. The Corporation will review the adequacy of the Commission's time study to determine possible unsupported staff costs and related disallowance.

³ The employment for the Commission's former Executive Director ceased in December 2016 and the employment for the former AmeriCorps Program Officer/Disaster Services Coordinator ceased in January 2017.

Evaluation of Management's Comments: The Corporation's comments on Recommendations 2a. through 2e. are responsive to the recommendations. However, the Corporation's plan to remedy the questioned costs is not sufficient because it will depend on the Commission's study to determine possible disallowance. In response to the AUP, the Commission reconstructed and provided generic and undated time certifications to support time charged; time certifications that were not completed within reasonable timeframes; and time certifications that did not include all of the employees' activities (time charged to the CNCS grants and other work). During the AUP, the Commission could only provide 16 percent (11) of the 69 time certifications for the 23 Commission and Governor's Office employees that worked on the Commission Support grant in GYs 2016 and 2017. Given that contemporaneous or timely records were not maintained, that the employees whose time was charged to CNCS grants are no longer with the Commission, and the hours in question occurred years ago, we have no confidence that a "time study" performed now could reasonably justify or support the hours charged to the CNCS awards. Therefore, during its audit resolution process, the Corporation should disallow the full amount of the questioned salary and benefit costs identified and supported in this report.

Summary of the Commission's Comments: The Commission did not concur with Finding 2e. and concurred with the remaining findings. Please see Appendix B for the Commission's full response and proposed corrective actions.

For Finding 2e., the Commission stated that, despite the fact that its former AmeriCorps Program Officer/Disaster Services Coordinator charged time to the Commission and to DPS, the employee spent 100 percent of his time working on Commission activities. Within North Carolina, it was determined that the North Carolina Department of Public Safety Emergency Management Division (DPS-EMD) would be an appropriate partner to help fund the position. From July 2016 through February 2017, the employee worked with both the Commission and DPS-EMD. The employee's salary was funded by both the Commission Support grant and by DPS-EMD because the former employee was the Disaster Services Coordinator for the Commission. The Commission's position is that, even though two grants funded the position, the salary and benefit costs for this position should all be charged to the Commission grant.

In its comments, the Commission included corrective actions to address the findings. Specifically, the Commission revised its timekeeping policies and procedures manual and provided an updated copy to both the Commission staff and those employees who charge their time as match. In addition, the North Carolina OSBM and the central state payroll office have revised the state systems for tracking employee time. Commission staff will now be able to allocate their time to a specific grant, and the supervisor will be able to review and approve this time allocation in the same secure method as they approve all other timekeeping matters. Further, the Commission has added proper timekeeping as a section to its standing agenda at its monthly staff meeting and has added a timekeeping requirement to the updated policies and procedures manual to ensure future continuity.

The Commission's updated policies and procedures require employees to complete timesheets on a monthly basis. In the future, OSBM will also provide reports detailing actual costs billed to the Commission on a monthly basis. The Commission provided an example of its revised monthly timesheet; we noted that the revised timesheet permits employees to record specific work completed each week and the number of hours worked, rather than the percentage of time as in the previous timesheet.

The Commission asked the Governor's Office employees to retroactively complete new monthly timesheets showing the benefit provided to the Commission. The staff completed the timesheets by reviewing their emails and calendars to calculate the amount of time they spent working on Commission activities. OSBM is working to identify additional match for the Commission, as it believed that additional match would reduce the necessity of the monthly timesheets for the non-Commission staff that assisted the Commission.

Evaluation of the Commission's Comments: In its response to Finding 2e., the Commission agreed that the Program Officer/Disaster Services Coordinator position performed work for DPS-EMD. However, budgeting a position for funding is not the same as documenting the employee's actual work. We continue to question the cost.

As the Commission noted in its responses to Findings 2a. through 2d. and 2f., its timekeeping systems did not comply with Federal requirements, including a lack of written timekeeping policies for allocating salary and benefit costs and completing time certifications. Because of these deficiencies, we are unable to rely upon the time certification completed by the former Program Officer/Disaster Services Coordinator.

The time certifications that the Commission provided with its response are deficient and do not comply with Federal regulations, and the corrective action plan does not adequately address our recommendations. Specifically, the certifications do not account for all of the employees' activities. Timesheets must account for all of the employee's time, including time charged to the grant, as well as to other activities. In addition, the time certifications provided for the Commission's AmeriCorps Program Director appear to be incorrect. The certifications showed that the Program Director only worked 40 hours per month on Commission activities, while the Program Director had previously certified that she spent all of her time on Commission activities.

The Commission stated that the North Carolina OSBM and the central state payroll office have revised the state systems for tracking employee time and that, as a result, Commission staff will now be able to allocate their time to a specific grant. However, the Commission did not state whether OSBM and the central state payroll office revised the state systems for tracking the time of the non-Commission staff charged to the grant. During resolution, the Corporation should ensure that both Commission and non-Commission staff use the revised systems.

Finding 3. The Commission, ECU, and UNC-CH did not ensure that claimed Federal and match costs were allowable, adequately supported, and compliant with applicable regulations.

Commission

- a. We questioned \$1,850 of Federal costs that the Commission erroneously reported on the Commission Support grant. The costs related to a training class taken by a Commission employee; as such, the Commission should have allocated the costs to its Training grant (Award No. 16TAHNC001)⁴. According to 2 CFR Part 200, *Uniform*

⁴ We did not move \$1,850 of costs from the Commission Support grant to the Commission Training grant because the Commission Training was not included in the AUP scope.

Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart E, Cost Principles, § 200.405, Allocable costs, a cost is allocable if it is incurred specifically for the award.

- b. We questioned \$336 of Federal costs because the Commission did not provide adequate documentation for one transaction and did not provide sufficient justification for the second transaction.
- We questioned Federal costs of \$336 for lodging expenses because the Commission was unable to provide an invoice or justify the nature of the claimed expense. The Commission provided an American Express credit card statement that showed a charge to Embassy Suites on June 29, 2016; however, we were unable to verify the purpose of the expense. In addition, because the Commission did not provide a receipt, we were unable to verify whether the Commission complied with Federal and State travel requirements.
 - The Commission did not maintain adequate documentation explaining the purpose of a two-week vehicle rental. The Commission provided documentation showing that a Commission employee picked up a rental car on November 29, 2016, and returned the car on December 12, 2016, and that it was holding training events in Charlotte, North Carolina on December 6, 2016, and in Raleigh, North Carolina on December 8, 2016. The Commission also stated that it believes that it was involved in hurricane recovery efforts during the vehicle rental period. After the site visit, the Commission provided documentation to explain the purpose of the vehicle rental. Because the Commission was able to support the purpose of the vehicle rental, we did not question any costs; however, because the Commission lacked procedures for documenting the purpose of claimed costs, we considered this a compliance finding.

According to 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart E, Cost Principles, §200.403 Factors affecting allowability of costs*, award costs must be adequately documented to be allowable,

- c. We questioned \$87,290 of match costs that the Commission claimed for PSA on its June 2016 FFR because the supporting documentation was not allocable to the period tested. According to the Commission's budget narratives, the costs related to the broadcast of AmeriCorps PSA. However, the documentation that the Commission provided to support these costs related to Hurricane Matthew, which did not occur until October 2016. According to 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart E, Cost Principles, §200.403 Factors affecting allowability of costs*, award costs must be allocable to the award to be allowable.
- d. We questioned \$39,250 of match costs that the Commission claimed for stipends paid to participants in the Governor's Office Page Program. The Commission claimed \$27,400 of the costs as other direct costs and \$11,850 as personnel costs. However, the Page Program is a one-week program and the participants performed activities

that do not directly benefit or promote volunteerism and are therefore unallowable. During the week, Page participants performed administrative duties supporting the Commission. For example, the Page participants shredded documents, organized storage areas, and took inventory. During the week the Page participants also toured multiple government buildings, including the Legislative Buildings, the Capitol, the Governor's Office, and the North Carolina Museum of History, and met with government officials to discuss how state government works and how it affects the lives of North Carolinians. The costs are also questioned because the Page participants did not complete timesheets or time certifications to support their hours for the week.

- e. We questioned \$6,325 of match costs for state-provided services charged to the Commission Support grant because the costs were not verifiable and the Commission was unable to provide documentation showing how it derived the value of the services. The state-provided services included copying, computer, email and calendar, internet access, land-port activation, and telephone services. Although the Commission was able to provide reports from the North Carolina Department of Information Technology to support some of these costs, it was unable to provide any documentation to support the costs for copying services or internet access. For other state-provided costs, the Commission was unable to support the full amount claimed and the claimed budget estimates. According to 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Subpart E, *Cost Principles*, §200.306 *Cost sharing of matching*, all costs and third-party in-kind contributions that count toward satisfying a cost-sharing or matching requirement must be verifiable from grantee and subgrantee or cost-type contractor records. These records must show how the grantee or subgrantee derived the value placed on third-party contributions.
- f. We questioned \$6,078 of match costs because the Commission did not provide any time certifications to support the hours worked by interns. Instead of using timesheets or time certifications, the Commission summarized the interns' hours in internal emails from its AmeriCorps Program Director to its Fiscal Manager. The summaries noted that one intern worked 402 hours, while the other intern worked 313 hours. After we discussed these costs with the Commission, it provided a September 2017 email from the intern that had worked 313 hours according to the Commission's internal summary; however, the intern's email stated that she worked 403 hours from February through December 2016. For the intern that worked 402 hours according to the Commission's internal summary, the Commission provided a September 2017 email from the AmeriCorps Program Director to the Executive Director confirming that the individual was an intern with the Commission and stating the intern's duties. According to 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Subpart E, *Cost Principles*, §200.430, *Compensation-personal services*, salaries and wages used to meet cost-sharing or matching requirements must be supported in the same manner as are salaries and wages that the Commission claims for its employees.
- g. The Commission claimed \$407 of in-kind match costs for supplies, flowers, and musical entertainment for the Governor's Volunteer Service Award ceremony; however, it was unable to provide any documentation to verify how it determined the

value of these items. While onsite, we asked the Commission how it calculated the values and it provided the following support:

- **Supplies:** The Commission provided a copy of a credit card statement showing a transaction from Costco for the match amount; however, it was unable to provide a copy of the original receipt.
- **Flowers:** The Commission provided a webpage from a flower shop showing a vase of flowers at \$20 per vase.
- **Musical Entertainment:** The Commission provided a printout from a musical entertainer's webpage showing an hourly rate of \$100 per hour.

After the site visit, the Commission provided in-kind contribution forms from the donors to support the value of the donations. These forms were dated September 2017. Because the Commission was able to support the value of the in-kind costs, we did not question any costs; however, because the Commission lacked procedures for documenting in-kind costs, we considered this a compliance finding.

UNC-CH Literacy Corps

- h. We questioned Federal costs of \$11,601 for PY 2014-2015 because we determined that UNC-CH Literacy Corps did not meet its match requirements after we adjusted for questioned Federal and match costs arising from Finding Nos. 3 through 6. As a result, UNC-CH Literacy Corps claimed excess Federal costs. In making our determination, we subtracted questioned Federal and match costs that UNC-CH Literacy Corps incurred during the AUP period from the total Federal and match costs that UNC-CH Literacy Corps claimed for the entire program year to arrive at the adjusted Federal and match costs. We then determined the net allowable costs by adding together the adjusted Federal and match costs. We multiplied the match requirement of 50 percent by the total net allowable costs to arrive at allowable Federal costs. Finally, we subtracted the total allowable Federal costs from the total adjusted Federal costs to arrive at the amount of Federal costs questioned due to unmet match requirements. The calculation is shown below.

Description	PY 2014-2015	Reference
Claimed Federal Costs for the Entire Program Year	\$192,731	Schedule E
Questioned Federal Costs	<u>16,364</u>	Schedule E
Adjusted Federal Costs	<u>\$176,367</u>	
Claimed Match Costs for the Entire Program Year	\$153,164	Schedule E
Questioned Match Costs	<u>0</u>	Schedule E
Adjusted Match Costs	<u>\$153,164</u>	
Adjusted Federal Costs	\$176,367	
Adjusted Match Costs	<u>153,164</u>	
Net Allowable Costs	329,531	
Match Requirement	50%	
Allowable Federal Costs	<u>\$164,766</u>	
Adjusted Federal Costs	\$176,367	
Allowable Federal Costs	<u>164,766</u>	
Questioned Federal Costs Due to Unmet Match Requirements	<u>\$11,601</u>	

ECU

- i. We questioned \$12,749 of in-kind match costs for PY 2014-2015 because ECU did not adequately document the in-kind match costs that it claimed for teachers who supervised members at its Tommy's Road Elementary School (TRES) and Wayne School of Engineering (WSE) member host sites. ECU provided a certification signed by the Assistant Superintendent of Wayne County Schools to support the in-kind match costs for each school; however, we noted the following issues:
 - The teacher timesheets were inadequate because they were not signed by either the teachers or their supervisors. Further, the certification for the TRES member host site included hours for two teachers and an hourly rate for one teacher that did not agree to the AmeriCorps teacher timesheets. The certification and AmeriCorps teacher timesheet for one teacher had an hourly rate of \$20.46. The certification for the second teacher had an hourly rate of \$11.65 but the teacher's timesheet had an hourly rate of \$12.42.
 - The certification for the WSE member host site included supervisor hours that did not agree to the AmeriCorps teacher timesheets. In addition, the teacher timesheets were inadequate because they were not signed by either the teachers or their supervisor.

According to 2 CFR Part 220 (OMB Circular A-21), *Cost Principles for Educational Institutions*, Appendix A, *Principles for Determining Costs Applicable to Grants, Contracts, and Other Agreements With Educational Institutions*, Paragraph 2e., accounting practices of individual colleges and universities must provide for adequate documentation to support costs charged to sponsored agreements. Further, 45 CFR, *Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*, § 2543.23, *Cost sharing of matching*, states that all costs and third-party in-kind contributions that count toward satisfying a cost-sharing or matching requirement must be verifiable based on grantee and subgrantee records. These records must show how the grantee or subgrantee derived the value placed on third-party contributions. To the extent feasible, the organization must be able to support volunteer services using the same methods that it uses to support the allocability of regular personnel costs.

Recommendations: We recommend that the Corporation:

- 3a. Provide the Commission with additional guidance and instruction regarding the documentation requirements in Federal cost principles, administrative requirements, and CFR regulations.
- 3b. Verify that the Commission instructed its subgrantees regarding the documentation requirements in Federal cost principles, administrative requirements, and CFR regulations.
- 3c. Verify that the Commission conducts financial monitoring of subgrantee Federal and match costs and that it ensures the costs are:
 - Adequately documented.
 - Charged to the correct project.
 - Allocable to the Corporation's grant awards, including documentation of the allocation methodology.
 - Incurred during the grant period.
 - Included in the approved or amended budgets.
 - Allowable in accordance with applicable cost principles.
 - Verifiable from recipient records.
 - Not included as contributions for any other Federally assisted program.
 - Not paid by the Federal government under another award, except where authorized by Federal statute.

- 3d. Monitor the Commission matching requirements on these awards; at the end of the grant, determine whether the Commission met the match requirements.
- 3e. Verify that the Commission monitored subgrantee matching requirements on these awards and, at the end of the grant, determine whether each subgrantee met the match requirements.
- 3f. Calculate and recover the appropriate amount of disallowed costs and related administrative costs based on costs questioned and require the Commission to adjust its FFR for the disallowed costs.

Summary of Management's Comments: The Corporation concurred with Recommendations 3a. through 3f. and stated that it found errors in Findings 3b. and 3h. Please see Appendix A for the Corporation's full responses.

In Finding 3b., the Corporation identified an error in the amount questioned. In Finding 3h., the Corporation noted that the match calculation included in the finding is incorrect. A 50 percent match requirement represents a one-to-one match, meaning that for every Federal dollar claimed, the grantee must provide one dollar of match. Therefore, the shortfall based on the auditor's adjusted Federal and match numbers would be \$23,203 (\$176,367 - \$153,164).

Evaluation of Management's Comments: The Corporation's responses to Recommendations 3a. through 3f. are responsive to the recommendations. Our detailed comments on the errors identified by the Corporation are below.

For Finding 3b., we updated the questioned costs based on documentation that the Commission had supplied to explain the purpose of a vehicle rental. This adjustment corrected the error identified by the Corporation, reducing total questioned costs to \$336.

For Finding 3h., we agree with the Corporation that for PY 2014-2015 UNC-CH Literacy Corps fell short of the match requirement by \$23,203 (\$176,367-\$153,164). We calculated the amount of questioned Federal costs due to UNC-CH Literacy Corps' failure to provide a one-to-one match. We recalculated the allowable amount of Federal costs by adding together the adjusted Federal costs of \$176,367 with the adjusted match costs of \$153,164 to arrive at total costs of \$329,531. We then multiplied the total by 50 percent to arrive at \$164,765.50 of allowable Federal costs (\$164,766 rounded) and \$164,765.50 of allowable match costs, or a one-to-one match.

Summary of the Commission's Comments: The Commission partially concurred with Findings 3b. and 3c. and did not concur with Findings 3d., 3e., and 3h. We summarized the Commission's responses below. The Commission also provided corrective actions to address the recommendations for all findings except Findings 3c. and 3e. Please see Appendix B for the Commission's full responses and proposed corrective actions.

For Finding 3b., the Commission concurred that it did not maintain adequate documentation; however, it provided documentation it believed supported the questioned lodging costs. It stated that the questioned lodging costs were for the Executive Director's attendance at a

conference and provided a copy of the conference agenda and evidence of payment of the registration fees as support for the lodging costs.

For Finding 3c., the Commission stated it provided incorrect PSA documentation during fieldwork but indicated that the error resulted from a misunderstanding by the Commission staff about the requested data. It stated that the former Executive Director promoted AmeriCorps videos supplied by the Corporation in 2014 and 2015 and that the PSAs aired in 2014 through 2016 in partnership with the Corporation and its vendor, TVAccessReports. The vendor maintained reports documenting the value of the PSAs. The Commission provided match records showing the amount of in-kind match costs generated by airing the North Carolina PSAs.

For Finding 3d., the Commission did not concur with the questioned Governor Page costs. This program originated from the Commission and was specifically referenced in the approved AmeriCorps grant application. The Pages are similar to AmeriCorps members in that the Pages are volunteers and receive a stipend to cover their expenses while volunteering. The value of the stipends paid to the Pages and claimed by the Commission was far less than the value of the volunteer work and activities provided by the individuals. At the end of the one-week Page program, the Pages are provided information about AmeriCorps programs to share with their high schools and communities. Many of the members become knowledgeable about AmeriCorps programs in the state and apply to become AmeriCorps members. The Commission provided a schedule of Page activities with its response.

For Finding 3e., the Commission did not concur with questioned costs for monthly office charges for copying and internet service. It now divides these costs by full-time employee equivalent (FTE). The Commission stated that the budgeted annual cost for copier and internet services is reasonable and reflects market conditions for the services. The administrative costs that the Commission would have to incur to revise business vendor billing records to produce more detailed usage documents for the grant would not provide a material cost savings for internet and copier services.

For Finding 3h., the Commission did not concur that UNC-CH Literacy Corps exceeded its match requirements for PY 2014-2015. The Commission provided Excel spreadsheets, timesheets, and mileage logs to support the \$38,388 of in-kind site supervisor salary and mileage costs incurred for PY 2014-2015.

The Commission provided corrective actions in response to all findings except Finding 3e. For Finding 3b., the Commission implemented corrective measures, including purchasing a scanner for the Finance Director's office. The Commission will retain paper copies of supporting documentation for expenses and will scan and save this documentation on the Commission's network shared drives. The Commission also revised its travel policies to include a requirement to retain purpose documentation in addition to the invoice or receipt. It will also maintain other documentation, such as agendas, appointment information, and rental vehicle receipts that support the purpose of the rental.

For Finding 3d., the Commission stated that it will improve its organization and recordkeeping for the Page Program. It provided a copy of timesheets for Page Program participants and stated that it was considering transferring oversight of the Page Program to the Commission

because the Commission is best suited to oversee the detailed reporting and compliance requirements.

For Finding 3h., UNC-CH Literacy Corps reviewed its policies and procedures to ensure that documentation supporting match costs is readily available.

Evaluation of the Commission's Comments: We updated the costs questioned for Finding 3b. based on documentation that the Commission supplied to explain the purpose of a vehicle rental. The Commission provided documentation to show that the former Executive Director attended a conference but did not provide any documentation to show that the lodging costs claimed on the credit card statement were the same costs that the former Executive Director incurred while attending the conference. We therefore continue to question the \$336 in lodging costs.

For Finding 3c., when we requested the match cost samples, we also requested that the Commission provide supporting documentation for the PSA costs claimed on the June 30, 2016 FFR. These PSA costs were the only costs claimed by the Commission during the AUP period for the grant. It is unclear why the Commission had a misunderstanding and did not provide the requested data with its response, instead providing documentation for PSAs that ran before the start of the Commission support grant.

In addition, the PSA documentation that the Commission provided was not adequate because it showed that the PSAs ran in 2014 and 2015 and that the Commission did not provide a PSA request for 2016. Further, the Commission did not explain why it believed that a PSA that ran in 2014 and 2015 would be allocable to the Commission Support grant, which began on January 1, 2016.

For Finding 3d., the Commission did not provide any evidence to support that activities performed by Page participants directly benefited or promoted volunteerism. According to the schedules of Page activities that the Commission provided with its response, members spent 1 hour in meetings with a Commission employee, 4 hours performing office work, and 15.5 hours touring government buildings and meeting with various government and judicial officials.

For Finding 3e., the Commission did not provide verifiable documentation to support the match costs for state-provided services. The Commission could not determine the amount of copier and internet service costs that were assignable to the Commission. Based on the Commission's explanation, these costs appear to be indirect costs instead of direct costs. The Corporation allows grantees to claim indirect costs on the Commission Support grant; however, the Commission did not include indirect costs in its approved budget narratives for the grant.

For Finding 3h., we do not agree with the Commission's statement that UNC-CH Literacy Corps exceeded its match requirements. We reconciled match costs reported on the subgrantee's PERs to the supporting records and did not identify any differences. UNC-CH Literacy Corps's PERs did not include the \$38,338 of PY 2014-2015 match costs identified, and UNC-CH Literacy Corps did not provide any support for these match costs.

Except for the corrective actions related to the UNC-CH Literacy Corps subgrantee, the corrective actions described by the Commission were responsive to the recommendations. Rather than revising its policies and procedures to ensure that supporting documentation for match costs is readily available, UNC-CH Literacy Corps should ensure that it reports all match costs to the Commission.

Finding 4. The Commission and UNC-CH Advising Corps and Literacy Corps did not account for Federal and match costs in accordance with Federal requirements.

The Commission, UNC-CH Advising Corps, and UNC-CH Literacy Corps lacked controls to ensure that Federal and match costs claimed on the Commission’s Commission Support and AmeriCorps grants reconciled to the Commission’s accounting records, were charged to the correct grant, and were properly recorded.

- a. The Commission’s accounting records did not reconcile to Federal costs that the Commission reported on its March 31, 2015; September 30, 2015; and November 30, 2016, FFRs for Award No. 12AFHNC001. Because the Commission’s accounting records supported \$20,722 more in costs than the Commission reported on its FFRs, we did not question any Federal costs.

FFR End Date	Federal Claimed Costs	Federal Supported Costs	Difference
11/30/16 (Final)	(\$52,291)	(\$17,549)	(\$34,742)
09/30/15	\$1,235,049	\$1,203,480	\$31,569
03/31/15	\$1,203,623	1,222,172	<u>(\$17,549)</u>
Total			<u>(\$20,722)</u>

- b. We questioned \$427,749 of match costs that the Commission claimed on Award No. 12AFHNC001 because the Commission’s accounting records did not reconcile to the match costs that the Commission claimed on its FFRs dated March 31, 2015, September 30, 2015, and March 31, 2016.

FFR End Date	Match Claimed Costs	Match Supported Costs	Difference
03/31/16	\$96,905	\$23,510	\$73,395
09/30/15	\$1,290,384	\$943,700	\$346,684
03/31/15	\$1,491,055	\$1,483,385	<u>\$7,670</u>
Total			<u>\$427,749</u>

- c. The Commission’s accounting records did not reconcile to the match costs that the Commission reported on its March 31, 2015; September 30, 2015; March 31, 2016; and August 31, 2016, FFRs for Award No. 13ACHNC001. Because the Commission’s accounting records supported \$405,847 more in costs than the Commission reported on its FFRs, we did not question any match costs.

FFR End Date	Match Claimed Costs	Match Supported Costs	Difference
8/31/2016	\$348,218	\$204,075	\$144,143
3/31/2016	\$53,066	\$259,005	(\$205,939)
9/30/2015	\$227,304	\$393,715	(\$166,411)
3/31/2015	\$270,692	\$448,331	(\$177,639)
Total			<u>(\$405,847)</u>

- d. We questioned \$172,478 of Federal costs on Award No. 13ACHNC001 and allowed the same amount of Federal costs on Award No. 12AFHNC001. The Commission erroneously reported the costs for its UNC-CH subgrantee as Federal costs on the March 31, 2015, and September 30, 2015, FFRs for Award No. 13ACHNC0001. The Commission should have reported the costs on Award No. 12FHNC001.
- e. The Commission's accounting records did not reconcile to the match costs that the Commission reported on its March 31, 2016, and September 30, 2016, FFRs for Award No. 15AFHNC0001. Because the Commission's accounting records supported \$15,909 more in costs than the Commission reported on its FFRs, we did not question any match costs.

FFR End Date	Match Claimed Costs	Match Supported Costs	Difference
9/30/2016	\$1,536,671	\$1,234,627	\$302,043
3/31/2016	\$1,844,186	\$2,162,138	(\$317,952)
Total			<u>(\$15,909)</u>

- f. We questioned \$1,366 of PY 2015-2016 Federal costs that the Commission claimed on Award No. 15AFHNC001 because the Commission made a duplicate payment to its UNC-CH Advising Corps subgrantee. Neither the Commission nor the subgrantee was aware of the duplicate payment, and the subgrantee stated that it would return the duplicate payment to the Commission.
- g. The Commission's accounting records did not reconcile to the match costs that the Commission reported on its March 31, 2017, FFR for Award No. 15AFHNC0001. Because the Commission's accounting records supported \$8,974 more in costs than the Commission reported on its FFRs, we did not question any match costs.

Match Claimed Costs	Match Supported Costs	Difference
\$1,732,227	\$1,741,201	(\$8,974)

The current Commission employees were unable to locate documentation maintained by the Commission's previous Fiscal Officer to support the amounts reported on the FFRs and were unable to explain why the Commission had not previously discovered the erroneous payment.

According to 2 CFR Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*, Subpart D. *Post Federal Award Requirements*, §200.302, *Financial Management*, subsection (b)(2), recipient financial management systems must provide for accurate, current, and complete disclosure of financial results for each Federally-sponsored program.

UNC-CH Advising Corps

- h. We questioned \$4,798 of match costs that UNC-CH Advising Corps reported for PY 2015-2016 because UNC-CH Advising Corps' accounting records did not reconcile to the match costs that UNC-CH Advising Corps reported on its September 2016 PER, the last PER for PY 2015-2016 (Award No. 15AFHNC001). UNC-CH Advising Corps provided a reconciliation that reported \$778,206 in match costs, or \$84,746 more than the costs claimed in the September 2016 PER; however, the reconciliation did not contain transaction-level detail, and therefore we were only able to verify the amounts supported with actual accounting records.

Cost	Claimed Costs September 2016 PER	Supported Costs	Difference
Match Costs	\$693,460	\$688,662	\$4,798

UNC-CH Literacy Corps

- i. UNC-CH Literacy Corps initially did not meet its regulatory match requirements for either PY 2014-2015 or PY 2015-2016. UNC-CH Literacy Corps received funding from the Corporation for more than ten years and was required to meet a 50 percent match requirement; however, the program only provided a 44 percent match in PY 2014-2015 and a 48 percent match in PY 2015-2016. Due to our adjustments for questioned Federal and match costs arising from Finding Nos. 3 through 6, UNC-CH Literacy Corps now meets its 50 percent match requirement for PY 2015-2016; however, it still does not meet the 50 percent requirement for PY 2014-2015.
- j. We questioned \$2,316 of Federal costs because the PY 2014-2015 member living allowance schedule that UNC-CH Literacy Corps provided supported less in living allowance costs than UNC-CH Literacy Corps reported on its May 2015 PER. The living allowance cost schedule supported \$41 less in PY 2016-2017 Federal costs than did the PER; however, we did not question this difference because the program year was incomplete.

Cost	PY	PER	Costs Reported on the PER	Costs Reported on Living Allowance Schedule	Difference
Federal Costs	2014-2015	May 2015	\$142,754	\$140,438	\$2,316
Federal Costs	2016-2017	February 2017	\$44,146	\$44,105	\$41

According to 45 CFR Part 2543, *Uniform Administrative Requirements For Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*, Subpart C, *Post Award Requirements*, § 2543.21, *Standards for financial management systems*, Subsection (b), recipient financial management systems must provide for accurate, current, and complete disclosure of the financial results for each Federal award or program.

Recommendations: We recommend that the Corporation:

- 4a. Provide additional guidance and instruction to the Commission regarding applicable CFR regulations for financial management systems and record retention.
- 4b. Verify that the Commission has procedures to reconcile Federal and match costs reported on FFRs submitted to the Commission to Federal and match costs reported in the supporting accounting records and that the Commission has procedures to retain documentation supporting the Federal and match costs reported on the FFRs.
- 4c. Verify that the subgrantees' financial monitoring procedures and tools include procedures to ensure that subgrantees reconcile Federal and match costs reported on reimbursement requests submitted to the Commission to Federal and match costs reported in the supporting accounting records.
- 4d. Review subgrantee site visit monitoring reports, completed subgrantee-monitoring tools, and subgrantee reconciliations to verify that all of the Commission's subgrantees have implemented controls to reconcile Federal and match costs.
- 4e. Monitor the Commission's matching requirements on these awards; and at the end of the grant, determine whether the Commission met the match requirements.
- 4f. Verify that the Commission monitored subgrantee matching requirements for these awards and, at the end of the grant, determine whether each subgrantee met the match requirements.
- 4g. Calculate and recover the appropriate amount of disallowed costs and related administrative costs based on costs questioned and require the Commission to adjust its FFR for the disallowed costs.

Summary of Management's Comments: The Corporation concurred with Recommendations 4a. through 4g. Please see Appendix A for the Corporation's full responses.

Evaluation of Management's Comments: The Corporation's responses to Recommendations 4a. through 4g. were responsive to the recommendations.

Summary of the Commission's Comments: The Commission concurred with Findings 4a. through 4g. and 4j. It stated that the UNC-CH Advising Corps subgrantee returned the \$1,366 overpayment cited in Finding 4f. to the Commission. The Commission concurred with Finding

4h. and provided an explanation regarding the reconciliation difference discussed in the finding. The Commission did not concur with Finding 4i. We summarized the Commission's responses below. Please see Appendix B for the Commission's full responses and proposed corrective actions.

For Finding 4i., the Commission stated that UNC-CH Literacy Corps exceeded its match requirements for PY 2014-2015. The Commission provided Excel spreadsheets, timesheets, and mileage logs as support for \$38,388 of in-kind site supervisor salary and mileage costs incurred for PY 2014-2015.

In its response to the findings, the Commission stated that it will update its policies and procedures manual to ensure that duplicate payments do not occur. OSBM has also hired a dedicated federal grants officer who will provide additional financial oversight of grant financial records. The Commission will provide OSBM with supporting documentation for the FFRs that the Commission submits to the Corporation.

In addition, the UNC-CH Office of Sponsored Research (OSR), the University's central contracts and grants office, strengthened its accounts receivable and cash management functions. OSR added additional full-time employees on its Cash Management Team. Personnel who identify any misapplied or duplicate payments provide the information to the Cash Manager for further review; a member of the Cash Management Team will then reach out to the sponsor for further clarification. In addition, the Sponsored Project Accountants within the Sponsored Project Accounting Division of OSR, which is separate from the Cash Management Team and is responsible for generating financial reports and invoices, are now responsible for tracking payment of the invoices they create. This creates multiple layers of review to ensure that duplicate payments and other discrepancies are identified and resolved in a timely manner.

Further, UNC-CH Advising Corps implemented new procedures to ensure the accuracy of all financial reports, and UNC-CH Literacy Corps reviewed its policies and procedures to ensure that documentation supporting match costs is readily available.

Evaluation of the Commission's Comments: Except for the corrective actions related to UNC-CH Literacy Corps, the corrective actions described by the Commission were responsive to the recommendations. In addition to revising its policies and procedures to ensure that match cost supporting documentation is readily available, UNC-CH Literacy Corps should ensure that its reports all match costs to the Commission. In addition, the Commission described the corrective actions that it was taking for UNC-CH and ECU but did not discuss the corrective actions for its other subgrantees. During audit resolution, the Corporation should work with the Commission to ensure that the corrective actions adequately address all findings and recommendations.

Finding 5. UNC-CH Advising Corps, UNC-CH Literacy Corps, and ECU did not perform complete NSCHC searches for grant-funded staff and members.

UNC-CH Advising Corps, UNC-CH Literacy Corps, and ECU did not perform complete or proper National Service Criminal History Checks (NSCHCs) for grant-funded staff and members, nor did they comply with Corporation regulations concerning NSCHCs.

The NSOPW searches for UNC-CH Advising Corps grant-funded staff, ECU grant-funded staff, and ECU members were not adequate because UNC-CH Advising Corps and ECU did not comply with Corporation requirements for NSOPW searches performed by a vendor. In addition, the subgrantees did not perform a nationwide NSOPW search for one member, did not provide evidence of an NSOPW search for one member, conducted NSOPW searches for three members using an incorrect spelling of the members' names, and did not conduct a new NSOPW search for an employee with a break in service. Finally, UNC-CH Advising Corps did not obtain consent documentation for one staff member, UNC-CH Literacy Corps did not perform state criminal history checks for four grant-funded staff members, and ECU did not perform FBI checks for three members. Specifically:

UNC-CH Advising Corps

- a. We questioned \$27,901 of Federal salaries and benefits costs and \$100,819 of match salaries and benefits costs for inadequate NSOPW searches. The NSOPW search for the UNC-CH Advising Corps Program Director was not adequate because UNC-CH did not comply with Corporation requirements for NSOPW searches performed by a vendor. During the AUP period, UNC-CH used a vendor, Castle Branch, to perform NSOPW searches on its grant-funded staff using the DOJ NSOPW. Castle Branch provided UNC-CH Advising Corps program with results showing that it did not identify any sex offender records; however, Castle Branch did not provide a screenshot or printout of the actual search results. The Corporation's *Pre-Approved Alternative Search Procedures* (January 4, 2016, revision) states, "If your vendor does not provide copies of the screenshots or printouts from NSOPW result, your contract with the vendor must specify that no person who is registered or required to be registered as a sex offender will be considered to have cleared the check." UNC-CH Advising Corps was unable to provide any evidence that its contract with Castle Branch contained the required language.

Grant	PY	Questioned Federal Costs	Questioned Match Costs
12AFHNC001	2014-2015	\$10,994	\$33,710
15AFHNC001	2015-2016	\$12,732	\$49,138
15AFHNC001	2016-2017	<u>\$4,175</u>	<u>\$17,971</u>
Total		<u>\$27,901</u>	<u>\$100,819</u>

- b. We questioned Federal costs of \$7,587, match costs of \$10,971, and an education award of \$5,775 because UNC-CH Advising Corps did not perform a proper and accurate NSOPW search for one PY 2016-2017 AmeriCorps member. The NSOPW search was not proper because an incorrect spelling of the member's name when conducting the search.

Grant	PY	Questioned Federal Costs	Questioned Match Costs	Questioned Education Awards
15AFHNC001	2016-2017	\$7,587	\$10,971	\$5,775

UNC-CH Literacy Corps

- c. We questioned \$114,465 of Federal salaries and benefits costs (\$14,048 in PY 2014-2015, \$58,969 in PY 2015-2016, and \$41,448 in PY 2016-2017) because UNC-CH Literacy Corps did not perform proper criminal history checks for three grant-funded employees. The criminal history check documentation provided for one employee lacked a state criminal history search. In addition, the NSOPW searches for two of the four grant-funded employees were not proper because they were not nationwide searches. UNC-CH Literacy Corps did not perform either NSOPW search until September 10, 2017, at which time the Puerto Rico database was not available. UNC-CH Literacy Corps did not perform any subsequent NSOPW searches for either employee.

According to 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?*, subgrantees must perform a search of the state criminal history registry for the state in which the staff member will primarily be working and for the state in which the individual resides at the time of application, or must submit fingerprints through the state registry. Further, Paragraph 4.7 of the Corporation's *Frequently Asked Questions: National Service Criminal History Checks* requires subgrantees to re-perform the NSOPW search until all databases are operable.

Grant	PY	Questioned Federal Costs
12AFHNC001	2014-2015	\$14,048
15AFHNC001	2015-2016	\$58,969
15AFHNC001	2016-2017	\$41,448
Total		<u>\$114,465</u>

- d. We questioned Federal costs of \$8,870, match costs of \$5,510, and an education award of \$5,730 because UNC-CH Literacy Corps did not perform a proper and accurate NSOPW search for one PY 2015-2016 AmeriCorps member. Specifically, UNC-CH Literacy Corps spelled the member's name incorrectly when performing the search. In addition, UNC-CH Literacy Corps conducted an improper NSOPW search for one PY 2016-2017 member. Specifically, the NSOPW search was not nationwide, as the Missouri database was not available at the time UNC-CH Literacy Corps performed the search. UNC-CH Literacy Corps did not perform a subsequent NSOPW search, as required by Paragraph 4.7 of the Corporation's *Frequently Asked Questions: National Service Criminal History Checks*.

Grant	PY	Questioned Federal Costs	Questioned Match Costs	Questioned Education Awards
15AFHNC001	2015-2016	\$8,870	\$5,510	\$5,730

- e. We questioned an education award of \$1,222 for one PY 2016-2017 UNC-CH Literacy Corps member because UNC-CH Literacy Corps did not provide documentation to support that it had conducted an NSOPW search for the member, as required by 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?

ECU

- f. We questioned \$128,661 of Federal costs and \$35,634 of match costs because ECU did not perform NSCHCs on ECU Graduate Assistant students who worked on the AmeriCorps grants. ECU also did not perform complete NSOPW searches for ECU employees who worked on the AmeriCorps grants.
 - i. We questioned \$1,250 of PY 2015-2016 Federal costs and \$6,688 of match costs (\$4,500 in PY 2014-2015 and \$2,188 in PY 2016-2017) because ECU did not perform NSCHCs on Graduate Assistant students who worked on the grant, as required by 45 CFR §2540.200, *To whom must I apply suitability criteria relating to criminal history?*, and by the Commission's AmeriCorps grant agreements with ECU, Paragraph 7, *Criminal Records Check*. Subgrantees are required to conduct a NSCHC check on any individual receiving a salary through the program.
 - ii. We questioned \$100,543 of Federal costs (\$88,210 in PY 2014-2015, \$11,057 in PY 2015-2016, and \$1,276 in PY 2016-2017) and \$12,276 of match costs (\$5,586 in PY 2014-2015, \$3,561 in PY 2015-2016, and \$3,129 in PY 2016-2017) because ECU did not comply with Corporation requirements for NSOPW searches performed by a vendor. During the AUP period, ECU contracted with two vendors, MYB, Inc. and HireRight, to obtain sex offender check services. ECU provided results showing that the vendors did not identify any sex offender records; however, neither vendor provided screenshots or printouts of the actual search results. The Corporation's *Pre-Approved Alternative Search Procedures* (January 4, 2016, revision) states, "If your vendor does not provide copies of the screenshots or printouts from NSOPW result, your contract with the vendor must specify that no person who is registered or required to be registered as a sex offender will be considered to have cleared the check." ECU was unable to provide any evidence that its contract with HireRight contained the required language. In addition, we were unable to determine if MYB, Inc. used the DOJ NSOPW as its source when conducting searches. ECU no longer uses the MYB Inc. vendor but still uses the HireRight vendor. ECU stated that it is working with HireRight to ensure that future contracts include the required language related to sex offenders. It stated that it used the DOJ NSOPW to conduct checks for its PY 2017-2018 members and printed all of the results. It also stated that it would use this same process for ECU employees who worked on the grants.
 - iii. We questioned Federal costs of \$26,868 (\$18,059 in PY 2015-2016 and \$8,809 in PY 2016-2017) and PY 2015-2016 match costs of \$16,670 because ECU did not conduct a new NSOPW search for an employee with a break in service. ECU's Executive Director retired in November 2014 but returned to work in July 2015. ECU provided the results of an NSOPW search for the Executive Director dated November 4, 2013; however, the NSOPW search did not comply with 45 CFR §2540.204, *When must I conduct a National Service*

Criminal History Check on an individual in a covered position? Because the break between the Executive Director’s retirement and her return to work was more than 120 days, ECU should have conducted a new NSOPW search, as required by the regulations.

Grant	PY	Finding	Questioned Federal Costs	Questioned Match Costs
13ACHNC001	2014-2015	5.f.i	\$1,250	\$4,500
13ACHNC001	2015-2016	5.f.i	\$0	\$0
15AFHNC001	2016-2017	5.f.i	\$0	\$2,188
Subtotal Finding 5.f.i			<u>\$1,250</u>	<u>\$6,688</u>
13ACHNC001	2014-2015	5.f.ii	\$88,210	\$5,586
13ACHNC001	2015-2016	5.f.ii	\$11,057	\$3,561
15AFHNC001	2016-2017	5.f.ii	\$1,276	\$3,129
Subtotal Finding 5.f.ii			<u>\$100,543</u>	<u>\$12,276</u>
13ACHNC001	2014-2015	5.f.iii	\$0	\$0
13ACHNC001	2015-2016	5.f.iii	\$18,059	\$16,670
15AFHNC001	2016-2017	5.f.iii	\$8,809	\$0
Subtotal Finding 5.f.iii			<u>\$26,868</u>	<u>\$16,670</u>
13ACHNC001	2014-2015		\$89,460	\$10,086
13ACHNC001	2015-2016		\$29,116	\$20,231
15AFHNC001	2016-2017		\$10,085	\$5,317
Total of Finding 5			<u>\$128,661</u>	<u>\$35,634</u>

- g. We questioned \$36,266 of Federal costs, (\$2,439 in PY 2014-2015, \$23,551 in PY 2015-2016, and \$10,276 in PY 2016-2017), \$2,387 of match costs (\$2,163 in PY 2014-2015 and \$224 in PY 2015-2016), and \$34,061 in education awards (\$3,740 in PY 2014-2015, \$15,103 in PY 2015-2016, and \$15,218 in PY 2016-2017) because the NSOPW searches that ECU’s vendors conducted for 18 ECU members (4 in PY 2014-2015, 7 in PY 2015-2016, and 7 in PY 2016-2017) did not comply with the Corporation’s *Pre-Approved Alternative Search Procedures*. Specifically, the results that ECU provided lacked a screenshot or printout of the actual search results. ECU was unable to provide any evidence that its contract with one of the vendors, HireRight, contained the required language regarding sex offender searches, and we were unable to determine whether the other vendor, MYB, Inc., used the DOJ NSOPW as the source for its searches. In addition, the NSOPW search for one PY 2014-2015 member was incorrect because the vendor used the wrong form of the member’s name when performing the search.

Grant	PY	Questioned Federal Costs	Questioned Match Costs	Questioned Education Awards
13ACHNC001	2014-2015	\$2,439	\$2,163	\$3,740
13ACHNC001	2015-2016	\$23,551	\$224	\$15,103
15AFHNC001	2016-2017	<u>\$10,276</u>	<u>\$0</u>	<u>\$15,218</u>
Total		<u>\$36,266</u>	<u>\$2,387</u>	<u>\$34,061</u>

- h. We questioned \$3,408 of PY 2014-2015 Federal costs, \$1,920 of PY 2014-2015 match costs, and \$2,822 of a PY 2014-2015 education award for one ECU member because ECU did not retain documentation to support that it performed an FBI check for the member. In total, we identified questioned costs related to this issue for three ECU members, one from each program year: \$11,158 of questioned Federal costs (\$3,408 in PY 2014-2015, \$5,303 in PY 2015-2016, and \$2,447 in PY 2016-2017), \$2,000 of questioned match costs (\$1,920 in PY 2014-2015 and \$80 in PY 2015-2016), and \$8,575 of questioned education awards (\$2,822 in PY 2014-2015, \$2,865 in PY 2015-2016, and \$2,888 in PY 2016-2017). ECU did not retain documentation to support that it performed an FBI check for the three members as required by 45 CFR § 2540.206, *What documentation must I maintain regarding a National Service Criminal History Check for a covered position?* However, we did not question the PY 2015-2016 and PY 2016-2017 costs in this finding, as we previously questioned them in Finding 5.g.

Grant	PY	Questioned Federal Costs	Questioned Match Costs	Questioned Education Awards
13ACHNC001	2014-2015	\$3,408	\$1,920	\$2,822
13ACHNC001	2015-2016	Finding 5.g	Finding 5.g	Finding 5.g
15AFHNC001	2016-2017	Finding 5.g	Finding 5.g	Finding 5.g
Total Questioned in This Finding		<u>\$3,408</u>	<u>\$1,920</u>	<u>\$2,822</u>
Total Questioned in Finding 5.g		<u>\$7,750</u>	<u>\$80</u>	<u>\$5,753</u>
Total Questioned		<u>\$11,158</u>	<u>\$2,000</u>	<u>\$8,575</u>

- i. We identified a questioned education award of \$1,222 for one PY 2016-2017 ECU member because ECU did not properly perform the member's state criminal history check, as required by 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?* Specifically, when ECU's vendor conducted the member's background check, it did not conduct a State Court Records check. However, we did not question the award in this finding, as we previously questioned it in Finding 5.g.

Grant	PY	Questioned Education Awards
15AFHNC001	2016-2017	Finding 5.g
Total Questioned in Finding 5.g		<u>\$1,222</u>
Total Questioned		<u>\$1,222</u>

- j. ECU did not verify the identities of three grant-funded individuals (two employees and one host site supervisor) against a government-issued photo identification before conducting the individuals' NSCHCs, as required by 45 CFR § 2540.205, *What procedures must I follow in conducting a National Service Criminal History Check for a covered position?* We were therefore unable to verify whether ECU conducted the state criminal history checks in the states in which the individuals resided. Because ECU was able to provide documentation during fieldwork verifying that it had conducted NSCHCs for the individuals, and the third-party vendor check showed that it verified the identities of the individuals using their social security number, addresses, and date of birth, we consider this issue to be a compliance finding.
- k. ECU was unable to provide documentation verifying the initiation dates for FBI checks for four PY 2015-2016 members. We were therefore unable to determine whether ECU initiated the FBI checks before the members started their service. Because ECU was able to provide documentation verifying that it had conducted NSCHCs for the individuals, we did not question any costs; however, we consider this issue to be a compliance finding.

Recommendations: We recommend that the Corporation:

- 5a. Ensure that the Commission is requiring its subgrantees to comply with Alternate Search Procedures.
- 5b. Verify that the Commission's site visit monitoring tool includes procedures for ensuring that subgrantees:
- Implement and maintain written procedures and a formal process for documenting the verification of member and grant-funded staff identities against a government-issued photo identification.
 - Conduct State criminal registry, FBI, and NSOPW searches on grant-funded staff and members.
 - Maintain documentation to support these searches and the dates the searches were initiated.
 - Conduct nationwide NSOPW searches using the correct member and staff names.

- 5c. Review subgrantee site visit monitoring reports and completed subgrantee-monitoring tools to verify that the Commission has implemented the above recommendation and that subgrantees are complying with the procedures.
- 5d. Monitor the Commission's matching requirements on these awards; at the end of the grant, determine whether the Commission met the match requirements.
- 5e. Verify that the Commission monitored subgrantee matching requirements on these awards and, at the end of the grant, determine whether each subgrantee met the match requirements.
- 5f. Calculate and recover the appropriate amount of disallowed costs and related administrative costs based on costs questioned and require the Commission to adjust its FFR for the disallowed costs.

Summary of Management's Comments: The Corporation concurred with Recommendations 5a. through 5f. Please see Appendix A for the Corporation's full responses.

Evaluation of Management's Comments: The Corporation's responses to Recommendations 5a. through 5f. were responsive to the recommendations.

Summary of the Commission's Comments: The Commission concurred with Findings 5a., 5b., 5d., 5e., 5g., 5i., 5j., and 5k. It partially concurred with Findings 5c. and 5f. and did not concur with Finding 5h. We summarized the Commission's responses below. Please see Appendix B for the Commission's full responses and proposed corrective actions. In its response, the Commission explained the source of the issues that led to Findings 5a., 5b., 5d., 5e., 5f., 5g., and 5i.

For Finding 5c., the Commission stated that UNC-CH Literacy Corps provided the state criminal background check results for one employee who lacked a state criminal history search. According to UNC's Office of Human Resources, this background check was completed manually in-house, not through Castle Branch, as was previously thought. Because of this misunderstanding, UNC-CH Literacy Corps inadvertently supplied only a portion of the employee's state criminal history search results. A letter from UNC's Office of Human Resources confirmed that it had conducted a state criminal history check and that there were no results for the employee.

Although UNC-CH Literacy Corps did not document the NSOPW searches for two employees, Castle Branch performed an NSOPW search, and the results indicated that both members had no matching records. An independent NSOPW search, completed in Fall 2017, also confirmed that the members had no matching records.

For Finding 5f., the Commission stated that ECU conducted sex offender checks using Mind Your Business, Inc. and HireRight. The Commission concedes that these checks may not have complied with NSCHC requirements for conducting NSOPW checks, and that ECU did not conduct the checks for graduate students. ECU ensured that it conducted equivalent and/or more comprehensive background checks for AmeriCorps members. As part of their search process, HireRight and Mind Your Business, Inc. conducted a search of the FBI

National Sex Offender Registry, along with other background checks. The Commission included a summary of the checks performed on specific individuals in its response.

ECU originally conducted a criminal background search on the Executive Director in 2013, and HireRight performed an additional search in November 2017. ECU also performed an NSOPW search for the Executive Director in PY 2015-2016. None of the searches yielded any criminal or sex offender results for the Executive Director.

For Finding 5h., ECU acknowledged that it did not retain copies of the original request forms for initiation of FBI checks for the three members cited in the finding. However, ECU maintained documentation of its payment to the FBI for conducting the required searches on the three members, thus demonstrating that it had met this requirement.

ECU placed one member (PY 2016-2017) as a tutor in the Onslow County School District. Onslow County requires sex offender checks, an FBI search, and a fifty-state criminal history check for its employees and volunteers. Documentation that the school district provided to ECU shows that in October 2015, the school district initiated and received FBI clearance for the PY 2016-2017 member.

The Commission provided corrective actions in response to the findings. For Finding 5a., UNC-CH Advising Corps conducted a third-party NSOPW on the Program Director and implemented a review process that requires the Advising Corps Human Resources manager to review and confirm the accuracy of the independent NSOPW searches that the Program Director conducts prior to hiring Advising Corps staff members and enrolling the members. UNC-CH provided a copy of its new member files checklist, which the Program Director and the Human Resources manager will follow. In addition, as part of its policies and procedures, the Commission will remind the UNC-CH AmeriCorps Programs in the preliminary award letter to ensure that all staff have undergone NSOPW searches.

For Finding 5b., UNC-CH Advising Corps performed an independent NSOPW search with the correct spelling of the member's name.

For Finding 5c., UNC-CH Literacy Corps updated its policies and procedures and host site application to ensure that it meets and appropriately documents all NSCHC requirements before any grant-funded employee begins work. UNC-CH Literacy Corps attached a copy of its updated Staff Background Check Policy to the response.

For Findings 5d. and 5e., UNC-CH Literacy Corps updated its policies and procedures and host site application to ensure that it meets and appropriately documents all NSCHC requirements prior to member enrollment.

For Finding 5f., ECU conducted NSOPW searches on all members from PYs 2014-2015, 2015-2016, and 2016-2017. In addition, ECU conducted NSOPWs on the PY 2017-2018 members. In December 2017, the Commission conducted a compliance site visit and noted that ECU performed the NSOPWs immediately after the finding was brought to ECU's attention. ECU will ask the Commission to seek approval for an alternative search procedure (ASP), as described in the Corporation's Pre-Approved ASP document. The ECU graduate school application includes state-mandated questions regarding criminal history, and all students are required to answer these questions. In addition, the Admissions office checks

the North Carolina Court System, the North Carolina Offender DPS database, and the UNC System Suspension-Expulsion database. If there are any discrepancies between the information provided by the applicant and the information ECU is able to access, ECU forwards the application to the Dean of Students for further review.

For Finding 5g., ECU will comply with NSOPW and NSCHC requirements, as approved by the Corporation and Commission. ECU conducted NSOPW checks on all staff from PYs 2014-2015, 2015-2016, and 2016-2017 and noted that none of the searches yielded any criminal or sex offender results for any of the staff. In addition, ECU worked with HireRight to ensure that future contracts include the required language related to sex offenders. HireRight used the NSOPW to conduct checks for its PY 2017-2018 members and printed all the results. It also stated that it would use this same process for ECU employees who worked on the grants. Finally, in December 2017, the state office conducted a compliance site visit and noted that ECU performed the NSOPWs immediately after the auditors brought the issue to ECU's attention.

For Findings 5h., 5j., and 5k., ECU adopted policies and procedures to ensure compliance with NSCHC, as required by 45 CFR § 2540.205. In PY 2016-2017, the ECU Police Department began fingerprinting ECU's AmeriCorps members as part of their pre-service activities. The Commission claims that this approach for collecting fingerprints streamlined the process and ensured that ECU initiated all FBI searches on or before the first day of service. ECU continued to use the same process for PY 2017-2018. In December 2017, the Commission conducted a compliance site visit and noted that ECU initiated all FBI searches on or before the first day of service.

For Finding 5i., ECU will ensure that it conducts a compliant state criminal history background check for this member.

Evaluation of the Commission's Comments: See our detailed comments on the responses and corrective actions from the Commission and the subgrantees below.

For Findings 5a., 5b., 5c., 5d., and 5e., we noted that, although the Commission stated that it concurred with the findings, its responses and corrective actions did not address the condition cited in the finding. Therefore, the findings remain.

- Although the Commission stated that the Corporation approved the use of the Castle Branch vendor, the July 2013 email from the Corporation approved the use of Castle Branch in performing state criminal history checks on Award No. 06AFHNC001, not in performing NSOPW searches.
- As discussed in the finding, the NSOPW searches performed by Castle Branch did not comply with Corporation requirements for NSOPW searches performed by a vendor because Castle Branch did not provide a screenshot or printout of the actual search results.
- As part of its response, the Commission provided an Adviser Files Checklist that included steps for verifying the completion of a Castle Branch check; however, the checklist lacked steps for verifying that the NSOPW portion of the check included a screenshot or printout of the actual search results.

- The Commission did not state or provide evidence showing that the vendor agreed to provide a screenshot or printout of the actual search results.

During resolution, the Corporation should verify that the NSOPW searches conducted by the Castle Branch vendor include a screenshot or printout of the actual search results.

For Finding 5c., the letter from UNC's Office of Human Resources confirming that UNC had conducted a state criminal history check for the employee and that there were no results does not represent sufficient documentation. The actual results are necessary to verify the existence of the check and confirm that the check complied with Corporation regulations.

For Finding 5f., ECU stated that it would seek approval for an ASP as required by the Commission and as described in the Corporation's Pre-Approved ASP document. However, ECU did not explain why it believed that it needed an ASP. The Corporation's Pre-Approved ASP document only discusses ASPs for various NSCHC components that had already been approved by the Corporation; it did not include procedures for requesting a new ASP. Further, ECU would have been in compliance with the Corporation regulations and the procedures described in the Pre-Approved ASP document had it conducted NSOPW searches on the grant-funded staff members and had the NSOPW searches conducted by its vendors included a screenshot or printout of the actual search results.

ECU did not provide copies of the graduate school application forms showing the criminal history questions that the students were required to complete to support its statement that the Admissions Office checked the North Carolina Court System, the North Carolina Offender DPS database, and the UNC System Suspension-Expulsion database. Further, the NSOPW is supposed to be a nation-wide search, not a single-state search.

For Finding 5g., it is irrelevant that ECU believed that it had conducted equivalent and/or more comprehensive background checks on its members. The NSOPW search is a critical component of the NSCHC check and must be conducted according to Corporation regulations.

For Finding 5h., ECU's documentation that it had met the FBI search requirement for the three members was not sufficient. ECU provided a copy of a March 2015 typewritten memo from the former ECU program director that included a list of member names for which ECU had initiated FBI searches. ECU also provided an internal "Credit Card Payment Form" summarizing the costs that would be billed to the ECU credit card. However, ECU did not provide documentation to support that it had made a payment to the FBI for the searches, such as a credit card statement for the period.

In addition, ECU provided an email and a letter from Onslow County School District stating that a PY 2016-2017 member that had been placed as a tutor in the school district had undergone North Carolina State Bureau of Investigation (SBI) and FBI checks; however, ECU did not provide copies of the check results. ECU also did not indicate whether the SBI check searched the State Court Records repository.

For Finding 5k., ECU stated that in December 2017, the Commission performed a compliance site visit and noted that ECU had initiated all FBI searches on or before the first day of service.

We were unable to verify this statement because neither the Commission nor ECU provided copies of the letters or site visit reports.

Except for the corrective actions related to the UNC-CH Literacy Corps subgrantee, the corrective actions described by the Commission and ECU were responsive to the recommendations. The Commission described the corrective actions that it was taking for UNC-CH and ECU but did not discuss the corrective actions for its other subgrantees. During audit resolution, the Corporation should work with the Commission to ensure that the corrective actions adequately address all findings and recommendations. Using the CNCS Vendor *Truescreen* is a way to ensure NSCHCs are properly performed.

Finding 6. UNC-CH Advising Corps, UNC-CH Literacy Corps, and ECU did not comply with AmeriCorps requirements for member performance evaluations.

UNC-CH Advising Corps and ECU did not ensure that all members from PYs 2014-2015, 2015-2016, and 2016-2017 received an end-of-term evaluation. The lack of this evaluation affected the eligibility of members who returned for a subsequent term of service. UNC-CH Advising Corps and ECU also did not ensure that all members and supervisors signed end-of-term evaluations, or that the end-of-term evaluations included all hours served by the members. In addition, UNC-CH Literacy Corps did not ensure that its end-of-term evaluations included the final number of hours completed by the member.

UNC-CH Advising Corps

- a. UNC-CH Advising Corps was unable to provide documentation showing that it conducted end-of-term evaluations for 12 members (1 from PY 2014-2015, 4 from PY 2015-2016, and 7 from PY 2016-2017). Eleven of these members returned the following year for a subsequent term of service. In place of an end-of-term evaluation, each member's file contained a memo that stated, "Due to the Administrator and Supervisor's schedule and lack of submission of written evaluations, the Mid-Year and End of the Year Evaluation were completed in person during site visits to the service location. The Member, Supervisor, Administrator, and Program Director all participated in the evaluation conversation." According to 45 CFR § 2522.220, Subsection (b), *Eligibility for subsequent term*, a participant is not eligible for a second or additional term of service or an AmeriCorps education award unless they receive a successful rating on their end-of-term evaluation.
- b. UNC-CH Advising Corps was unable to produce documentation showing that it provided an end-of-term evaluation in PY 2013-2014 for a member that returned in PY 2014-2015, end-of-term evaluations in PY 2014-2015 for three members that returned in PY 2015-2016, and end-of-term evaluations in PY 2015-2016 for seven members that returned in PY 2016-2017. As a result, we identified questioned Federal costs of \$97,875, questioned match costs of \$132,917, and questioned education awards of \$63,260 for the 11 members. Of these totals, we questioned Federal costs of \$90,288, match costs of \$121,946, and education awards of \$57,485 in this finding. We did not question Federal costs of \$7,587, match costs of \$10,971, and education awards of \$5,775 related to one PY 2016-2017 member because we previously questioned these costs in Finding 5b.

Award No.	PY	Questioned Federal Costs	Questioned Match Costs	Questioned Education Awards
12AFHNC001	2014-2015	\$11,172	\$12,994	\$5,645
15AFHNC001	2015-2016	33,594	43,126	17,190
15AFHNC001	2016-2017	<u>45,522</u>	<u>65,826</u>	<u>34,650</u>
Subtotal		\$90,288	\$121,946	\$57,485
Questioned in Finding 5.b	2016-2017	<u>\$7,587</u>	<u>\$10,971</u>	<u>\$5,775</u>
Total		<u>\$97,875</u>	<u>\$132,917</u>	<u>\$63,260</u>

c. The end-of-term evaluation for one PY 2014-2015 UNC-CH Advising Corps member was not signed by the member or the supervisor and did not include the final number of hours completed by the member. It is a good business practice to ensure that members and supervisors sign and date end-of-term evaluations and that the grantee completes the evaluations before the members exit the program. This maintains accountability and ensures that evaluations are consistent with member and management intentions. Further, according to 45 CFR § 2522.220, Subsection (c), *Participant evaluation*, the end-of-term evaluation should assess the following:

- Whether the participant has completed the required number of hours to be eligible for the education award and whether the participant was released from service for compelling personal circumstances or cause.
- Whether the participant has satisfactorily completed assignments, tasks, or projects.
- Whether the participant has met any other performance criteria that were communicated both orally and in writing at the beginning of the term of service.

UNC-CH Literacy Corps

d. The end-of-term evaluations for four UNC-CH Literacy Corps members (one from PY 2014-2015, one from PY 2015-2016, and two from PY 2016-2017) did not include the final number of hours completed by the members.

ECU

e. ECU was unable to produce documentation showing that it provided end-of-term evaluations for 19 members (8 from PY 2014-2015, 7 from PY 2015-2016, and 4 from PY 2016-2017). ECU believed that it conducted end-of-term evaluations for 9 of the 19 members but was unable to provide details indicating which members received evaluations or produce documentation verifying that the evaluations occurred.

f. ECU was unable to produce documentation showing that it provided an end-of-term evaluation in PY 2013-2014 for a member that returned in PY 2014-2015, end-of-term evaluations in PY 2014-2015 for four members that returned in PY 2015-2016, and an

end-of-term evaluation in PY 2015-2016 for one member that returned in PY 2016-2017. As a result, we identified questioned Federal costs of \$13,085, questioned match costs of \$128, and questioned education awards of \$11,015 for the six members. Of these totals, we questioned Federal costs of \$5,303, match costs of \$80, education awards of \$5,272, and accrued interest of \$217 in this finding. We did not question Federal costs of \$7,782, match costs of \$48, and education awards of \$5,743 related to one PY 2015-2016 member and one PY 2016-2017 because we previously questioned these costs in Finding 5g.

		Questioned			
Award No.	PY	Federal Costs	Match Costs	Education Awards	Accrued Interest
13ACHNC001	2014-2015	\$0	\$0	\$1,195	\$0
13ACHNC001	2015-2016	\$5,303	\$80	\$4,077	\$0
15AFHNC001	2016-2017	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$217</u>
Subtotal		\$5,303	\$80	\$5,272	\$217
Questioned in Finding 5.g	2015-2016 & 2016-2017	<u>\$7,782</u>	<u>\$48</u>	<u>\$5,743</u>	<u>\$0</u>
Total		<u>\$13,085</u>	<u>\$128</u>	<u>\$11,015</u>	<u>\$217</u>

- g. Three PY 2016-2017 ECU members originally enrolled in the program as half-time members but de-enrolled and subsequently re-enrolled as minimum-time members. ECU did not conduct end-of-term evaluations for half-time service terms and therefore did not provide end-of-term evaluations for the three members; as such, the members were not eligible for a subsequent term of service. We identified questioned education awards of \$3,666 for the three PY 2016-2017 members. However, we did not question these awards in this finding, as we previously questioned the awards in Finding 5g.
- h. ECU did not ensure that six PY 2016-2017 members signed their end-of-term evaluations.

Recommendations: We recommend that the Corporation:

- 6a. Verify that the Commission provided the subgrantees with guidance and instruction about the requirements for end-of-term evaluations.
- 6b. Verify that the Commission’s program-monitoring procedures for end-of-term evaluations include procedures for ensuring that:
- Subgrantees complete evaluations for all members and retain documentation of the evaluations.
 - All members sign and date their evaluations.
 - All supervisors sign and date the relevant evaluations.
 - Evaluations include an assessment of whether the member has completed the required number of hours to be eligible for an education award.

- 6c. Review the Commission's subgrantee site visit reports, completed subgrantee-monitoring tools, and subgrantee end-of-term evaluations to verify that the Commission has properly implemented its procedures for member evaluations.
- 6d. Disallow and recover the appropriate amount of education awards based on our questioned amounts.
- 6e. Calculate and recover the appropriate amount of disallowed costs and related administrative costs based on costs questioned and require the Commission to adjust its FFR for the disallowed costs.

Summary of Management's Response: The Corporation concurred with Recommendations 6.a. through 6.e. Please see Appendix A for the Corporation's full responses.

Evaluation of Management's Response: The Corporation's responses to Recommendations 6a. through 6e. were responsive to the recommendations.

Summary of the Commission's Response: The Commission concurred with Findings 6a. through 6d., 6f., and 6h. It partially concurred with Finding 6e. and did not concur with Finding 6g. We summarized the Commission's responses below. Please see Appendix B for the Commission's full responses and proposed corrective actions.

For Finding 6e. and 6g., the Commission did not concur that the PY 2016-2017 members lacked end-of-term evaluations. The three members were unable to complete their service terms as half-time members. Based on feedback from their site supervisors, ECU provided the members with an option to serve as minimum-time members. ECU provided copies of the February and May 2017 quarterly site supervisor review forms as support to show that it conducted member performance evaluations. The quarterly review forms documented the members' progress on the completion of member service hours,

The Commission provided corrective actions in response to the findings. For Findings 6a., 6b., and 6c., the Advising Corps Program Director will continue to conduct frequent in-person and phone evaluations and will work with service location administrators and supervisors to ensure that they complete end-of-term evaluations for all members. The written evaluations will include an assessment of the member's performance, their eligibility to return to service for a second term, and the number of hours served to confirm eligibility for the education award. The evaluations will be signed and dated by the members, site facilitator, and principal. In addition, the Advising Corps Human Resources manager will confirm that each member has a written evaluation, and members will not be eligible to serve a second term unless they have a satisfactory written evaluation of their prior term of service.

The Commission provided a timeline showing that the UNC-CH Advising Corps site supervisors were required to complete end-of-term evaluations by May 15 of the program year. In addition, the Advising Corps Program Director and the Human Resources Manager were required to verify that members were eligible to return for a second term of service and that the member evaluations had signatures and included the number of hours served by the members.

For Finding 6d., UNC-CH Literacy Corps created a member closeout checklist that includes all member exit requirements; this checklist must be completed by the Program Director before UNC-CH Literacy Corps may exit the member. UNC-CH Literacy Corps will keep the checklist in each member file.

For Findings 6e., 6f., and 6h., ECU implemented training and procedures to ensure that it provides end-of-term evaluations to members. Specifically:

- It requires all new personnel to complete ASC training webinars to ensure that they understand their roles and responsibilities in supervising and monitoring AmeriCorps members.
- It created a 12-month monitoring calendar that identified pre-service, in-service, and end-of-term activities that ECU's staff were required to perform.
- It modified the end-of-term evaluation form to include signature lines for the member, program coordinator, and site supervisor.

For Finding 6g., ECU initiated quarterly reviews of member performance in PY 2016-2017 and will continue this process in the future.

Evaluation of the Commission's Response: See our detailed comments on the responses and corrective actions from the Commission below.

For Findings 6e. and 6g., although ECU may have conducted quarterly evaluations for the three members, this process did not comply with Corporation regulations for member evaluations. As discussed in the finding, a participant is not eligible for a second or additional term of service or an AmeriCorps education award unless they receive a successful rating on their end-of-term evaluation. Further, conducting an end-of-term evaluation for each of the three members would have been beneficial to explain why the members were unable to complete their half-time service terms and why ECU provided the members with the option to serve as minimum-time members. The end-of-term evaluation would also have been beneficial because the February 2017 quarterly evaluations noted that the members were behind on their service hours, and ECU was unable to provide any documentation to explain if this was due to poor performance or other reasons.

The corrective actions described by the Commission and the subgrantees were responsive to the recommendations. The Commission described the corrective actions that it was taking for UNC-CH and ECU but did not discuss the corrective actions for its other subgrantees. During audit resolution, the Corporation should work with the Commission to ensure that the corrective actions adequately address all findings and recommendations.

Finding 7. UNC-CH Advising Corps, UNC-CH Literacy Corps, and ECU lacked adequate supervision of members who served offsite and who served excessive hours at the end of their service terms.

- a. We identified \$63,085 of questioned education awards associated with 13 members (2 in PY 2014-2015, 4 in PY 2015-2016, and 7 in PY 2016-2017) because UNC-CH

Advising Corps was unable to provide evidence that it performed adequate supervision of members who served offsite. In particular, UNC-CH Advising Corps was unable to provide evidence that it performed adequate supervision of members who performed their service hours when their sites were closed and for the one member who served excessive hours at the end of the service term. According to the *2014 & 2015 Terms and Conditions for AmeriCorps State and National Grants*, Subsection V.D., *Supervision* and the *AmeriCorps State and National Grant Provisions*, subgrantees “must provide members with adequate supervision by qualified supervisors consistent with the award.” We did not question the identified awards in this finding, as we are questioning them in other findings. Specifically, we questioned \$51,710 of education awards associated with nine members (one in PY 2014-2015, three in PY 2015-2016, and five in PY 2016-2017) in Finding 6b and \$11,375 of education awards associated with two members (one in PY 2014-2015 and one in PY 2015-2016) in Finding No. 8a. For the two remaining instances, the members met the hour requirement for their member type after we deducted the questioned service hours.

Member timesheets included time served on weekends, after scheduled service hours, offsite/from home, and on holidays and one PY 2016-2017 member had increased service hours in the last month of the member’s service. We reviewed the members’ timesheets and determined that the members and site supervisors did not document the service activities performed at these times or provide an explanation for the increased service hours.

Advising Corps PY	Total Hours	No. of Hours Served on Weekends, Holidays, and Days Site Closed	No. of Days Served on Weekends, Holidays, and Days Site Closed	Documentation of Activities Performed by the Members
2014-2015	1,700	92	27	N
2014-2015	1,700	71	14	N
2015-2016	1,703	103	27	N
2015-2016	1,702	68	25	N
2015-2016	1,705	114	49	N
2015-2016	1,712	36	19	N
2016-2017	1,734	25	4	N
2016-2017	1,734	35	4	N
2016-2017	1,701	164 ⁵	23	N
2016-2017	1,700	94	37	N
2016-2017	1,718	37	11	N
2016-2017	1,804	77	18	N
2016-2017	1,737	178	62	N

The UNC-CH Advising Corps program applications and position descriptions did not include either the offsite service that the members performed on weekends and

⁵ In the last month of service the PY 2016-2017 member had an increased number of service hours. The member served 13 straight days with three 13-hour days and ten 12-hour days.

holidays or the increased service hours at the end of the members' service terms. We inquired with UNC-CH Advising Corps program staff and obtained the following explanations and examples of the activities the members performed:

- The UNC-CH Advising Corps program staff work with the site supervisors to monitor and verify the members' weekend and holiday hours served at the members' schools or other service locations. When the members serve from home on weekends and holidays, UNC-CH Advising Corps program staff monitors their service. Service that members may perform at home includes preparing for the following week, planning events, tracking and recording data, and communicating with students electronically.
- One PY 2016-2017 member had an increased number of service hours in May and June because the member was completing year-end work for the program. The program staff also noted that the member underreported her hours in the early months of her service and added the missing hours to her May and June totals to correct the error.

We questioned hours for service performed on the weekend and holidays for members whose timesheets lacked descriptions for these services. We then deducted the questioned hours from the total hours certified for each member in the Portal and determined whether the remaining hours supported the members' eligibility for education awards, as detailed in the table below.

Advising Corps PY	Timesheet Hours			Hours Required	Education Award Amount
	Total	Questioned	Adjusted		
2014-2015	1,700	92	1,608	1,700	Finding 6.b
2014-2015	1,700	71	1,629	1,700	Finding 8.a
Total for PY 2014-2015					<u>\$0</u>
2015-2016	1,703	103	1,600	1,700	Finding 8.a
2015-2016	1,702	68	1,634	1,700	Finding 6.b
2015-2016	1,705	114	1,591	1,700	Finding 6.b
2015-2016	1,712	36	1,676	1,700	Finding 6.b
Total for PY 2015-2016					<u>\$0</u>
2016-2017	1,734	25	1,709	1,700	\$0
2016-2017	1,734	35	1,699	1,700	Finding 6.b
2016-2017	1,701	164	1,537	1,700	Finding 6.b
2016-2017	1,700	94	1,606	1,700	Finding 6.b
2016-2017	1,718	37	1,681	1,700	Finding 6.b
2016-2017	1,804	77	1,727	1,700	\$0
2016-2017	1,737	178	1,559	1,700	Finding 6.b
Total for PY 2016-2017					<u>\$0</u>
Total Questioned in This Finding					<u>\$0</u>
Total Questioned in Finding 6.b					<u>\$51,710</u>
Total Questioned in Finding 8.a					<u>\$11,375</u>
Grand Total					<u>\$63,085</u>

- b. We questioned \$22,387 of education awards for six members because UNC-CH Literacy Corps was unable to provide evidence that it performed adequate supervision of members who served offsite. In particular, the UNC-CH Literacy Corps was unable to provide evidence that it performed adequate supervision of members who performed their service hours when their sites were closed. As a result, we identified a total of \$35,069 in questioned education awards associated with 12 instances (2 in PY 2014-2015, 4 in PY 2015-2016, and 6 in PY 2016-2017). Of this total, we did not question \$12,682 of education awards associated with three members (two in PY 2015-2016 and one in PY 2016-2017) in this finding because we are questioning these awards in Finding 8b. The three remaining instances related to members who met the hour requirement for their member type after we deducted the questioned service hours.

The periods served by the members included time served on weekends, after scheduled service hours, offsite/from home, and on holidays. We reviewed the members' timesheets and determined that the members and site supervisors did not document descriptions to account for these hours.

Literacy Corps PY	Total Hours	No. of Hours Served on Weekends, Holidays, and Days Site Closed	No. of Days Served on Weekends, Holidays, and Days Site Closed	Documentation of Activities Performed by the Members
2014-2015	1,706	63	20	N
2014-2015	1,700	19	3	N
2015-2016	1,799	64	25	N
2015-2016	1,701	89	18	N
2015-2016	301	27	7	N
2015-2016	1,702	29	15	N
2016-2017	308	48	18	N
2016-2017	946	106	20	N
2016-2017	916	9	2	N
2016-2017	356	39	8	N
2016-2017	305	15	5	N
2016-2017	1,715	24	6	N

We inquired with UNC-CH Literacy Corps program staff about the members' activities. The program staff stated that its members work at nonprofit sites that do not necessarily follow a traditional schedule of Monday through Friday from 9 am to 5 pm and may hold events or tutoring services on the weekends. UNC-CH Literacy Corps program staff would supervise these hours in the same manner in which they supervise all the members' hours. If the members are serving from home, they must follow UNC-CH Literacy Corps's telecommuting policy, which states, "Any hours served off-site or outside of a member's regularly scheduled hours must be approved in advance by both the host site supervisor and the North Carolina Literacy Corps Program Director. Members must provide a written plan for project-based service to be completed off-site and follow up with a written summary of activities and hours completed." We were unable to obtain any evidence that the host site supervisors or the Literacy Corps Program Director approved the members' offsite hours or that the members prepared written plans for offsite work.

We questioned hours for service performed on the weekend and holidays for members whose timesheets lacked descriptions for these services. We then deducted the questioned hours from the total hours certified for each member in the Portal and determined whether the remaining hours supported the members' eligibility for education awards, as detailed in the table below.

Literacy Corps PY	Timesheet Hours			Hours Required	Education Award Amount
	Total	Questioned	Adjusted		
2014-2015	1,706	63	1,643	1,700	\$5,645
2014-2015	1,700	19	1,681	1,700	\$5,645
Total for PY 2014-2015					<u>\$11,290</u>
2015-2016	1,799	64	1,735	1,700	\$0
2015-2016	1,701	89	1,612	1,700	Finding 8.b
2015-2016	301	27	274	300	\$1,212
2015-2016	1702	29	1,673	1,700	Finding 8.b
Total for PY 2015-2016					<u>\$1,212</u>
2016-2017	308	48	260	300	\$1,222
2016-2017	946	106	840	900	\$2,888
2016-2017	916	9	907	900	\$0
2016-2017	356	39	317	300	\$0
2016-2017	305	15	290	300	Finding 8.b
2016-2017	1,715	24	1,691	1,700	\$5,775
Total for PY 2016-2017					<u>\$9,885</u>
Total Questioned in This Finding					<u>\$22,387</u>
Total Questioned in Finding 8.b					<u>\$12,682</u>
Grand Total					<u>\$35,069</u>

- c. We identified \$39,263 of questioned education awards associated with 24 members (8 in PY 2014-2015, 9 in PY 2015-2016, and 7 in PY 2016-2017) because ECU was unable to provide evidence that it performed adequate supervision of members who served offsite. In particular, ECU was unable to provide evidence that it performed daily supervision of members who performed their service hours when their sites were closed. We did not question the identified awards in this finding, as we are questioning them in other findings. Specifically, we questioned:
- \$32,839 of education awards associated with 17 members (4 in PY 2014-2015, 7 in PY 2015-2016, and 6 in PY 2016-2017) in Finding 5g.
 - \$1,195 for an education award associated with one PY 2014-2015 member in Finding 8a.
 - \$2,407 of education awards associated with two members (1 in PY 2014-2015 and 1 in PY 2015-2016) in Finding 6f.
 - \$2,822 for an education award associated with one PY 2014-2015 member in Finding 8a.

We did not question the three remaining instances because they were for members who met the hour requirement for their member type after we deducted the questioned service hours.

The periods served by the members included time worked on weekends, after scheduled working hours, offsite/from home, and on holidays. We reviewed the members' timesheets and determined that the members and site supervisors did not document descriptions to account for these hours.

ECU PY	Total Hours	No. of Hours Served on Weekends, Holidays, and Days Site Closed	No. of Days Served on Weekends, Holidays, and Days Site Closed	Documentation of Activities Performed by the Members
2014-2015	209	8	1	N
2014-2015	318	16	3	N
2014-2015	300	10	2	N
2014-2015	221	8	1	N
2014-2015	300	16	4	N
2014-2015	900	30	7	N
2014-2015	494	29	6	N
2014-2015	120	8	1	N
2015-2016	300	32	4	N
2015-2016	300	174	44	N
2015-2016	916	156	26	N
2015-2016	939	9	2	N
2015-2016	902	63	14	N
2015-2016	903	15	4	N
2015-2016	300	88	19	N
2015-2016	1,141	37	8	N
2015-2016	383	12	2	N
2016-2017	911	164	26	N
2016-2017	903	215	30	N
2016-2017	905	179	25	N
2016-2017	900	10	2	N
2016-2017	300	3	1	N
2016-2017	333	14	3	N
2016-2017	303	1	1	N

We inquired with ECU program staff to obtain explanations and examples of member activities. The program staff noted that PY 2014-2015 and 2015-2016 activities included mentoring youth from military families and strengthening linkages between military youth and their family, school, peers, and the community. The mentoring program operated after school, on the weekends, and during the summer. ECU did not provide specific examples of member activities for PY 2016-2017.

We questioned the service hours for service performed on the weekend, after scheduled working hours, offsite, and on holidays for members whose timesheets lacked descriptions for these services. We then deducted the questioned member hours from the total hours certified for each member in the Portal and determined that the remaining hours did not support the members' eligibility for education awards.

Timesheet Hours					
ECU PY	Total	Questioned	Adjusted	Hours Required	Education Award Amount
2014-2015	209	8	201	300	Finding 5.g
2014-2015	318	16	302	300	\$0
2014-2015	300	10	290	300	Finding 6.f
2014-2015	221	8	213	300	Finding 5.g
2014-2015	300	16	284	300	Finding 8.c
2014-2015	900	30	870	900	Finding 5.h
2014-2015	494	29	465	900	Finding 5.g
2014-2015	120	8	112	300	Finding 5.g
Total for PY 2014-2015					<u>\$0</u>
2015-2016	300	32	268	300	Finding 5.g
2015-2016	300	174	126	300	Finding 6.f
2015-2016	916	156	760	900	Finding 5.g
2015-2016	939	9	930	900	\$0
2015-2016	902	63	839	900	Finding 5.g
2015-2016	903	15	888	900	Finding 5.g
2015-2016	300	88	212	300	Finding 5.g
2015-2016	1,141	37	1,104	900	\$0
2015-2016	383	12	371	900	Finding 5.g
Total for PY 2015-2016					<u>\$0</u>
2016-2017	911	178	733	900	Finding 5.g
2016-2017	903	48	855	900	Finding 5.g
2016-2017	905	106	799	900	Finding 5.g
2016-2017	900	9	891	900	Finding 5.g
2016-2017	300	3	297	300	Finding 5.g
2016-2017	333	15	318	300	\$0
2016-2017	303	24	279	300	Finding 5.g
Total for PY 2016-2017					<u>\$0</u>
Total Questioned in This Finding					<u>\$0</u>
Total Questioned in Finding 5.g					<u>\$32,839</u>
Total Questioned in Finding 8.c					<u>\$1,195</u>
Total Questioned in Finding 6.f					<u>\$2,407</u>
Total Questioned in Finding 5.h					<u>\$2,822</u>
Grand Total					<u>\$39,263</u>

According to 45 CFR § 2520.25, *What direct service activities may AmeriCorps members perform?*, allowable service activities include activities that advance program goals; provide a specific, identifiable, measurable service or improvement that otherwise would not be provided; and are included in or consistent with the Corporation-approved grant application.

UNC-CH Advising Corps, UNC-CH Literacy Corps, and ECU host site supervisors are responsible for providing daily supervision, monitoring member hours and activities, and

ensuring that members do not violate grant guidance or perform prohibited activities. However, the subgrantees were unable to provide evidence that supervisors provided daily supervision for members who served offsite, particularly for members who served when their sites were closed. UNC-CH was unable to provide documentation to support why an UNC-CH Advising Corps member served excessive hours at the end of the service term. Because the subgrantees were unable to provide detailed information about these members' service activities, we question whether the members performed allowable service activities. It is not sufficient for host site supervisors to simply sign member timesheets to document their approval of member activities; they must also document the activities performed.

Recommendations: Due to the number of members who serve on weekends, holidays, and the day's sites are closed, clear teleservice policies are needed. The policies must include how the service will be supervised and documented. We recommend that the Corporation:

- 7a. Provide the Commission with guidance on creating policies to address offsite member activities and increases in member service hours at the end of the member's service term. The policies should address controls for member activities, including:
 - Obtaining approvals from subgrantee supervisors before members perform service offsite or at home.
 - Recording and documenting service hours on member timesheets for offsite service performed at night, on weekends, on holidays, and on other days when the member's service site is closed.
 - Documenting member service activities performed at night, on weekends, on holidays, and on other days when the service sites are closed, either by including descriptions of the activities on the member's timesheet or by maintaining daily activity logs describing the duties performed.
- 7b. Verify that the Commission provided all of its subgrantees with guidance and instruction regarding:
 - Increases in member service hours at the end of the member's service term.
 - Offsite member service activities performed at night, on weekends, on holidays, and on other days when the member host site is closed.
- 7c. Verify that the Commission's program monitoring includes procedures for ensuring that:
 - Members at subgrantee sites document service activities performed, either by recording the activities in the comments section of the electronic timesheet or by maintaining daily activity logs describing the duties performed.

- Programs have written policies describing the circumstances in which it is necessary for members to perform offsite service hours at night, on weekends, and on holidays, as well as for describing the program's method of verifying that the members served the hours.
- 7d. Review the Commission's subgrantee site visit monitoring reports and completed subgrantee-monitoring tools to verify that the Commission has properly implemented monitoring procedures to review irregular or unusual increases in member service hours at the end of the member's service term and to review member service activities performed offsite.
- 7e. Disallow and, if already used, recover education awards made to members who did not serve the minimum required service hours.

Summary of Management's Comments: The Corporation partially concurred with Recommendations 7a. through 7c. and concurred with Recommendations 7d. and 7e. Please see Appendix A for the Corporation's full responses.

For Recommendations 7a., 7b., and 7c., the Corporation stated that on January 19, 2017, it issued a teleservice memo that outlined standards for AmeriCorps member teleservice. The memo required programs that permit members to teleserve to develop a policy that addresses authorization for teleservice, expectations for communication between members and supervisors, mitigation for risk of abuse, and supervisor validation of activities performed. The Corporation does not require programs to use a specific methodology for documenting teleservice. Instead, it allows programs to develop documentation methodologies that best align with their program models and timekeeping systems.

The Corporation stated that it is not uncommon for members to increase their average service hours at the end of their service terms in order to meet the minimum service hour eligibility requirements for an education award and provided examples of factors that can cause the increased service hours. Those factors included illness, family emergencies, weather-related closures, and increased program demand at the end of a member's service term. The Corporation also stated that increases in service hours do not indicate that the hours are invalid and that all service hours should be documented in accordance with the subgrantees' member timekeeping policy.

The Corporation stated that, to correct the deficiencies identified, it will review the teleservice policies for the subgrantees audited to ensure the policies comply with its guidance. It will also ensure the Commission provides training and guidance to all its subgrantees on the Corporation requirements for teleservice and that it has procedures to monitor its subgrantees' compliance with these requirements. The Corporation will request that the Commission provide documentation of completed monitoring reviews to verify implementation of these procedures.

Evaluation of Management's Comments: Management's proposed actions to correct the deficiencies identified satisfy the intent of Recommendations 7a., 7b., and 7c. The Corporation did not provide any documentation identifying whether the members cited in Findings 7a. through 7c. performed teleservice or performed service at the members' service sites when the sites were closed. When reviewing the member timekeeping policies at its

subgrantees, the Corporation should ensure that the policies address both teleservice and service performed at member service sites when the service sites are closed and that the policies are implemented.

The Corporation is correct that a variety of factors can cause members to increase their average service hours at the end of their service terms. However, reviewing the charts above reveal a pattern by which the subgrantees regularly supplemented their members' hours with volunteer time purportedly served on weekends, holidays and when sites were closed. There was no supervision, no approval and no documentation to support these hours; these were efforts to get these volunteers to their minimum required hours to qualify them for their education awards. Other than a statement that it is not uncommon for members to increase their average service hours at the end of the term, the Corporation provided no documentation on the circumstances requiring the questioned members to increase their service or what service was performed.

The tables above include extreme examples of unsupervised and undocumented service. One member served 24 percent of the hours when the site was closed, on weekends, or on holidays. Another example is an Advising Corps member, who served 13 straight days with three 13-hour days and ten 12-hour days. This is not reasonable and appears to be an effort to make sure the member receives an education award instead of meeting unmet human needs. The subgrantee provided no documentation to support these hours served. Without documentation of the reasons for the increased service hours, we are unable to determine the validity of those hours. Therefore, when reviewing the member timekeeping policies, the Corporation should ensure that policies address documenting reasons for increased service hours.

Summary of the Commission's Comments: The Commission did not concur with Findings 7b. and 7c; however, it and its subgrantees provided corrective actions to address the recommendations for these findings. Please see Appendix B for the Commission's full responses and proposed corrective actions.

For Finding 7b., the Commission stated that it does not have any reason to believe that the hours certified by AmeriCorps members and their supervisors should be questioned. All the host sites have periodic weekend hours, and UNC-CH Literacy Corps has required after-hours events. Moreover, opportunities by the host site to serve additional hours arise due to events such as absences, school/host site closures, and inclement weather. In such situations, telecommuting may be an acceptable alternative, as long as members follow the Telecommute Policy.

In addition to telecommuting, members often serve on weekends and occasional holidays (such as Veteran's Day) when a site may be open or may have an event taking place. This work is supervised in the same manner that all the members' hours are supervised. Some of the weekend hours in question can also be attributed to trainings required by UNC-CH Literacy Corps.

In response to Finding 7b., the subgrantee, UNC-CH Literacy Corps, updated its Telecommute Policy and created a new telecommuting request form. UNC-CH Literacy Corps will require all members to complete the form and obtain approvals from their supervisor and the Program Director. UNC-CH Literacy Corps also took steps to ensure that each member

provides written documentation of all work completed while telecommuting and that they properly document all weekend hours, particularly those served during required training events. UNC-CH Literacy Corps provided copies of its updated policy, request form, and daily activity log.

For Finding 7c., ECU provided the following documentation for five members who served offsite, on holidays, and weekends:

- ECU provided documentation for one PY 2015-2016 member that completed 939 hours. After subtracting the 9 hours questioned in the finding, the member still met the service hour requirement to receive an education award.
- ECU provided documentation that the two PY 2016-2017 members' site supervisor approved their weekend service hours.
- ECU provided documentation that one PY 2016-2017 member served 8 hours on Saturday, August 5. The member arrived at 7:00 a.m. and departed at 3:00 p.m.
- One PY 2016-2017 member began service as a half-time member in Fall 2016 but was unable to fulfill her 900-hour service commitment. The member became a minimum-time member in April 2017. Eight of the questioned service hours related to the member's half-time service term instead of her 300-hour minimum-time service term. The member performed hours on a weekend; the hours are supported by a completed community service log listing with a description of the service, the date and time, and the supervisor's signature. ECU will continue to search for documentation to support the activities performed on weekends and holidays for the other members identified by the auditors.

Despite its lack of concurrence, ECU took corrective actions to address Finding 7c. ECU modified its member activity log to include sections on weekend, holiday, and offsite activities. In addition, it will require members to complete a community service log to verify time served on weekends and holidays. This form requires the members to provide a description and location for the service activity, the date they performed the service, and the number of hours served. This form must also be signed and dated by the member's site supervisor. In the future, ECU will ensure that member supervision and documentation of offsite service hours will be key topics at member orientation and quarterly training events.

Evaluation of the Commission's Comments: The corrective actions described by the Commission and the subgrantees were responsive to the recommendations. The Commission described the corrective actions that it was taking for UNC-CH and ECU but did not discuss the corrective actions for its other subgrantees. During audit resolution, the Corporation should work with the Commission to ensure that the corrective actions adequately address all findings and recommendations. See our detailed comments on the responses and corrective actions from the Commission below.

For Finding 7b. although the Commission's comments were responsive to these recommendations, the Commission does not agree with the questioned service hours, stating that it has no reason to believe that the members did not perform these hours. We disagree with this position. During our testing we requested documentation of the activities performed

and evidence of supervision of these hours; however, the Commission was unable to provide this documentation.

We found the documentation that ECU submitted to address Finding 7c. to be inadequate and noted the following discrepancies:

- This finding did not question the education award for the PY 2015-2016 member that served 939 hours and for whom we questioned 9 hours. We questioned the member's education award in Finding 5g.
- Although ECU stated that it had provided documentation demonstrating that a site supervisor approved the weekend service hours performed by two PY 2016-2017 members, the documentation provided was insufficient to eliminate the finding and questioned education awards. Specifically:
 - For one PY 2016-2017 member, ECU provided an email from the member's site supervisor that stated that the member had been serving on weekends; however, the email is insufficient because it did not specify which weekends the member served. ECU also provided a copy of a community service log stating that the member was at an event on April 29, 2017, from 9:00 a.m. to 2:30 p.m. Although the service took place during the member's service term, the member did not submit a timesheet for the period of April 16 to April 30, 2017, because she had already met her 900-hour service requirement.
 - For the other PY 2016-2017 member, ECU provided an email from the member's site supervisor stating that the member had been serving on weekends; however, the email did not specify which weekends. ECU also provided copies of its community service form, which it used to document service performed outside of the member's host site. We found discrepancies between the community service logs and the member's timesheets. For example:
 - The community service log for Friday, January 13, 2017, showed 1.5 community service hours; however, the member's timesheet showed that she had 3.5 direct service hours and no community service hours.
 - The community service log for Tuesday, March 7, 2017, showed three community service hours; however, the member's timesheet showed that she had two direct service hours and no community service hours.
 - The community service log for Tuesday, March 21, 2017, showed two community service hours; however, the member's timesheet showed that she had two direct service hours and ten community service hours.
 - ECU also provided copies of various dated and undated lesson plans. However, the only lesson plans that had dates were dated on a weekday. None of the lesson plans demonstrated that the member served on a weekend.

- The documentation that ECU provided supported five of the eight hours the member certified on their timesheet for Saturday, August 5, 2017. ECU provided a sign-in sheet for the event with the member's signature and a flyer that showed that an event was held from 9:00 a.m. to 2:00 p.m. ECU did not provide any documentation to support that the member helped set up the event from 7:00 a.m. to 9:00 a.m., or that the member helped clean up the event from 2:00 p.m. to 3:00 p.m.
- ECU was correct in stating that the questioned service hours for one PY 2016-2017 member (ECU Reference #22) included uncertified hours from the member's half-time service term. We adjusted the uncertified hours to the 3.25 uncertified hours that were included in the member's minimum-time service term. ECU provided a copy of a community service form dated July 29, 2017, for the PY 2016-2017 member. According to the form, the member served at a food bank from 8:45 a.m. to 12:00 p.m., for a total of 3.25 hours. However, although the member certified that she served 3.25 hours on July 29, 2017, she certified that she had completed the 3.25 service hours at 11:34 a.m. on July 29, 2017. Therefore, it appears that 0.50 of the 3.25 hours are uncertified and would be questioned. With 0.50 questioned service hours, the member still would not have met the service hour requirement to be eligible to receive an education award.

Finding 8. UNC-CH Advising Corps, UNC-CH Literacy Corps, and ECU did not accurately record and certify all member timesheet hours.

- a. We identified \$45,760 of questioned education awards because 12 UNC-CH Advising Corps members (2 in PY 2014-2015, 4 in PY 2015-2016, and 6 in PY 2016-2017) certified their timesheets before serving all of the hours recorded. The program's electronic timekeeping system permitted members to certify their timesheets in advance, and the program did not have any procedures in place to ensure that members and supervisors did not certify their timesheets until after the members completed their service hours and signed all timesheets. After we deducted the uncertified hours from the members' total hours certified in the Portal, the adjusted hours for 8 of the 12 members did not support their minimum service hours; as such, they were not eligible for an education award. We did not question the identified awards in this finding, as we are questioning them in other findings. Specifically, we questioned \$11,375 in education awards for two members in Finding 8d and \$34,385 in education awards for six members in Finding 6b. We did not question the education awards for the remaining four members because the members met the hour requirement for their member type after we deducted the uncertified hours.

Advising Corps Timesheet Hours					
PY	Total	Uncertified	Adjusted	Hours Required	Education Award Amount
2014-2015	1,700	66	1,634	1,700	Finding 6.b
2014-2015	1,700	8	1,692	1,700	Finding 8.d
Total for PY 2014-2015					<u>\$0</u>
2015-2016	1,703	43	1,660	1,700	Finding 8.d
2015-2016	1,702	34	1,668	1,700	Finding 6.b
2015-2016	1,705	12	1,693	1,700	Finding 6.b
2015-2016	1,712	56	1,656	1,700	Finding 6.b
Total for PY 2015-2016					<u>\$0</u>
2016-2017	1,701	11	1,690	1,700	Finding 6.b
2016-2017	1,700	50	1,650	1,700	Finding 6.b
Total for PY 2016-2017					<u>\$0</u>
Total Questioned in This Finding					\$0
Total Questioned in Finding 8.d					<u>\$11,375</u>
Total Questioned in Finding 6.b					<u>\$34,385</u>
Grand Total					<u>\$45,760</u>

- b. We questioned \$12,682 of education awards for three UNC-CH Literacy Corps members (two in PY 2015-2016 and one in PY 2016-2017) because the members certified their timesheets before serving all of the hours recorded. The program's electronic timekeeping system permitted members to certify their timesheets in advance, and the program did not have any procedures in place to ensure that members and supervisors did not certify their timesheets until after the members completed their service hours and signed all timesheets. After we deducted the uncertified hours from the members' total hours certified in the Portal, the adjusted hours for the three members did not support their minimum service hours; as such, they were not eligible for an education award.

Literacy Corps Timesheet Hours					
PY	Total	Uncertified	Adjusted	Hours Required	Education Award Amount
2015-2016	1,701	9	1,692	1,700	\$5,730
2015-2016	1,702	7	1,695	1,700	<u>\$5,730</u>
Total for PY 2015-2016					<u>\$11,460</u>
2016-2017	305	9	296	300	\$1,222
Total for PY 2016-2017					<u>\$1,222</u>
Total Questioned in This Finding					<u>\$12,682</u>

- c. We questioned an education award of \$1,195 for one PY 2014-2015 ECU member because the member certified their timesheets before serving all of the hours recorded. In total, we identified \$9,297 of questioned education awards for nine ECU members (five in PY 2014-2015 and four in PY 2015-2016) as a result of this issue. The program's electronic timekeeping system permitted members to certify their

timesheets in advance, and the program did not have any procedures in place to ensure that members and supervisors did not certify their timesheets until after the members completed their service hours and signed all timesheets. After we deducted the uncertified hours from the members' total hours certified in the Portal, the adjusted hours for six members (four in PY 2014-2015 and two in PY 2015-2016) did not support their minimum service hours; as such, they were not eligible for an education award. We questioned \$1,195 for an education award for one member in this finding. We did not question the remaining education awards in this finding because we previously questioned them in other findings. Specifically, we questioned \$2,873 of education awards in Finding 5g., \$2,407 of education awards in Finding 6f., and \$2,822 of education awards in Finding 5h. We did not question the education awards for the remaining three members because the members met the hour requirement for their member type after we deducted the uncertified hours.

ECU Timesheet Hours					
PY	Total	Uncertified	Adjusted	Hours Required	Education Award Amount
2014-2015	209	2	207	300	Finding 5.g
2014-2015	300	3	297	300	Finding 6.f
2014-2015	300	1	299	300	\$1,195
2014-2015	900	13	887	900	Finding 5.h
Total for PY 2014-2015					<u>\$1,195</u>
2015-2016	300	1	299	300	Finding 5.g
2015-2016	902	3	899	900	Finding 6.f
Total for PY 2015-2016					<u>\$0</u>
Total Questioned in This Finding					<u>\$1,195</u>
Total Questioned in Finding 5.g					<u>\$2,045</u>
Total Questioned in Finding 6.f					<u>\$4,060</u>
Total Questioned in Finding 5.h					<u>\$2,822</u>
Grand Total					<u>\$10,122</u>

- d. We questioned \$11,375 of education awards for two UNC-CH Advising Corps members (one in PY 2014-2015 and one in PY 2015-2016) because the members recorded holiday and personal leave as service hours on their timesheets. Although AmeriCorps members may take personal and holiday leave, they may not count the leave as service hours. In particular, the "Holidays, Teacher Workdays, and Leave" paragraph of the members' service commitment letters states that as temporary employees, the members are not eligible for annual leave. In total, we identified questioned education awards of \$17,020 for three UNC-CH Advising Corps members (two in PY 2014-2015 and one in PY 2015-2016) as a result of this issue. We did not question \$5,645 of education awards for one PY 2014-2015 member in this finding because we previously questioned the award in Finding 6.b.
- e. The timesheets for two ECU members (one in PY 2015-2016 and one in PY 2016-2017) did not support the certified service hours reported in the AmeriCorps Portal. ECU certified that the PY 2015-2016 member served 1,141 hours and the PY 2016-2017 member served 333 hours; however, the PY 2015-2016 member's timesheets

only supported 1,041 hours and the PY 2016-2017 member's timesheets supported 344 service hours. Because the members met the hour requirement for their member type, we did not question their education awards.

As educational institutions, UNC-CH and ECU were required to follow 2 CFR Part 220 (OMB Circular A-21), *Cost Principles for Educational Institutions*, which includes ensuring that timesheets supporting staff personnel costs can be verified by after-the-fact documentation that does not include budget estimates and that identifies the actual activities performed by the employees. Although the *AmeriCorps State and National Grant Provisions* and the *2014 AmeriCorps Terms and Conditions* do not include any requirements for preparing after-the-fact timesheets, UNC-CH Advisory Corps, UNC-CH Literacy Corps, and ECU should have ensured that its members followed the same timekeeping requirements as did its employees.

Recommendations: We recommend that the Corporation:

- 8a. Verify that the Commission confirms that its subgrantees modify their electronic timekeeping software to prevent early certifications.
- 8b. Verify that the Commission provides its subgrantees with guidance and instruction regarding procedures for member timekeeping.
- 8c. Verify that the Commission's program-monitoring procedures include procedures to confirm that:
 - Hours certified in the Portal for members at each of its subgrantee sites are accurately supported by timesheets.
 - Members and supervisors at each subgrantee site do not sign member timesheets until the members have completed their service for the period.
- 8d. Review the Commission's subgrantee site visit monitoring reports and completed subgrantee-monitoring tools to verify that the Commission has properly implemented monitoring procedures for member timesheets.
- 8e. Disallow and, if already used, recover education awards made to members who did not serve the minimum required service hours.

Summary of Management's Comments: The Corporation did not concur with Recommendations 8a. and 8e. but concurred with the remaining recommendations. Please see Appendix A for the Corporation's full responses.

For Recommendation 8a., the Corporation stated it would be unreasonable to require subgrantees to modify their electronic timekeeping systems because cost and software limitations may prevent them from implementing such modifications. The Corporation stated that it will therefore review the timekeeping policies for the subgrantees identified to ensure that these policies sufficiently address supervisor certification of hours served. The Corporation will also ensure that the Commission provides its subgrantees with guidance on member timekeeping requirements and has procedures in place to monitor subgrantee timekeeping policies and member timesheets; the Corporation will also review completed

monitoring reviews to verify implementation. In addition, the Corporation will review the timesheets for those members whose education awards were questioned in Findings 8a. through 8e. to verify that the timesheets support both the hours claimed and the members' eligibility for an education award.

Evaluation of Management's Comments: The Corporation's responses and proposed actions were responsive to the intent of the recommendations.

Summary of the Commission's Comments: The Commission did not concur with Findings 8a., 8b., and 8c.; however, its subgrantees proposed actions to address the recommendations for these findings. We summarized the Commission's responses below. Please see Appendix B for the Commission's full responses and proposed corrective actions.

UNC-CH Advising Corps informed all members and site supervisors that they are required to certify timesheets only after completing service hours. The AmeriCorps Program Director is now carefully reviewing the date/time stamps and rejecting any timesheets that were certified before service completion. The AmeriCorps Adviser Manual has been updated to state, "Time logs must reflect completed service hours. Any service hours recorded that have not been completed will not be approved."

UNC-CH Literacy Corps instructs both its members and its host sites on the proper procedures for submitting and certifying timesheets, both in its policies and procedures manual and during orientation. As a corrective action, the UNC-CH Literacy Corps Program Director instructed all members to certify their timesheets only after completing their service hours. In addition, UNC-CH Literacy Corps has added instructions for certifying time to its timekeeping policy.

ECU staff will work with OnCorps developers to address the issue of early timesheet submissions. ECU also added more descriptive timesheet submission policies to its Policies and Procedures Manual, the member service agreements, the Site Supervisor Handbooks, and the member orientation training materials. ECU will require the Program Coordinator and Executive Director to verify the accuracy of member data entered in the Portal.

Evaluation of the Commission's Comments: The corrective actions described by the subgrantees are responsive to the recommendations. The Commission described the corrective actions that it was taking for UNC-CH and ECU but did not discuss the corrective actions for its other subgrantees. During audit resolution, the Corporation should work with the Commission to ensure that the corrective actions adequately address all findings and recommendations.

Finding 9. ECU did not follow AmeriCorps requirements for or adequately document compelling personal circumstances for exiting members.

We questioned \$16,870 of education awards for 13 PY 2014-2015 ECU members. ECU exited these members for compelling personal circumstances and granted them partial education awards; however, ECU did not adequately document the circumstances. In total, we identified \$20,610 of questioned education awards for 17 PY 2014-2015 ECU members as a result of this issue. However, we did not question \$3,740 of education awards for four members in this finding because we previously questioned these awards in Finding 5g.

Description	Education Awards
Total Questioned in This Finding	\$16,870
Total Questioned in Finding 5.g	(3,740)
Total Questioned	<u>\$20,610</u>

ECU was unable to provide documentation supporting the members' compelling personal circumstances for any of the 17 members. We also noted that the files for 10 of the 17 members contained emails to the members indicating that the members were behind on their service hours or had not turned in all of their timesheets. ECU attempted to contact the former employees who approved the education awards to obtain an understanding of the members' compelling personal circumstances; however, it was unable to do so. ECU has since strengthened its policies for member files and timesheets and for member progress in completing their service terms. According to 45 CFR § 2522.230, *Under what circumstances may an AmeriCorps participant be released from completing a term of service, and what are the consequences?*, Subsection (a)(3), programs must document the basis for any determination that compelling personal circumstances prevented a participant from completing a term of service. A note or report from a member's attending physician is the best way to document that a disability or serious illness has occurred during the member's term of service, requiring a release, to minimize the potential for abuse or improper certification of a partial education award. Most organizations, including ECU, require their employees to furnish such documentation to support eligibility for paid sick leave. Further, 2 CFR Part 220, Appendix A, Paragraph 2e. states that colleges and universities must provide for adequate documentation to support costs charged to sponsored agreements.

Recommendations: We recommend that the Corporation:

- 9a. Verify that the Commission provides the subgrantees with guidance and instructions regarding Corporation requirements concerning compelling personal circumstances and the adequate documentation thereof.
- 9b. Require the Commission to provide a secondary level of review for members exited for compelling personal circumstances, ensuring that the subgrantees' reasons for exiting the members meet AmeriCorps requirements and are adequately documented.
- 9c. Disallow and, if already used, recover education awards made to members who did not meet AmeriCorps requirements for compelling personal circumstances or whose compelling personal circumstances were not adequately documented.
- 9d. Revise the regulations for compelling personal circumstances to include a requirement to obtain a doctor's note when members are unable to complete their service term due to illness.

Summary of Management's Comments: The Corporation concurred with Recommendations 9a., 9b., and 9c. but did not comment on Recommendation 9d.

Evaluation of Management's Comments: The Corporation's responses to Recommendations 9a. through 9c. were responsive to the recommendations. We continue to make Recommendation 9d.

Summary of the Commission's Response: The Commission concurred with the finding. We summarized the Commission's responses below. Please see Appendix B for the Commission's full responses and proposed corrective actions.

The Commission stated that beginning with PY 2015-2016, ECU strengthened its policies for member files and timesheets, as well as for member progress in completing their service terms. The Commission also stated that ECU only exited four members for compelling personal circumstances in PYs 2015-2016 and 2016-2017 and that the member files contained documentation demonstrating the members' eligibility to exit for compelling personal circumstances, including doctor's notes.

Evaluation of the Commission's Response: The Commission's response addressed the ECU members exited for compelling personal circumstances but did not address the recommendation to provide subgrantees with guidance and instructions regarding Corporation requirements concerning compelling personal circumstances and the adequate documentation thereof. The Commission's response also did not address the recommendation to provide a secondary level of review for members exited for compelling personal circumstances.

We reviewed the draft 2018 version of the Commission's Handbook for procedures on members exited for compelling personal circumstances. Although the handbook stated that subgrantees could exit members for compelling personal circumstances, there were no procedures for verifying the members' compelling personal circumstances, nor was there a requirement for subgrantees to obtain doctor's notes. We continue to recommend that the Corporation revise its regulations to include a requirement for subgrantees to obtain a doctor's note when a member is unable to complete his or her service term due to illness.

Finding 10. UNC-CH Advising Corps, UNC-CH Literacy Corps, and ECU did not follow AmeriCorps requirements for member living allowance costs and member agreements, nor did they follow Commission reporting requirements.

- a. UNC-CH Advising Corps, UNC-CH Literacy Corps, and ECU incorrectly defined living allowances in their member agreements for PYs 2014-2015, 2015-2016, and 2016-2017 and did not adhere to AmeriCorps requirements regarding living allowances.
 - UNC-CH Advising Corps' employment agreement for the three program years defined living allowance costs as total salary compensation. The agreement for PY 2014-2015 stated that total salary compensation was \$24,200, the maximum allowable living allowance cost for the program year. The PY 2015-2016 and PY 2016-2017 agreements increased the annual salary compensation to \$25,060, the maximum living allowance amount for those years, but otherwise contained similar language. There is no questioned cost because our testing found no instances in which the program paid living allowances incorrectly.

- UNC-CH Literacy Corps' PY 2014-2015 member agreements for full-time members stated that full-time members were to receive a living allowance of no more than \$12,100 while engaged in service. The PY 2016-2017 member agreements for half-time members stated that half-time members were to receive a living allowance of no more than \$6,265. The PY 2015-2016 and PY 2016-2017 agreements for full-time members increased the living allowance for full-time members but otherwise contained similar language. The member agreements identified a maximum annual living allowance amount that the members could receive but UNC-CH Literacy Corps paid the members on a bi-weekly basis. The failure to disclose that the living allowance would be paid bi-weekly may increase the risk that a member could receive the full living allowance amount even if they completed their term of time early. We did not question any costs related to this issue because we did not identify any instances in which the program paid living allowance costs incorrectly.
- ECU's PY 2016-2017 member agreement for half-time members stated that half-time members were to receive a living allowance of \$5,000 for one year of service. According to ECU's living allowance schedule, members received varying payment amounts based on their start day. Members who served 10 months of service received \$500 per month, members who served 11 months received \$454 per month, and members who served 12 months received \$416 per month. ECU officials stated that due to a delay in funding, it was unable to assign all members a start date of September 1. ECU, therefore, chose October 1 as the start date for all new members. The members who were returning without a break in service were paid in September. However, living allowances should not vary based on the number of months served (see below).

According to 2014 AmeriCorps State and National Grant Provisions and the 2015 and 2016 AmeriCorps Terms and Conditions section *Living allowance distribution*, a living allowance is not a wage, and living allowance payment must end when a member's service ends. If subgrantees select a member after the program's start date, subgrantees must provide regular living allowance payments beginning as of the member's start date and may not increase the incremental payments for the member's living allowance or provide a lump sum to compensate for any missed payments.

- b. UNC-CH Advisory Corps and UNC-CH Literacy Corps did not submit their PERs to the Commission by the due date specified in their grant agreements with the Commission. According to the Commission AmeriCorps grant agreement, paragraph 19c., *Reporting Requirements*, subgrantees were required to submit PERs by the 10th of the following month, or the next business day if the 10th falls on a weekend or holiday. During the AUP period, UNC-CH Advising Corps submitted 16 late PERs and UNC-CH Literacy Corps submitted 21 late PERs. The Commission used the PERs to calculate the amount of match costs it should report to the Corporation on its FFRs. As a result of these delays, reimbursements to the subgrantee were delayed and the Commission inaccurately reported the actual costs of its programs when it submitted its FFRs to the Corporation.

Both programs attributed the delay in submitting the PY 2014-2015 PERs to a delay in the Commission’s accepting the budget and to UNC’s implementation of a new financial system. Both programs attributed the delay in submitting the PY 2015-2016 PERs to a delay in inputting the new budget for the program year and stated that the Commission approved an extension for the last PER submitted for the program year. UNC-CH Literacy Corps also stated that ten of its PERs were late because of changes in program staff and staffing shortages. Both programs attributed the delay in submitting the PY 2016-2017 PERs to staffing shortages.

Program	PY	No. of PERs Submitted	No. of Late PERs	Days Late
AC	2014-2015	11	11	1 to 156
AC	2015-2016	14	2	9 to 12
AC	2016-2017	<u>7</u>	<u>3</u>	1 to 29
	Total	<u>32</u>	<u>16</u>	
LC	2015-2016	10	10	1 to 163
LC	2015-2016	14	8	1 to 35
LC	2015-2016	<u>7</u>	<u>3</u>	11 to 65
	Total	<u>31</u>	<u>21</u>	

- c. UNC-CH Advising Corps did not have a member service agreement form. Instead, UNC-CH Advising Corps required members to sign a “Statement of Agreement with Policy and Procedures” certifying that the member read the Member Manual, which included the stipulations required by AmeriCorps Terms and Conditions. However, eight of the member files did not contain this agreement. The *2015 & 2016 Terms and Conditions for AmeriCorps State and National Grants*, Subsection V.B., *Member Service Agreements*, states that subgrantees must require that each member sign a member service agreement.

Recommendations: We recommend that the Corporation:

- 10a. Ensure that the Commission has monitoring procedures in place to be sure that subgrantees correctly define member living allowances in member agreement forms, submit PERs in accordance with internal reporting requirements, and verify that all members sign member service agreement forms.
- 10b. Review subgrantee site visit monitoring reports and completed subgrantee monitoring tools to verify that the Commission has implemented the above recommendation and that subgrantees are complying with the requirements.

Summary of Management’s Response: The Corporation concurred with Recommendations 10a. and 10b.

Evaluation of Management’s Response: The Corporation’s responses to Recommendations 10a. and 10b. were responsive to the recommendations.

Summary of the Commission’s Response: The Commission partially concurred with Finding 10a. and concurred with Finding 10b. We summarized the Commission’s responses

below. Please see Appendix B for the Commission's full response and proposed corrective actions.

For Finding 10a., the Commission stated that UNC-CH Advising Corps had correctly paid member living allowances and that there were no questioned costs. The Commission noted that, although the UNC-CH Literacy Corps member agreements for PYs 2014-2015, 2015-2016, and 2016-2017 did not contain language pertaining to the bi-weekly pay schedule, UNC-CH Literacy Corps members were provided with policies and procedure manuals that included language stating that members would receive a living allowance every two weeks. In addition, the Commission stated that the variation in ECU's living allowance distribution and delays in starting the distribution for some members were caused by system delays in ECU's Human Resources and payroll systems and ECU's process for initiating member living allowances.

For Finding 10b., the Commission stated that UNC-CH Advisory Corps and UNC-CH Literacy Corps are now submitting PERs.

The Commission provided corrective actions in response to the findings. For Finding 10a., UNC-CH Advising Corps will ensure that its member agreements accurately reflect the living allowances that AmeriCorps members will earn if they serve their full term. UNC-CH Literacy Corps provided a copy of its updated member agreement form to clarify the language on living allowance payments. ECU will continue to refine and enhance its programmatic and system processes to mitigate variations in member living allowances.

For Finding 10b., the UNC-CH Advisory Corps and UNC-CH Literacy Corps programs are now submitting PERs by the Commission deadline. In addition, UNC's OSR Sponsored Projects Accounting division, which is responsible for generating and submitting financial reports, has increased efforts to ensure that UNC completes and submits financial reports in a timely manner. Since 2015, the division has increased staffing levels and filled numerous supervisory positions. UNC-CH Literacy Corps has also implemented a new process to ensure that PERs will be timely and accurate.

For Finding 10c., the UNC-CH Advising Corps Program Director will ensure that all members sign a Member Service Agreement during the annual summer training. The Program Director will review the signed agreements, and the Human Resources Manager will audit the agreements to ensure that UNC-CH Advising Corps retains a signed agreement for each member.

Evaluation of the Commission's Response: The corrective actions described by the Commission were responsive to the recommendations. The Commission described the corrective actions that it was taking for UNC-CH and ECU but did not discuss the corrective actions for its other subgrantees. During audit resolution, the Corporation should work with the Commission to ensure that the corrective actions adequately address all findings and recommendations.

BACKGROUND

The Corporation

The Corporation supports national and community service programs that provide an opportunity for participants to engage in full- or part-time service. It funds service opportunities that foster civic responsibility and strengthen communities and provides educational opportunities for those who have committed to service.

The Corporation's service initiatives include National Senior Service Corps, AmeriCorps, and the Social Innovation Fund. AmeriCorps, the largest of the initiatives, is funded through grants to States and territories with State Commissions, grants to States and territories without State Commissions, and National Direct funding grants to organizations. Grantees recruit and select volunteers, who must meet certain qualifications to earn a living allowance and/or education awards.

North Carolina Commission on Volunteerism and Community Service

The North Carolina Commission is located in Raleigh, North Carolina, and is housed within the Governor's Office. The Commission promotes and facilitates service and volunteering to improve lives, strengthen communities, and foster civic engagement in North Carolina. The Commission administers AmeriCorps grants, which are funded by the Corporation. The Commission also manages the Governor's Volunteer Service Award Program. Above all, the Commission provides support for volunteers who impact the lives of others and help meet critical community needs.

University of North Carolina at Chapel Hill (UNC-CH)

UNC-CH uses AmeriCorps funding to operate the College Advising Corps and Literacy Corps AmeriCorps programs. AmeriCorps members participating in the College Advising Corps program serve as full-time college advisors in high schools in 24 counties and districts across the state of North Carolina and assist low-income students in college application and submission activities. AmeriCorps members participating in the Literacy Corps program serve as literacy program leaders at the campus and community-based literacy organizations in eight counties in North Carolina and provide literacy tutoring to youths and adults.

East Carolina University (ECU)

ECU previously used AmeriCorps funding to operate the Operation LINK program and currently uses AmeriCorps funding to operate the Science, Technology, Engineering, and Mathematics (STEM) Corps East AmeriCorps programs. AmeriCorps members participating in the Operation LINK program provided mentoring services to military and non-military children and youths in after-school programs in four North Carolina counties. AmeriCorps members participating in the STEM Corps East program serve as STEM tutors in public schools in three North Carolina counties.

EXIT CONFERENCE

On December 21, 2017, we discussed the contents of this report with the Commission, the two subgrantees, and Corporation representatives. The final report includes summaries of the responses from the Commission, the subgrantees, and the Corporation. We have included the responses verbatim as Appendices A and B.

Corporation for National and Community Service

NationalService.gov



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

FROM: Joseph Liciardello, Acting Chief Grants Officer
Office of Grants Management

DATE: January 10, 2019

SUBJECT: Management Response to Office of Inspector General Draft Report:
Agreed-Upon Procedures for Corporation for National and Community Service Grants Awarded to the North Carolina Commission on Volunteerism and Community Service

A handwritten signature in blue ink, appearing to read 'J. Liciardello', written over the 'FROM' field.

Appendix A

Thank you for the opportunity to review and provide initial comment on the subject draft audit report, issued January 23, 2018. The Corporation for National and Community Service (CNCS) appreciates the work of the Office of Inspector General (OIG) staff and the contract audit firm, Cotton & Company, LLP, in performing this audit and issuing this draft report.

In the draft report, the auditors identified 10 findings and 49 recommendations. The comments below summarize our initial response. CNCS will make its final determination for all findings, recommendations, and questioned costs following receipt of the final report and a comprehensive review of the auditor's working papers and the North Carolina Commission's corrective action plan. We will work with the Commission's representatives to ensure its corrective actions adequately address all audit findings and recommendations.

As noted within the Executive Summary, many of the audit findings were attributable to staff turnover within the Commission. To address this challenge, CNCS has taken proactive steps to support the current Commission staff throughout the audit process. In July 2017, two representatives of the CNCS audit resolution team conducted a technical assistance site visit with the Commission's Executive Director, programmatic and financial staff to review the Commission's operational processes and clarify federal requirements. To ensure the Commission is prepared for audit resolution, CNCS provided an action plan outlining what steps the Commission will need to take to fully resolve each audit finding. We appreciate the receptiveness of the Commission to implement the changes necessary to address these findings.

Finding 1: The Commission did not comply with its procedures or with Federal regulations for monitoring its subgrantees.

The auditors recommend that CNCS:

- 1a. Identify states that replace Commission staff due to elections and include this as a risk assessment factor in its risk assessments for state commissions.
- 1b. Verify that the Commission complies with its program-monitoring procedures by reviewing completed subgrantee risk assessments, monitoring reports, and monitoring tools for all of the Commission's subgrantees.
- 1c. Verify that the Commission complies with its financial monitoring procedures for ensuring that its subgrantees comply with Single Audit requirements and that these procedures include:
 - Identifying all subgrantees that have Corporation expenditures for each State fiscal year and

- determining which of the subgrantees underwent Single Audits of the expenditures.
 - Reviewing the audit reports for findings that affect Corporation grants to determine if the Commission must adjust its records.
 - Reconciling subgrantee Schedule of Expenditures of Federal Awards (SEFA) expenditures for Corporation grants to Commission payments to the subgrantees to determine if the Commission must adjust its records.
 - Determining if subgrantees accurately presented AmeriCorps and other Corporation awards on their SEFA schedules.
 - Retaining documentation of subgrantee audit report reviews.
- 1d. Review documentation of the Commission’s subgrantee reviews to verify that the Commission has implemented effective procedures for reviewing subgrantee Single Audit reports.

Management Response:

CNCS partially concurs with the auditors’ recommendations for corrective action. Regarding recommendation 1a, CNCS agrees that staff turnover represents a risk that CNCS should consider when identifying the risk level of grantees. While the recommendation singles out staff turnover occurring as a result of elections, CNCS takes a broader approach. CNCS’s current annual risk assessment includes as a risk factor turnover of key programmatic and financial staff. This risk factor is assessed for all CNCS grantees where staff changes may create a loss of grant-specific and operational knowledge between individuals.

CNCS concurs with recommendation 1c, excluding bullet 3. There is no regulatory requirement for federal agencies or pass-through entities to perform a reconciliation of a grantee’s SEFA, which would be a time consuming and laborious task as SEFA expenditures and AmeriCorps financial reporting periods do not align. As outlined in 2 CFR §200.515, it is the responsibility of the auditor conducting the single audit review to issue an opinion as to whether the SEFA is fairly stated in relation to the financial statements.

CNCS concurs with the remaining recommendations. CNCS will ensure that the Commission has adequate risk assessment, monitoring, and single audit review procedures to fulfill its requirements under 2 CFR §200.331. CNCS previously provided Commission staff with related samples and resources to assist in the development of their tools and policies. CNCS will review completed risk assessments, monitoring reports, and single audit reviews to ensure implementation of these procedures.

Finding 2: The Commission’s timekeeping systems did not comply with Federal requirements.

The auditors recommend that CNCS:

- 2a. Provide additional guidance and instruction to the Commission regarding applicable CFR timekeeping regulations.
- 2b. Verify that the Commission has implemented timekeeping processes and procedures that are consistent with the CFR timekeeping requirements.
- 2c. Verify that the Commission maintains timesheets or time certifications that include accounting for total activities worked on by employees.
- 2d. Calculate and recover the appropriate amount of disallowed costs based on the costs questioned, and require that the Commission adjusts its FFR for the disallowed costs.
- 2e. Monitor the Commission’s matching requirements on these awards; at the end of the grant, determine whether the Commission met the match requirements.

Management Response:

CNCS concurs with the auditors’ recommendations for corrective action. During the July 2017 technical assistance visit, CNCS audit resolution staff outlined the requirements for staff timekeeping, both for staff who are fully funded by the AmeriCorps grant and those assigned to more than one project. CNCS also provided sample timesheets and timekeeping policies to Commission staff. To ensure the Commission has implemented the required process changes, CNCS will review completed timesheets and the Commission’s revised timekeeping policy.

Due to the Commission's timekeeping deficiencies, the auditors questioned \$317,927 in federal costs and \$222,584 in match costs. To determine the appropriate remedy, CNCS has requested that the Commission perform a time study to support the allocation of staff costs claimed for the audit period. CNCS will review the adequacy of the Commission's time study in order to determine possible unsupported staff costs and related disallowance.

Finding 3: The Commission, ECU, and UNC-CH did not ensure that claimed Federal and match costs were allowable, adequately supported, and compliant with applicable regulations.

The auditors recommend that CNCS:

- 3a. Provide the Commission with additional guidance and instruction regarding the documentation requirements in Federal cost principles, administrative requirements, and CFR regulations.
- 3b. Verify that the Commission instructed its subgrantees regarding the documentation requirements in Federal cost principles, administrative requirements, and CFR regulations.
- 3c. Verify that the Commission conducts financial monitoring of subgrantee Federal and match costs and that it ensures the costs are:
 - Adequately documented.
 - Charged to the correct project.
 - Allocable to the Corporation's grant awards, including documentation of the allocation methodology.
 - Incurred during the grant period.
 - Included in the approved or amended budgets.
 - Allowable in accordance with applicable cost principles.
 - Verifiable from recipient records.
 - Not included as contributions for any other Federally assisted program.
 - Not paid by the Federal government under another award, except where authorized by Federal statute.
- 3d. Monitor the Commission matching requirements on these awards; at the end of the grant, determine whether the Commission met the match requirements.
- 3e. Verify that the Commission monitored subgrantee matching requirements on these awards and, at the end of the grant, determined whether each subgrantee met the match requirements.
- 3f. Calculate and recover the appropriate amount of disallowed costs and related administrative costs based on costs questioned, and require the Commission to adjust its FFR for the disallowed costs.

Management Response:

CNCS concurs with the auditors' recommendations for corrective action. CNCS provides training to grantees on federal financial requirements through its online Knowledge Network, through webinars, and in person at regional conferences and the annual AmeriCorps Symposium. These trainings offer guidance on properly documenting costs in accordance with the Uniform Guidance requirements. CNCS will ensure that the Commission also provides training for its subrecipients on these requirements.

CNCS has requested that the Commission update its monitoring procedures to include verification that federal and match costs claimed by subrecipients are appropriately documented and charged. Additionally, CNCS will confirm that the Commission's monitoring procedures address whether subrecipients have met their regulatory match requirement. CNCS will review copies of completed monitoring reviews to confirm that these procedures have been implemented.

The auditors questioned \$14,489 in federal costs and \$151,692 in match costs because the costs were not adequately supported, were charged to the incorrect award, or were related to unmet match. To determine the appropriate disallowance, CNCS will review supporting documentation to verify whether the costs identified by the auditors are allowable, reasonable, and allocable to the AmeriCorps award. CNCS will also confirm that the Commission met its match requirement, after adjusting for any disallowed costs.

In relation to these questioned costs, CNCS identified two technical errors in the report:

- 1) **Finding 3.b.:** The opening sentence notes that the auditors questioned \$654 in Federal costs, however, the itemized costs below equal \$1,038. The schedule table also shows \$1,038, which does not correspond to \$654. This appears to be a typing error.
- 2) **Finding 3.h.:** The calculation of match is incorrect. A 50% match requirement represents a 1-1 match, meaning that for every \$1 Federal claimed the grantee must provide \$1 match. Therefore, the shortfall based on the auditor's adjusted Federal and match numbers would be \$23,203 (\$176,367 - \$153,164).

Finding 4: The Commission and UNC-CH Advising Corps and Literacy Corps did not account for Federal and match costs in accordance with Federal requirements.

The auditors recommend that CNCS:

- 4a. Provide additional guidance and instruction to the Commission regarding applicable CFR regulations for financial management systems and record retention.
- 4b. Verify that the Commission has procedures to reconcile Federal and match costs reported on FFRs submitted to the Commission to Federal and match costs reported in the supporting accounting records and that the Commission retains documentation supporting the Federal and match costs reported on the FFRs.
- 4c. Verify that the subgrantees' financial monitoring procedures and tools include procedures to ensure that subgrantees reconcile Federal and match costs reported on reimbursement requests submitted to the Commission to Federal and match costs reported in the supporting accounting records.
- 4d. Review subgrantee site visit monitoring reports, completed subgrantee-monitoring tools, and subgrantee reconciliations to verify that all of the Commission's subgrantees have implemented controls to reconcile Federal and match costs.
- 4e. Monitor the Commission's matching requirements on these awards; and at the end of the grant, determine whether the Commission met the match requirements.
- 4f. Verify that the Commission monitored subgrantee matching requirements for these awards and, at the end of the grant, determined whether each subgrantee met the match requirements.
- 4g. Calculate and recover the appropriate amount of disallowed costs and related administrative costs based on costs questioned, and require the Commission to adjust its FFR for the disallowed costs.

Management Response:

CNCS concurs with the auditors' recommendations for corrective action. CNCS will review the Commission's procedures for approving subrecipient payment requests, as well as its monitoring procedures, to ensure that federal and match costs claimed by subrecipients can be reconciled to accounting records. CNCS will review completed monitoring reports to verify implementation of these procedures.

The auditors questioned \$174,794 in federal costs and \$433,913 in match costs because they were unable to reconcile the costs claimed to the Commission and subrecipient accounting records. To determine the appropriate remedy for the unreconciled costs, CNCS has requested that the Commission review accounting records against the costs claimed to ensure they can be supported. As part of this process, the Commission should perform any adjustments necessary to ensure the financial reports and accounting records can be reconciled. CNCS will review these records, and costs claimed in excess of those supported following the review will be subject to disallowance.

Finding 5: UNC-CH Advising Corps, UNC-CH Literacy Corps, and ECU did not perform complete NSCHC searches for grant-funded staff and members.

The auditors recommend that CNCS:

- 5a. Ensure that the Commission is requiring its subrecipients to comply with Alternate Search Procedures.
- 5b. Verify that the Commission's site visit monitoring tool includes procedures for ensuring that subgrantees:
 - Implement and maintain written procedures and a formal process for documenting the verification of member and grant-funded staff identities against a government-issued photo identification.
 - Conduct State criminal registry, FBI, and NSOPW searches on grant-funded staff.
 - Maintain documentation to support these searches.

- Conduct NSOPW searches using the correct member and staff names.
- 5c. Review subgrantee site visit monitoring reports and completed subgrantee-monitoring tools to verify that the Commission has implemented the above recommendation and that subgrantees are complying with the procedures.
 - 5d. Monitor the Commission’s matching requirements on these awards; at the end of the grant, determine whether the Commission met the match requirements.
 - 5e. Verify that the Commission monitored subgrantee matching requirements on these awards and, at the end of the grant, determined whether each subgrantee met the match requirements.
 - 5f. Calculate and recover the appropriate amount of disallowed costs and related administrative costs based on costs questioned, and require the Commission to adjust its FFR for the disallowed costs.

Management Response:

CNCS concurs with the auditors’ recommendations for corrective action. CNCS has requested that the Commission update its monitoring procedures to ensure that subrecipients maintain written National Service Criminal History Check (NSCHC) policies and procedures, perform checks in accordance with NSCHC requirements, and complete the required annual NSCHC e-course. CNCS will review completed monitoring reports to verify implementation.

The auditors questioned \$327,158 in federal costs, \$157,241 in match costs, and \$49,610 in education awards related to noncompliant NSCHC for grant-funded staff and members.¹ To make its determination of the costs questioned, CNCS will review the audit working papers, as well as request copies of the checks performed by the subrecipients for the individuals identified, to determine the scope of noncompliance.

Finding 6: UNC-CH Advising Corps, UNC-CH Literacy Corps, and ECU did not comply with AmeriCorps requirements for member performance evaluations.

The auditors recommend that CNCS:

- 6a. Verify that the Commission provided the subgrantees with guidance and instruction about the requirements for end-of-term evaluations.
- 6b. Verify that the Commission’s program-monitoring procedures for end-of-term evaluations include procedures for ensuring that:
 - Subgrantees complete evaluations for all members and retain documentation of the evaluations.
 - All members sign and date their evaluations.
 - All supervisors sign and date the relevant evaluations.
 - Evaluations include an assessment of whether the member has completed the required number of hours to be eligible for an education award.
- 6c. Review the Commission’s subgrantee site visit reports, completed subgrantee-monitoring tools, and subgrantee end-of-term evaluations to verify that the Commission has properly implemented its procedures for member evaluations.
- 6d. Disallow and recover the appropriate amount of education awards based on our questioned amounts.
- 6e. Calculate and recover the appropriate amount of disallowed costs and related administrative costs based on costs questioned, and require the Commission to adjust its FFR for the disallowed costs.

Management Response:

CNCS concurs with the auditors’ recommendations for corrective action. CNCS will ensure that the Commission provides its subrecipients with training on the requirements for end-of-term evaluations. CNCS will also ensure that the Commission’s monitoring procedures include a review of member evaluations to ensure they are complete, retained in the program files, and support member eligibility for an education award.

The auditors questioned \$95,591 in federal costs, \$122,026 in match costs, \$62,757 in education awards, and

¹ The questioned costs reflects the unduplicated amount identified by the auditors for this finding.

\$217 in accrued interest due to incomplete end-of-term evaluations for members that served a second term.² CNCS's standard exit procedures require that programs certify within the My AmeriCorps Portal whether a member performed satisfactorily all assignments, tasks, and projects. Although a written evaluation should be performed and retained within the member file, the certification within the Portal is sufficient to demonstrate the member's eligibility for a second term based on satisfactory completion of their prior term. CNCS will, therefore, review any available member performance evaluations, as well as the exit certifications, for each member identified to ensure the members were eligible for subsequent terms of service.

Finding 7: UNC-CH Advising Corps, UNC-CH Literacy Corps, and ECU lacked adequate daily supervision of members who served offsite and who served excessive hours at the end of their service terms.

The auditors recommend that CNCS:

- 7a. Provide the Commission with guidance on creating policies to address offsite member activities and increases in member service hours at the end of the member's service term. The policies should address controls for member activities, including:
 - Obtaining approvals from subgrantee supervisors before members perform service offsite or at home.
 - Recording and documenting service hours on member timesheets for offsite service performed at night, on weekends, on holidays, and on other days when the member's service site is closed.
 - Documenting member service activities performed at night, on weekends, on holidays, and on other days when the service sites are closed, either by including descriptions of the activities on the member's timesheet or by maintaining daily activity logs describing the duties performed.
- 7b. Verify that the Commission provided all of its subgrantees with guidance and instruction regarding:
 - Increases in member service hours at the end of the member's service term.
 - Offsite member service activities performed at night, on weekends, on holidays, and on other days when the member host site is closed.
- 7c. Verify that the Commission's program monitoring includes procedures for ensuring that:
 - Members at subgrantee sites document service activities performed, either by recording the activities in the comments section of the electronic timesheet or by maintaining daily activity logs describing the duties performed.
 - Programs have written policies describing the circumstances in which it is necessary for members to perform offsite service hours at night, on weekends, and on holidays, as well as for describing the program's method of verifying that the members served the hours.
- 7d. Review the Commission's subgrantee site visit monitoring reports and completed subgrantee-monitoring tools to verify that the Commission has properly implemented monitoring procedures to review irregular or unusual increases in member service hours at the end of the member's service term and to review member service activities performed offsite.
- 7e. Disallow and, if already used, recover education awards made to members who did not serve the minimum required service hours.

Management Response:

CNCS partially concurs with the auditors' recommendations for corrective action. On January 19, 2017, CNCS issued an AmeriCorps State and National Interim Guidance – Teleservice memo outlining standards for AmeriCorps member teleservice. The memo required that AmeriCorps programs who permit members to teleserve must develop a policy that addresses advance authorization for teleservice, expectations for communication between members and supervisors, mitigation for risk of abuse, and supervisor validation of the activities performed. CNCS does not prescribe a specific methodology for documenting teleservice, but allows flexibility for programs to develop documentation methodologies that best align with their program models and timekeeping systems. CNCS has identified multiple systems that grantees have implemented in response to the Interim Teleservice Guidance that are fully responsive to the requirements set forth in CNCS's Interim Teleservice Guidance and meet the intent of federal timekeeping regulations.

² The questioned costs reflects the unduplicated amount identified by the auditors for this finding.

Regarding increases in service hours, it is not uncommon for members to increase their average hours toward the end of their service term in order to meet the minimum service hour eligibility requirements for an education award. Factors such as illness, family emergencies, or weather-related closures may impact a member's service and result in a need to increase hours near the completion of the service term. Programs may additionally experience greater need during the period that aligns with the end of the member's term. An increase in hours does not indicate that the time served was invalid. All hours served should be documented in accordance with each subrecipients' member timekeeping policy.

To correct the deficiencies identified, CNCS will review the teleservice policies for the subrecipients audited to ensure the policies comply with CNCS's guidance. CNCS will also ensure the Commission provides training and guidance to all its subrecipients on the CNCS requirements for teleservice and has procedures to monitor its subrecipients' compliance with these requirements. CNCS will request that the Commission provide documentation from completed monitoring reviews to verify implementation of these procedures.

The auditors questioned \$22,387 in education awards related to member service performed remotely or outside the member's regular service hours.³ CNCS notes that the primary scope of this audit occurred prior to the issuance of CNCS's guidance in January 2017. As a result, the teleservice standards outlined in CNCS's Interim Teleservice Guidance memo would not be applicable to members that served prior to that time. CNCS, therefore, will review the member timesheets against the site policies from those respective program years to ensure the time served was valid and appropriately documented.

Finding 8: UNC-CH Advising Corps, UNC-CH Literacy Corps, and ECU did not accurately record and certify all member timesheet hours.

The auditors recommend that CNCS:

- 8a. Verify that the Commission confirms that its subrecipients modify their electronic timekeeping software to prevent early certifications.
- 8b. Verify that the Commission provides its subgrantees with guidance and instruction regarding procedures for member timekeeping.
- 8c. Verify that the Commission's program-monitoring procedures include procedures to confirm that:
 - Hours certified in the Portal for members at each of its subgrantee sites are accurately supported by timesheets.
 - Members and supervisors at each subgrantee site do not sign member timesheets until the members have completed their service for the period.
- 8d. Review the Commission's subgrantee site visit monitoring reports and completed subgrantee-monitoring tools to verify that the Commission has properly implemented monitoring procedures for member timesheets.
- 8e. Disallow and, if already used, recover education awards made to members who did not serve the minimum required service hours.

Management Response:

CNCS partially concurs with the auditors' recommendations for corrective action. CNCS does not agree that it would be reasonable to require subrecipients to modify their electronic timekeeping systems as doing so may not be possible based on software limitations or may be costly to implement. There are instances where it may be appropriate for members to certify their timesheet prior to the end of a timekeeping period, and CNCS expects programs to maintain written policies and procedures for verifying hours served. CNCS will, therefore, review the timekeeping policies for the subrecipients identified to ensure they sufficiently address supervisor certification of hours served. CNCS will also ensure that the Commission provides its subrecipients with guidance on member timekeeping requirements and has procedures in place to monitor subrecipient timekeeping policies and member timesheets. CNCS will review completed monitoring reviews to verify implementation.

³ The questioned costs reflects the unduplicated amount identified by the auditors for this finding.

The auditors questioned \$25,252 in education awards because members incorrectly recorded hours or certified hours prior to the end of the period.⁴ CNCS will review the timesheets for the members identified to verify that they support the hours claimed and the members' eligibility for an education award.

Finding 9: ECU did not follow AmeriCorps requirements for or adequately document compelling personal circumstances for exiting members.

The auditors recommend that CNCS:

- 9a. Verify that the Commission provides the subgrantees with guidance and instructions regarding Corporation requirements concerning compelling personal circumstances and the adequate documentation thereof.
- 9b. Require the Commission to provide a secondary level of review for members exited for compelling personal circumstances, ensuring that the subgrantees' reasons for exiting the members meet AmeriCorps requirements and are adequately documented.
- 9c. Disallow and, if already used, recover education awards made to members who did not meet AmeriCorps requirements for compelling personal circumstances or whose compelling personal circumstances were not adequately documented.
- 9d. Revise the regulations for compelling personal circumstances to include a requirement to obtain a doctor's note when a member is unable to complete their service term due to illness.

Management Response:

CNCS concurs with the auditors' recommendations for corrective action. CNCS will ensure that the Commission provides guidance to its subrecipients on the requirements concerning compelling personal circumstances. CNCS will also ensure that the Commission's monitoring procedures include verification that subrecipients appropriately document early member exits, including the required documentation to support eligibility for an education award related to compelling personal circumstances.

The auditors questioned \$16,870 in education awards due to the lack of documentation to support member compelling personal circumstance.⁵ CNCS will provide the Commission an opportunity to obtain the required documentation. If the Commission is unable to provide the documentation necessary to support each member's compelling personal circumstance, CNCS will disallow the associated education awards.

Finding 10: UNC-CH Advising Corps, UNC-CH Literacy Corps, and ECU did not follow AmeriCorps requirements for member living allowance costs and member agreements, nor did they follow state reporting requirements.

The auditors recommend that CNCS:

- 10a. Ensure that the Commission has monitoring procedures in place to be sure that subgrantees correctly define member living allowances in member agreement forms, submit PERs in accordance with internal reporting requirements, and verify that all members sign member service agreement forms.
- 10b. Review subgrantee site visit monitoring reports and completed subgrantee monitoring tools to verify that the Commission has implemented the above recommendation and that subgrantees are complying with the requirements.

Management Response:

CNCS concurs with the auditors' recommendations for corrective action. CNCS will ensure that the Commission implements monitoring procedures to verify that member documentation is complete, accurate, and retained in the member file. CNCS will also verify that the Commission monitors receipt of subrecipient Periodic Expense Reports (PERs) and takes appropriate action when reports are submitted late.

⁴ The questioned costs reflects the unduplicated amount identified by the auditors for this finding.

⁵ The questioned costs reflects the unduplicated amount identified by the auditors for this finding.

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

Cc: Robert McCarty, Chief Financial Officer
Tim Noelker, General Counsel
Chester Spellman, Director of AmeriCorps
Lori Giblin, Chief Risk Officer
Autumn Rose, Senior Grants Officer



**NORTH CAROLINA COMMISSION ON
VOLUNTEERISM AND COMMUNITY SERVICE**

February 22, 2018

Mr. Stuart Axenfeld
Assistant Inspector General for Audit
Corporation for National and Community Service
250 "E" Street S.W.
Washington, D.C. 20525

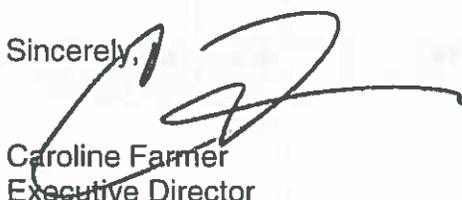
Dear Mr. Axenfeld:

The North Carolina Commission on Volunteerism and Community Service appreciates the opportunity to respond to this draft report prepared by the Office of the Inspector General (OIG). Though many of the findings take place prior to this administration's involvement, we take seriously the responsibility to administer federal grants with strong oversight. We realize that proper policies and procedures are key to ensure that we meet our mission to improve lives, strengthen communities, and foster civic engagement.

This audit has provided the opportunity to acquire new insight from the findings as well as from the Corporation staff involved. The new policies and systems already put into place will provide better continuity as well as preservation of documentation for future administrations. We look forward to working with the Audit Resolution staff to resolve any remaining issues and to continue to learn better policies and procedures through more advanced training.

Thank you again for this opportunity. Please contact me if you have any questions.

Sincerely,



Caroline Farmer
Executive Director

Enclosures

cc: Robert Clark, Chair, Commission
Autumn Rose, CNCS Audit Resolution



NORTH CAROLINA COMMISSION AUDIT RESPONSE

Finding 1. The Commission did not comply with its procedures or with Federal regulations for monitoring its subgrantees.

- a. The North Carolina Commission respectfully does not concur that it did not comply with its written programmatic monitoring procedures for the following reasons.
- 1) The Commission does not concur with the facts presented about risk assessments and related site visits. All programs received a risk assessment yearly. The chart below clarifies some details presented in the audit report regarding risk assessments and site visits. Due to confusion about the changes in audit scope, the commission was unaware that the auditors were requesting the risk assessments for the 16-17 year so these had not been provided. As such, we have enclosed copies of the subgrantee risk assessments for 2016-17.
 - 2) 2)The Commission does not concur that it did not perform sufficient monitoring site visits in 2016-2017. Attached is the report from a site visit of EagleCorps performed 11/21/16 during Year One of the grant. The staff member who participated in that monitoring visit maintained possession of the report..

	2014-2015		2015-2016		2016-2017	
PROGRAM	Risk	Site Visit	Risk	Site Visit	Risk	Site Visit
UNC-Literacy Corps	low	done in 2013	low	8/15/15 financial report	low	x
Servant Center - Partnership	low	3/27/15* report includes financial	low	x	low	x
Stokes Partnership- ACT	low	x	n/a	n/a	n/a	n/a
Playworks	low	10/14/14*report includes financial	low	x	low	x
MDC- VetCorps	med	10/16/14	Med	x	n/a	n/a
ECU- Operation Link (Competitive)	low	x	low	x	n/a	n/a

Children First-Project Power	low	x	low	x	low	8/17/16 financial – email of visit no report
Carolina Mtn Land-Project Conserve	low	done in 2013	low	x	low	8/15/16 financial- emailed notes
CAWD- Access Workforce	med	2/25/15	low	x	low	x
BHA- Project DOE	med	10/28/14	low	x	n/a	n/a
BCDI- Spirit of Excellence	low	3/25/15 * report includes financial	low	x	low	x
UNCG- Access	low	done in 2013	low	x	low	x
UNC-CCAC	low	done in 2013	low	x	low	x
Conservation Trust- Project Geos	n/a	2/19/2016 for planning grant	high	3/3/16 program 4/5/16 financial	low	x
BBBS Project Mars	n/a	n/a	high	x	low	8/16/16 financial- no report just email
ECU- StemCorps	n/a	n/a	n/a	n/a	high	2/1/17 visit member training
NCCU-Eagle Corps	n/a	n/a	n/a	n/a	high	11/21/16 report attached
UNCSA0 ArtistsCorps 2015	n/a	n/a	high	2/18/16 program 1/27/16 financial	med	x
Desk reviews were done each of these years.						

4) The commission’s risk assessment policy states, “All first-year programs will be considered high risk and will receive a minimum of one site visit in year one or year two.” Note that one of the programs (Project Mars) over the three-year span did not get a programmatic monitoring visit in the first two years, but that program did receive a financial monitoring visit on August 16, 2016 within the first two years (see email

attachment verifying visit). The risk assessment policy encompasses both financial and programmatic risk concerns. However, the risk assessment policy does not state from whom the site visit must be provided. Only programmatic site visits must be documented in writing per our monitoring policies. Therefore, according to its risk assessment monitoring policy, the Commission followed its procedures for receiving a site visit.

As additional background, both the Program Director and Financial Director for Project Mars ran another AmeriCorps program (Project Power) under a grant with this Commission immediately prior to starting with Project Mars. Therefore, while technically a new grant, the risk was in reality less than high. Moreover, Hurricane Matthew devastated North Carolina in October of 2016, diverting staff from site visits in the Fall of 2016. Project Mars is located in the mountains on the other side of the state. In January, Commission staff changed except for one employee who handled all roles for several months. Therefore, a separate programmatic site visit was deemed unnecessary and was delayed. This programmatic site visit was completed the first week of February 2018.

The current administration of the NC Commission has revised its policies to be clearer on these monitoring issues in the future.

- b. The NC Commission concurs that consistent documentation that audits were reviewed is lacking. By way of background, attached is an email from the AmeriCorps Program Officer/Disaster Services Coordinator stating that the audits were provided to the Finance Officer by the AmeriCorps Program Officer/Disaster Services Coordinator. The AmeriCorps Program Officer/Disaster Services Coordinator stated that the Finance Officer would review and discuss the Audits as part of the Risk Assessment process. Therefore, the audits were reviewed and considered but this was not always documented in writing.

The new administration appointed the Executive Director in March 2017. The initial assessment by the Executive Director showed that the operations, policies and procedures indicated that there were significant needs for improvement. To date, we have developed a comprehensive re-write of the Commission's policies and procedures manual which is enclosed. To ensure that these new policies and procedures continue beyond this administration, copies and updates will be provided to the Office of State Budget and Management designated federal grants officer and provided to the Commissioners. All audit-related documents are stored electronically on the centralized network which is backed up by the Department of Information Technology. In addition, a printed notebook is placed in the Commission Boardroom for safe keeping and easy reference during meetings.

In addition, we have already begun other corrective measures that include federal grant financial management training for the Executive Director and AmeriCorps Financial Director. The Office of State Budget and Management will send the new federal grant officer to additional federal grant management training this spring.

Under the Commission's new financial monitoring policy, a financial grant review committee under the Commission will review the financial information for all grant applications including required documentation such as audits. The committee will assess each applicant for risk. Independent auditors will assist when needed. This committee will have grant review forms that identify findings and document that audits were reviewed.

The new financial grant review committee will sign and date these review forms as part of the process.

Finding 2. The Commission's timekeeping systems did not comply with Federal requirements.

- a. The NC Commission concurs that written timekeeping policies and procedures were lacking; however, the commission followed the general working norms and practices of both Governor's Office administrations related to timekeeping. While detailed timesheets were not able to be provided for all staff at the time of the audit, alternative time documentation may be able to be provided to substantiate commission time and effort as is also mentioned in CFR 200.430. When the new administration appointed the Executive Director in March 2017, her initial assessment showed that the operations, policies and procedures needed improvement. As previously stated, we have developed a comprehensive re-write of the Commission's policies and procedures manual which is enclosed. Timekeeping policies and procedures are incorporated for both Commission Staff and for those employees whose time is provided as match.

Additional corrective measures include creating a standing monthly topic of proper timekeeping at the Commission staff meeting. The monthly staff meeting and standing topics are addressed in the new policy and procedures manual to ensure continuity in the future. These staff meetings have minutes including actions to ensure that these timesheets will be completed on a timely basis.

Another safeguard has been implemented by the NC Office of State Budget and Management and central state payroll office to revise the state system tracking employees time. As a result, Commission Staff shall now be able to allocate their time to a specific grant. The supervisor will be able to review and approve this time allocation in the same secure method as they approve all other timekeeping matters.

- b. The NC Commission concurs that written policies and procedures were not in place for adjusting the budget based upon actual costs. According to the CFR this must be evaluated quarterly. In the future, clearer financial accounting processes will be provided by Office of State Budget. These documents will be provided monthly so that the Commission can evaluate actual costs in a timely manner.
- c. The NC Commission concurs that the six-month time certifications provided were undated and generic about how time supported the efforts and initiatives of the NC Commission on Volunteerism and Community Service. To address this, the current Commission has created monthly timesheets, an example of which is enclosed. These timesheets record specific work completed each week and the time calculated is by hour rather than the percentage of time. Additional corrective measures include creating a standing monthly discussion about timekeeping at the Commission staff meeting. The monthly staff meeting and standing topics are addressed in the new policy and procedures manual. These staff meetings have minutes including actions to ensure that these timesheets will be completed on a timely basis.
- d. The NC Commission concurs that time certifications were not kept in a consistent and timely manner. Upon realization by the new administration of the need for proper timekeeping policies and procedures, the new Executive Director has done a complete rewrite of the policies and procedures manual which is enclosed. Timekeeping policies

and procedures are incorporated for both Commission Staff and for those employees whose time is provided as match. To address this, the current Commission has created monthly timesheets, an example of which is enclosed. These timesheets record specific work completed each week and the time calculated is by hour rather than the percentage of time. Additional corrective measures include creating a standing monthly discussion about timekeeping at the Commission staff meeting. The monthly staff meeting and standing topics are addressed in the new policy and procedures manual. These staff meetings have minutes including actions to ensure that these timesheets will be completed on a timely basis.

- e. The NC Commission respectfully does not concur with the finding that the former AmeriCorps Program Officer/Disaster Services Coordinator did not spend 100% of his time working on the Commission Support Grant from July 2016 to February 2017.
- 1) The first discrepancy noted comes from the funding source in the payroll system. This position was 43% funded by the Commission Support Grant. As part of the Commission's effort to increase cash match, a portion of this employee's salary was provided by the NC Department of Public Safety (DPS). Emergency Management is a division of the DPS. Part of the employee's role was Disaster Services Coordinator for the Commission. Therefore, DPS was an appropriate partner to assist with a cash match to cover a portion of the position's costs.
 - 2) The second discrepancy noted was based upon an email that mentions that the employee worked with DPS during this six-month period in the Fall of 2016. North Carolina was hard hit by Hurricane Matthew in early October of 2016. The tasks involving DPS involved preparation before Hurricane Matthew hit and for the months following the hurricane. This is when disaster services were most needed. As stated in our eGrant application Executive Summary, the Commission "serves as the lead state agency for donations and volunteer management in disasters, and serves as the co-lead state agency for disaster preparedness." Pages 9 and 10 of our grant application elaborate on the specific roles in disaster that this Commission plays. The most relevant during the time frame at issue are "1) serving as the state's lead for managing donated goods and coordinating spontaneous volunteers in disasters; 2) serving on the State Emergency Response Team; 3) managing the Governor's Emergency Information Bilingual Hotline, activated in disasters; 4) managing the NC Disaster Relief Fund." Therefore, this Disaster Services Coordinator for the Commission was working both for the Commission fulfilling its role in Disaster Response while at the same time, working with Emergency Management with DPS.

Note that North Carolina has one of the smallest Commissions in the nation especially for being the 9th most populated state. There were only three other employees at the Commission and those were the Executive Director, the Finance Officer and the AmeriCorps Program Officer. All of these employees assisted in the Disaster Response. These employees also had to continue the duties of the commission during this time. There is evidence that the Corporation has showing the Commission responding to emails, calls and reports provided during this timeframe. An NCCC team came to North Carolina immediately after the disaster to help muck out flooded houses. Although certifications were not done during this time, many of these Commission employees willingly signed a certification after their employment ended which shows a devotion to AmeriCorps that should be considered.

To prevent this confusion of pay source versus grant efforts in the future, the NC Office

of State Budget and Management has been working with the central state payroll office to revise the state system which tracks state employees time. As such Commission Staff shall now be able to allocate their time to a grant in the state employee timekeeping system (Beacon). The supervisor will be able to review and approve this time allocation in the same secure method as they approve all other timekeeping matters. In addition in the future, we will ensure that all split allocation employees will be more accurately tracked. The Commission now has a standing monthly discussion about timekeeping at the Commission staff meeting. These meetings are documented with action items to ensure that these timesheets will be completed on a timely basis by Commission and Commission support employees.

- f. The NC Commission concurs that it was unable to provide documentation for all the time certifications for match employees and the majority of those provided did not have dates for when they were signed.

As background verification that the 2016 match employees did provide benefit to the Commission, attached is the match salary excel spreadsheet of the previous finance officer which changes the match names, salaries and percentage of work for each six-month report in 2016. Moreover, we found digital copies of the certifications unsigned for the last six months. This is evidence that the prior administration gave thought and effort to these certifications. The six months certification for July – December 2016 would have occurred in January of 2017, after the new administration began on January 1, 2017. Thus, many of those who provided the match work, were no longer employed in January to sign the certification of their work for the previous six months. Those that were reachable by this administration signed the certifications. In fact, one was so diligent, he changed the proposed certification dates to reference his entire work span at the Commission.

As background for the certifications provided in 2017, the Executive Director was appointed in late March and the audit immediately reactivated after this appointment. The audit required significant electronic search time for documentation. Thus, while the time certifications for the six months of this administration were signed, they followed the template used by the previous administration. To correct this, we asked the Governor's office employees to retroactively complete new monthly timesheets showing the benefit they provided to the Commission. Match staff reviewed emails and calendars to recreate their Commission work time. While the signatures were delayed, the result was based upon documentation available to recreate the time worked. This work review should provide confidence that the signed monthly timesheets are accurate and that work was provided to the Commission.

To correct this issue, the Commission's dedicates monthly staff meeting time to timekeeping. Meeting minutes document action items to ensure that these monthly timesheets will be completed on a timely basis by Commission and Commission support employees.

Furthermore, an objective of this administration's Commission is to increase the cash match to the program. The NC Office of State Budget and Management is working to identify the match for the Commission in the near future, making the monthly timesheets less of a necessity for those who assist the Commission except for the Commission staff.

Finding 3. The Commission, ECU, and UNC-CH did not ensure that claimed Federal and

match costs were allowable, adequately supported, and compliant with applicable regulations.

Commission

- a. The NC Commission concurs that it paid for a training class out of the Commission Support Grant that should have been paid for by the Training Grant. Since both grants are ongoing, the Commission will correct this.
- b. The NC Commission concurs that documentation was not adequately maintained.
 - As evidence that the former Executive Director did attend the Points of Light Conference and that the credit card receipt was for associated lodging costs, attached are emails about the payment and attendance. The agenda was provided to the auditors but it was not documented with the expenses. The Governor’s Office American Express travel card paid for the lodging.

The current NC Commission has implemented corrective measures including procuring a scanner for the Financial Director’s office. Thus, documentation supporting expenses is both scanned and filed on the shared drive as well as kept in paper copies. Moreover, the travel policies will reflect the requirement for purpose documentation in addition to the invoice or receipt.

As evidence that the two-week rental was used for Commission Support purposes and justified, attached are emails regarding appointments that the former Executive Director had during the rental time. A chart of known activities is below to assist.

Tuesday 11/29/16	Raleigh	rented car
Wednesday 11/30/16	Greenville	Governor's Hurricane taskforce meeting
Thursday 12/1/16	Durham	Disaster Recovery TaskForce Meeting
	Raleigh	Service Year NC Convening
Friday 12/2/16	Kinston	Governor's NC Recovery Committee
Saturday 12/3/16		(no additional cost)
Sunday 12/4/16		(no additional cost)
Monday 12/5/16		Needed to have car b/c leaving Raleigh before 7am Tuesday
Tuesday 12/6/16	Charlotte	Training & Tech Assistance Meeting
Wednesday 12/7/16		
Thursday 12/8/16	Raleigh	Training & Tech Assistance Meeting (at new AOC building)
Friday 12/9/16		(possible earliest return date)

Saturday 12/10/16		(no additional cost)
Sunday 12/11/16		(no additional cost)
Monday 12/12/16	Raleigh	Returned car

The NC Commission supplied the contract the state has with Enterprise. In the contract, it states that a weekly rental costs the same as five individual days of rental. Thus, even if the Executive Director returned the vehicle at the earliest date, on Friday December 9th, the cost to the Commission would have been the same as returning it on Monday, December 12th.

Corrective measures include maintaining agendas, appointment information, and rental receipt with a summary of the purpose of the rental.

- c. The NC Commission concurs that it provided incorrect PSA documentation at the time of the audit. However, this was due to staff misunderstanding of the PSA requested. As background, the former Executive Director did promote the AmeriCorps videos supplied by the Corporation in 2014. The AmeriCorps PSA was aired by state commissions in partnership with CNCS in 2014, 2015, and 2016 and match logs were maintained online by CNCS's vendor TVAccessReports at <http://tvaccessreports.com/ameri-corps/>. Attached are NC-specific match records showing the amount of in-kind match provided by these AmeriCorps PSAs for North Carolina.
- d. The NC Commission respectfully does not concur with this questioned cost regarding the Governor's Pages. The Governor's Page program originated from this Commission and was specifically referenced in the grant application and approved grant award. Like AmeriCorps members, these young people serve as volunteers. They receive a small stipend (\$150) to cover their housing costs while volunteering. The youth are frequently from remote and underprivileged areas around the state and learn about the AmeriCorps programs while in Raleigh. The stipends paid for the page program are for amounts far less than the volunteer work and activities provided by the individual pages. If the 325 pages were paid minimum wage at \$8.25 per hour for 40 hours of work, the cash value of that work would exceed \$107,250 for a 40-hour week. The value claimed is the amount of the stipend rather than the volunteer value of their working hours.

More importantly, these pages, at the end of the one-week program, are also provided AmeriCorps literature and information to share with their high school classmates and communities. They provide their email to the Commission for follow-up volunteer activities. They become knowledgeable about the work that AmeriCorps members do in this state and many ask about applying to be a member.

The NC Commission does concur that record keeping for the page program can be improved and better organized for any future page programs and we are committed to executing those improvements. Attached is the improved sign-in sheet for the pages. This is attached each week to their schedule of activities.

Lastly, the Governor's office is considering moving the Page Program underneath the Commission again in the coming months. The pages are volunteers which goes with our mission and the Commission is best suited to oversee the detailed reporting and compliance requirements.

- e. The NC Commission respectfully does not concur with this questioned cost. The NC Commission utilized monthly office charges for copy machine and internet service charges and now divides the monthly charges by a full-time employee equivalent (FTE). It is a common cost accounting and allocation practice to break up pooled aggregate direct operating charges by an active employee FTE or headcount basis. Please note an annual \$6,325 annual cost for program copy services and staff internet access support for 4 grant funded employees is equal to \$84.84 per employee per month. These costs are reasonable in their scope and reflect market conditions for these services. The administrative costs we would have to incur to revise business vendor billing records to produce more detailed usage documents for grant funded positions, would not provide a material cost savings for essential internet and copier services.

Copier Use Costs 2017					
Month	Copier	Total	#GO staff using two copiers & admin paper	CVCS staff #	CVCS portion printing
Jan	Room 1062 - XeroxWorkCentre 7835	480.1	12	3	188.35
	Near Room 1196 - WorkCentre 5845	273.29			
	Paper	380.76	19		60.12
Feb	Room 1062 - XeroxWorkCentre 7835	503.47	13	1	59.75
	Near Room 1196 - WorkCentre 5845	273.29			
	paper	0.00	22		0.00
Mar	Room 1062 - XeroxWorkCentre 7835	557	16	3	155.68
	Near Room 1196 - WorkCentre 5845	273.29			
	Paper	380.76	27		42.31
Apr	Room 1062 - XeroxWorkCentre 7835	592.96	17	3	152.87

	Near Room 1196 - WorkCentre 5845	273.29			
	Paper	0.00	28		0.00
May	Room 1062 - XeroxWorkCentre 7835	743.64	18	4	225.98
	Near Room 1196 - WorkCentre 5845	273.29			
	Paper	0.00	30		0.00
Jun	Room 1062 - XeroxWorkCentre 7835	685.52	18	4	213.07
	Near Room 1196 - WorkCentre 5845	273.29			
	Paper	380.76	31		49.13
			TOTAL CVCS value		1,147.26

- f. The NC Commission concurs. Intern hours of the previous administration were not documented appropriately. In the future, the interns will fill out a monthly timesheet as does the rest of the Commission staff.
- g. The NC Commission concurs. Existing procedures for documenting in-kind costs were lacking when this Executive Director arrived. This has since been rectified by the new policies. Moreover, the in-kind match form has been updated.

UNC-CH Literacy Corps

- h. The NC Commission respectfully does not concur. Literacy Corps actually exceeded their match requirements for program years 2014-2015 and 2015-2016.

In support, enclosed is the timesheets for 2014-15 in-kind time of site supervisors totaling \$38,388.23. This is based upon their salaries and hours spent supervising members. In addition, attached are the supporting in-kind documents for supervisors' mileage and time traveling to and from AmeriCorps trainings. The spreadsheets explaining this are also attached. Although no costs are questioned for PY 2015-2016, we have also included a spreadsheet with our total in-kind time attached to these responses. Literacy Corps had this information readily available.

While the information was readily available upon request, Literacy Corps takes seriously this concern regarding its match costs and federal costs and has reviewed its policies and procedures to ensure that proper documentation will continue to be readily available.

ECU

- i. The NC Commission concurs that teacher timesheets provided by Wayne County

Public Schools were not signed by the teachers or their supervisors. They were signed by the Assistant Superintendent for Curriculum and Instruction for the School System in the memorandum dated June 17, 2015. This attached memo, certifies the in-kind match costs (the amount of teacher supervisory time and corresponding monetary value provided to 13ACHNC001 in PY 2014-2015). Additionally, the memo certifies the hourly rates for the teachers at \$20.46 and \$11.64, respectively. ECU understands that the rate of \$11.64 was the rate actually paid.

Note that ECU actually exceeded its match. Their modified budget for PY 2014-2015 had total of \$9,083 in in-kind salary and \$3,668 in in-kind benefits for all teachers. Based on the certification memo, the total in-kind match for these two teachers alone provided by Wayne County Schools for salary was \$17,625.18 and the total in-kind match for benefits was \$8,874.39.

To prevent this issue in the future, STEM-Corps East financial manager will work with partners to help them understand their roles and responsibilities for timekeeping and documentation of in-kind contributions. In addition, ECU will ensure all personnel responsible for STEM-Corps East financial management will participate in financial monitoring training offered by the Commission and ASC.

Finding 4. The Commission and UNC-CH Advising Corps and Literacy Corps did not account for Federal and match costs in accordance with Federal requirements

- a. The NC Commission concurs that the accounting documentation from previous years did not reconcile with the FFR.
- b. The NC Commission concurs that match costs records did not reconcile.
- c. The NC Commission concurs that match costs records did not reconcile.
- d. The NC Commission concurs that Federal costs were switched between respective Competitive and Formula grants in 2015.
- e. The NC Commission concurs that match costs records did not reconcile.
- f. The NC Commission concurs with explanation. UNC-Chapel Hill's Office of Sponsored Research (OSR) returned the \$1,366 duplicate payment as soon as it was identified.

OSR (the University's central contracts and grants office) has leveraged both new and existing resources and procedures to strengthen accounts receivable and cash management. OSR has established additional full-time employees on the Cash Management Team, including a Cash Manager, a Letter of Credit Specialist, and an Accounts Receivable Specialist. Any misapplied or duplicate payments identified are brought to the Cash Manager for further review. A member of the Cash Management Team will then reach out to the sponsor for further clarification. Additionally, each Sponsored Projects Accountant (within the Sponsored Projects Accounting Division of OSR, separate from the Cash Management Team and responsible for generating financial reports and invoices) is now responsible for tracking payment of respective invoices created. This creates multiple layers of review to ensure that duplicate

payments and other discrepancies are identified and resolved in a timely manner.

- g. The NC Commission concurs.

With respect to the above noted detailed issues, the NC Commission has initiated the following corrective actions and improved business controls. The NC Commission has updated its policies and procedures manual to ensure that duplicate payments would not occur. In addition, the Office of State Budget and Management has hired a dedicated federal grants officer who will also provide additional financial oversight and scrutiny of grant financial records. Moreover, support documentation for the FFR will be provided to the Office of State Budget for additional record keeping.

UNC-CH Advising Corps

- h. The NC Commission concurs. In response to these findings, Advising Corps has implemented new procedures to ensure the accuracy of all financial reports.
- A draft of the monthly report with backup transactions is prepared by the Advising Corps grant manager and submitted to OSR.
 - The OSR financial reporter independently pulls the transactions and prepares the monthly report. Any discrepancies are reviewed, discussed, and reconciled prior to submission to the Commission.
 - The OSR financial reporter completes the Periodic Expense Report in OnCorps for review by the Advising Corps grant manager. Once verified, OSR submits the report.
 - A copy of the report and all backup transactions are submitted to the Commission.

Note that Advising Corps understands that the Inspector General is questioning the \$4,798 difference between claimed costs and supported costs in the Sept 2016 PER for PY 2015-16. During the audit, OSR provided a reconciliation that showed the Advising Corps exceeded the match requirements, documentation of which is attached.

UNC-CH Literacy Corps

- i. The NC Commission respectfully does not concur. Literacy Corps actually exceeded their match requirements for program years 2014-2015 and 2015-2016.

In support, enclosed are the timesheets for 2014-15 in-kind time of site supervisors totaling \$38,388.23. This is based upon their salaries and hours spent supervising members. In addition, attached are the supporting in-kind documents for supervisors' mileage and time traveling to and from AmeriCorps trainings. The spreadsheets explaining this are also attached. Although no costs are questioned for PY 2015-2016, we have also included a spreadsheet with our total in-kind time attached to these responses.

While the information was readily available upon request, Literacy Corps takes seriously this concern regarding its match costs and federal costs and has reviewed its policies and procedures to ensure that proper documentation will continue to be readily available.

- j. The NC Commission concurs with explanation. Due to turnover in personnel knowledgeable of the accounting treatment of member living allowance data in PY 2014-

2015, the difference between costs reported on the PER and costs reported on the living allowance schedule did not agree. While the amounts reported on the applicable schedules did not agree with the submitted PER, the members in question were paid the correct amount per living allowance guidelines of the award.

As stated in the response for finding 10a, both the UNC Literacy Corps and the UNC Office of Sponsored Research has taken steps and will continue to take steps to improve the reporting process in order to ensure that amounts reported in the future are accurate and agree to applicable required schedules.

It is important to also note that the Literacy Corps did not report all expenses incurred in order to avoid receiving reporting errors in OnCorps, and that the net effect of this decision is that the Literacy Corps exceeding the required match for the period.

Finding 5. UNC-CH Advising Corps, UNC-CH Literacy Corps, and ECU did not perform complete NSCHC searches for grant-funded staff and members.

UNC-CH Advising Corps

- a. The NC Commission concurs. In addition to using Castle Branch to perform NSOPW searches, the Advising Corps Program Director conducts an independent NSOPW search on all program staff and members. We acknowledge that this additional check was mistakenly not conducted on the Program Director, but Castle Branch provided documentation to confirm that the check was performed. This documentation was provided to the Auditor. Attached is the documentation about the ASP, the Advising Corps' request for an Alternate Search Procedure (ASP) using Castle Branch was approved by CNCS. We have since conducted the NSOPW on the Program Director, and we have implemented a rigorous review process that requires the Advising Corps Human Resources manager to review and confirm the accuracy of the independent NSOPW conducted by the Program Director prior to hiring the Advising Corps program staff and members. Attached is the new Adviser Files Checklist, which the Program Director and the Human Resources manager will follow. In addition, the NC Commission as part of its policies and procedures will remind AmeriCorps Programs in the preliminary award letter to ensure all staff have had their NSOPW.
- b. The NC Commission concurs with explanation. When the Advising Corps submitted the independent NSOPW search on member RV, we misspelled the member's name. However, prior to the member's service, Castle Branch did conduct the NSOPW using the correct spelling as shown in the attachment, and we have since performed an independent NSOPW with the correct spelling.

UNC-CH Literacy Corps

- c. 1) The NC Commission respectfully does not concur with the finding that employee B.M. lacked a state background check. In good faith, Literacy Corps produced the criminal background check results for B.M. The auditor noted the lack of state background check. However, according to UNC's Office of Human Resources, this background check was completed in-house manually, not through Castle Branch, Inc., as previously thought. At the time of the check in August of 2014, performing the state criminal background check in-house manually was the standard procedure for all UNC employees. Due to this

misunderstanding, Literacy Corps inadvertently supplied only a portion of the employee's background check results. Please find a letter from UNC's Office of Human Resources attached to these responses confirming that a state background check was conducted and no results were returned for B.M.

2) The NC Commission concurs. Two grant funded employees' NSOPW searches were not documented. Although the NSOPW search was not documented for the two grant funded employees in question, UNC runs a state background check through Castle Branch, Inc. that also includes a Nationwide Record Indicator with Sex Offender Index Search. This check was completed prior to the start of service and indicated that these employees had no matching records in the Nationwide-Criminal and Sex Offender Index. A NSOPW search for these employees was completed this Fall without findings.

As a corrective action, NC Literacy Corps has updated their policies and procedures to ensure that all NSCHC requirements are met and appropriately documented prior to any grant-funded employee beginning work. Please see our updated Staff Background Check Policy (includes checklist and signature page as appendices) attached to these responses.

- d. The NC Commission concurs. A member's NSOPW search was not documented. However, UNC runs a state background check through a vendor, CastleBranch, Inc., that also includes a Nationwide Record Indicator with Sex Offender Index Search. This check was completed prior to the start of service and indicated that this member had no matching records in the Nationwide-Criminal and Sex Offender Index. An NSOPW search was completed this Fall without findings.

As a corrective action, UNC-CH Literacy Corps has updated their policies and procedures and host site application to ensure that all NSCHC requirements are met prior to member enrollment and that these requirements are appropriately documented. Please see our updated Background Check policy and host site application, attached to these responses.

- e. The NC Commission concurs. A member's NSOPW search was not documented. However, UNC runs a state background check through a vendor, CastleBranch, Inc., that also includes a Nationwide Record Indicator with Sex Offender Index Search. This check was completed prior to the start of service and indicated that this member had no matching records in the Nationwide-Criminal and Sex Offender Index. An NSOPW search was completed this Fall without findings.

As a corrective action, UNC-CH Literacy Corps has updated their policies and procedures and host site application to ensure that all NSCHC requirements are met prior to member enrollment and that these requirements are appropriately documented. Please see our updated Background Check policy and host site application, attached to these responses

ECU

- f. The NC Commission concurs with explanations below.
 - i. ECU did not comply with the requirement to perform NSCHCs on ECU Graduate Assistant students who worked on the AmeriCorps grants. ECU did not conduct NSOPW searches. Note that ECU has now conducted NSOPW checks on all students

(undergraduate and graduate) from the PYs 2014-2015, 2015-2016, and 2016-2017 program years. In addition, ECU conducted NSOPWs on the PY 2017-2018 students. In December 2017, the NC Commission conducted a compliance site visit and noted that the NSOPWs were done immediately after the auditors brought the issue to ECU's attention. As additional corrective action, ECU will seek approval for an Alternate Search Procedures as required by the Commission and described in the Corporation's Pre-Approved Alternative Search Procedures.

Moreover as background, the ECU Graduate School application includes state-mandated questions regarding criminal history. All students are required to answer these questions. Admissions checks the NC Court System, the NC Offender DPS database, and the UNC System Suspension-Expulsion database. If we find any discrepancies between the information provided by the applicant and the information we are able to access using the websites mentioned, we forward the application to the Dean of Students for further review.

- ii. ECU conducted sex offender checks using Mind Your Business, Inc. and HireRight. While these checks may not have complied with NSCHC requirements for conducting NSOPW checks, and that checks were not conducted for graduate students, ECU did ensure that equivalent and/or more comprehensive background checks were conducted on AmeriCorps Members. As part of their search process, HireRight and Mind Your Business, Inc. did conduct a search of the FBI National Sex Offender Registry along with other background checks. A summary of checks performed on specific individuals is included.

ECU has already conducted NSOPW checks from the 2014-2015, 2015-2016, and 2016-2017 program years and did not identify any individuals implicated by the NSOPW, affirming the Mind Your Business, Inc. and HireRight sex offender results. As additional corrective action, ECU will seek approval for an Alternate Search Procedures as required by the Commission and described in the Corporation's Pre-Approved Alternative Search Procedures. As noted by the auditors, ECU already began working with HireRight to ensure that future contracts include the required language related to sex offenders. HireRight used the DOJ NSOPW to conduct checks for its PY 2017-2018 members and printed all the results. It also stated that it would use this same process for ECU employees who worked on the grants. In December 2017, the state office conducted a compliance site visit and noted that the NSOPWs were done immediately after the auditors brought the issue to ECU's attention.

- iii. ECU originally conducted a background search on the Executive Director in 2013 and an additional search was performed by HireRight in November 2017; neither search implicated the Executive Director. In addition, a NSOPW search was performed for the Executive Director dating back to PY 2015-2016 and the Executive Director was not implicated by this search. For the service year PY 2017-2018, ECU updated the NSOPW check and a 2-state criminal history check on the Executive Director to comply with CNCS Guidelines.
- g. The NC Commission concurs. As explanation, ECU conducted checks using MYB, Inc., and HireRight to obtain sex offender check services. While these checks may not have complied with NSCHC requirements for conducting staff NSOPW checks, ECU did ensure that equivalent and/or more comprehensive background checks were conducted

on its members. As part of their search process, HireRight and Mind Your Business, Inc., did conduct a search of the FBI National Sex Offender Registry along with other background checks. A summary of checks performed on specific individuals is included.

ECU will comply with NSOPW and Alternate Search Procedures as approved by the Corporation and Commission. ECU has now conducted NSOPW checks on all staff from the 2014-2015, 2015-2016, and 2016-2017 program years and did not identify any individuals implicated by the NSOPW. As the OIG auditors noted, ECU worked with HireRight to ensure that future contracts include the required language related to sex offenders. HireRight used the DOJ NSOPW to conduct checks for its PY 2017-2018 members and printed all the results. It also stated that it would use this same process for ECU employees who worked on the grants. In December 2017, the state office conducted a compliance site visit and noted that the NSOPWs were done immediately after the auditors brought the issue to ECU's attention.

- h. The NC Commission respectfully does not fully concur with this finding. ECU acknowledges it does not have copies of the original request forms for initiation of FBI checks for the three members questioned. However, ECU does have documentation of payment to the FBI for conducting the required searches on the three members, thus demonstrating that this requirement was met.

One Member (PY 2016-2017) was placed as a tutor in the Onslow County Schools. Onslow County requires sex offender checks, an FBI search, and a 50 state CHC for all its employees and volunteers. The school district initiated an FBI search on that member 10/21/15 and cleared 10/27/15, per the record of the Onslow County School System.

ECU will retain documentation to support that it performed an FBI background check on the member. Further, in PY 2016-2017, the ECU Police Department began fingerprinting STEM-Corps East AmeriCorps members as part of member pre-service activities. This one-portal approach for collecting fingerprints streamlined the process, ensuring all FBI searches were initiated on or before the first day of service. ECU continued to use the same process for PY 2017-2018. In December 2017, the state office conducted a compliance site visit and noted that all FBI searches were initiated on or before the first day of service.

- i. The NC Commission concurs. There was an incomplete NSCHC search for a member and thus ECU did not fully comply with the NSCHC requirements for conducting the state criminal history check for one PY 2016-2017 member. ECU employed third party vendor HireRight to complete the searches prior to approving members for service. As part of their search process, HireRight did not conduct a search of the State Court Records repository for this identified member.

ECU will ensure that a compliant state criminal history background check is conducted for this member and that appropriate checks are conducted in the future.

- j. The NC Commission concurs. ECU provided documentation verifying that it had conducted NSCHCs for the individuals noted in this finding. The auditors noted that the third-party vendor check showed that the identities of the individuals was verified using their social security number, addresses, and date of birth.

ECU will adopt policies and procedures to ensure compliance with 45 CFR § 2540.205, What procedures must I follow in conducting a National Service Criminal History Check for a covered position?

- k. The NC Commission concurs. As the auditors noted, ECU provided documentation during the audit site visit verifying that it had conducted NSCHCs for the individuals noted in this finding. In PY 2016-2017, the ECU Police Department began fingerprinting STEM-Corps East AmeriCorps members as part of member pre-service activities. This one-portal approach for collecting fingerprints streamlined the process, ensuring all FBI searches were initiated on or before the first day of service. ECU continued to use the same process for PY 2017-2018. In December 2017, the state office conducted a compliance site visit and noted that all FBI searches were initiated on or before the first day of service.

Finding 6. UNC-CH Advising Corps, UNC-CH Literacy Corps, and ECU did not comply with AmeriCorps requirements for member performance evaluations.

UNC-CH Advising Corps

- a. The NC Commission concurs with explanation below.
- b. The NC Commission concurs with explanation below.
- c. The NC Commission concurs with explanation below.

To ensure that members are meeting all performance expectations, the Advising Corps Program Director conducts in-person and phone evaluations with each member, site supervisor, and administrator at the service site, multiple times throughout the year. Historically, at the completion of the term, the Advising Corps Program Staff reviewed the input from the service locations, along with Program Staff's assessment of each member's performance. Members were only allowed to return for a second service year if there was agreement among the site supervisor, service location administrator, and the Advising Corps Program Director that performance expectations had been met.

In the future, the Advising Corps Program Director will continue to conduct frequent in-person and phone evaluations. He will also work with the supervisors and the administrators at the service locations to ensure that the year-end evaluations (see Attachment 5 – End-of-Year Adviser Evaluation) are completed for all members. The evaluations will include an assessment of the advisor's performance, eligibility to return to service for a second term, and number of hours served to confirm eligibility for the education award. The written evaluations will be signed and dated by the members, site facilitator, and principal. The Advising Corps Human Resources manager will confirm the written evaluation of each member, and advisers will not be eligible to serve a second term unless they have a satisfactory written evaluation of their prior term of service.

End-of-Term Written Evaluation Timeline:

- April 1 - Program Director will submit the end-of-term evaluation to the site facilitators.
- May 15 – The site facilitator will return the signed evaluation to the Advising Corps Program Director.
- June 1 – Evaluations will be reviewed by the Advising Corps Program Director and Human Resources manager to verify eligibility to return, signatures, and hours served.

UNC-CH Literacy Corps

- d. The NC Commission concurs. In the future Literacy Corps will ensure that we follow all guidelines as outlined in the recommendations, and have all required end-of-year evaluations filled out properly for each member.

As a corrective action, NC Literacy Corps has created the attached Member Close-out Checklist that includes all member exit requirements to be completed by the Program Director before exiting a member. The checklist will be kept in each member file.

ECU

- e. The NC Commission concurs in part. ECU is unable to produce documentation showing that it provided end-of-term evaluations for fifteen members (8 from PY2014-2015) and (7 from PY 2015-2016). The Commission respectfully does not concur with the finding for PY 2016-2017. Three of the identified members from PY 2016-2017 were unable to complete their term of service as a half-time member. Based on feedback from their site supervisors, ECU provided the members the option to serve as a minimum-time member. Copies of PY 2016-2017 performance and mid-year evaluations for the three members were collected.

As corrective measures, ECU has implemented training and procedures to ensure end-of-year evaluations are provided. ECU now requires all new personnel to complete ASC training webinars so they understand roles and responsibilities in supervising and monitoring members. ECU has created a 12-month monitoring calendar to include pre-service, in-service, and end-of-term activities to be completed by staff. The End-of-Year evaluation form has been modified to ensure there are signature lines for member, program coordinator, and site supervisor.

- f. The NC Commission concurs. ECU is unable to provide documentation showing that it provided an end-of-term evaluation in PY 2013-2014 for a member that returned in PY 2014-2015, end-of-term evaluations in PY 2014-2015 for four members that returned in PY 2015-2016, and an end-of-term evaluation in PY 2015-2016 for one member that returned in PY 2016-2017. According to two previous program coordinators, end-of-term evaluations were conducted as required. These previous staff members were contacted to seek information regarding the location of the end-of-term evaluations. The two staff members who responded expressed concerns about the missing evaluations, but were not able to provide additional information about their location.

ECU is adopting policies and procedures to ensure end-of-term evaluations are conducted in accordance with applicable requirements. ECU now requires all new personnel to complete all ASC training webinars so they understand all roles and responsibilities in supervising and monitoring members. ECU has created a 12-month monitoring calendar to include pre-service, in-service, and end-of-term activities to be displayed in individual offices. The End-of-Year evaluation form has been modified to ensure there are signature lines for member, program coordinator, and site supervisor.

- g. The NC Commission respectfully does not concur. ECU has copies of quarterly performance reviews and supporting documentation from site supervisors for three members in PY16-17. These quarterly reviews document a member's progress on completion of service hours and their respective performance at site. These documents were used to determine if a member should be allowed to serve in a position requiring less service hours. ECU initiated quarterly reviews in PY 2016-2017 and will continue this process in the future.
- h. The NC Commission concurs. ECU has copies of PY 2016-2017 end-of-term evaluations for the six of the seven members that were selected for the auditors. The evaluations were signed by site supervisors, but not the members. In addition, ECU has copies of mid-term evaluations for three members who resigned from their 900-hour position and re-enrolled in a 300-hour position. As corrective action, ECU has modified the end-of-term evaluation form to include signature lines for member, program coordinator, and site supervisor.

Finding 7. UNC-CH Advising Corps, UNC-CH Literacy Corps, and ECU lacked adequate daily supervision of members who served offsite and who served excessive hours at the end of their service terms.

UNC-CH Advising Corps

- a. The NC Commission concurs. The majority of Advising Corps work is performed at service sites under the direction of site supervisors. Training that is held offsite is supervised by Advising Corps Program staff. Periodically, advisers work offsite on weekends and in the evening. This work includes communicating with families and students, preparing for upcoming school programs, and tracking the results of their work.

The Advising Corps has implemented new procedures to review and oversee all offsite work. Specifically, prior to completing offsite work, advisers will submit the attached form to the Program Director for approval. The form includes a summary of the work, location, and the dates/time. Upon completion of the pre-approved work, the advisers document the work completed and verify the number of hours worked. Advisers note their offsite work on their timesheets with a comment that reflects the work performed. Any offsite work reflected in the timesheet that has not been pre-approved will be reviewed by the Program Director and potentially rejected during the monthly timesheet signoff.

The Advising Corps has updated the adviser position description to include offsite service work that may be performed on holidays and weekends outside of the traditional 40-hour work week. Additionally, the Advising Corps has updated the AmeriCorps Adviser Manual to include the following:

Offsite Service Hours

The Carolina College Advising Corps is a direct service program that relies on members serving at their host sites. The Advising Corps recognizes that some work may be performed away from the adviser's host site, and this work may be allowable. Such work includes preparing for programs, communicating with families and students, and tracking the results of work. Advisers may be required to work increased hours at the end of their service term to ensure all program activities and results are accurately documented. Any hours served offsite or outside of a member's regularly scheduled hours must be approved in advance by the AmeriCorps Program Director. Advisers must provide a

written plan for project work to be completed offsite, and they must provide a written explanation of activities and hours completed. Once approved by the Program Director, these hours can be included on the timesheet as offsite work, along with a comment that reflects the work completed.

UNC-CH Literacy Corps

- b. The NC Commission respectfully does not concur. We have no reason to believe the hours that were certified by AmeriCorps members and their supervisors should be questioned. All the host sites have periodic weekend hours and events. In addition, Literacy Corps has required after-hours events. Moreover, opportunities by the host site to serve additional hours arise due to absences, school/host site closures, inclement weather, etc. In such situations, telecommuting may be an acceptable alternative, as long as members follow the Telecommute Policy as presented in the NCLC policies and procedures.

In addition to Telecommuting, members often serve on weekends and occasional holidays (such as Veteran's Day) when their nonprofit site is open or has an event taking place. This work is supervised in the same manner that all the members' hours are supervised. Some of the weekend hours in question can also be attributed to trainings required by NC Literacy Corps. For example, members are required to attend a virtual conference held each fall that will account for 1-5 hours on a Saturday. In PY 2014-15, this conference was held on November 8, in PY 2015-16 on November 14, and in PY 2016-17 on November 5.

Nonetheless, Literacy Corps has reviewed their Telecommute Policy and has begun to require better documentation in the members' timesheets when quarterly trainings occur. Literacy Corps has created a new Telecommuting Request form that will be required for all members to complete and have approved by their supervisor and the program director. We have also taken steps to ensure that each member sends in written documentation of all work completed when earning telecommuting hours. NC Literacy Corps will also ensure that all weekend hours, particularly those served during required training and events are properly documented. Enclosed is our updated Telecommute Policy, request form, and daily activity log attached to these responses.

ECU

- c. The NC Commission respectfully does not concur with the finding that ECU couldn't provide evidence of daily supervision for five members who served offsite on holidays and weekends in PYs 2015-2016 and 2016-2017.
 1. For Member #12 (PY 2015-2016) ECU has documentation that the member completed 939 hours. Subtracting the 9 hours questioned, the member completed more than enough hours to earn the education award. For this member the Education Award Amount questioned should be \$0.
 2. For Members #18 and #20 (PY 2016-2017) ECU has documentation from an on-site supervisor, who was the teacher in charge of the "Maker Space" classroom at Stateside Elementary School in Onslow County of weekend hours approved for development of curriculum materials and Community Robotics Event.

3. For Member #21 (PY 2016-2017) ECU has documentation for 8 hours on Saturday, August 5 for STEM-Fest (with early arrival at 7:00 am for set up and 1 hour from 2:00 – 3:00 for breakdown)

4. For Member #22 (PY 2016-2017) ECU has documentation that the member began service as a half-time member in the Fall of 2016 but was unable to fulfill her 900-hour service commitment. Eight of the questioned hours for her 300-hour service commitment were in her 900-hour term. Member #22 became a minimum-time member in April, 2017. For this member ECU has documentation that the member's questioned service hours were performed on a weekend with a completed Community Service Log listing a description of the service, date, time, and the supervisor's signature.

ECU will continue to search for documentation of weekend and holidays for other members identified by the auditors.

As corrective action, ECU has modified the Member Activity Log to include a section on weekend and holiday activities. This document will provide a record of offsite activities. In addition, members are required to complete a Community Service Log with site supervisor signature to verify time served on weekends and holidays. Going forward, supervision and documentation of offsite hours will be a key topic of orientation and quarterly trainings.

Finding 8. UNC-CH Advising Corps, UNC-CH Literacy Corps, and ECU did not accurately record and certify all member timesheet hours.

UNC-CH Advising Corps

- a. The Commission does not concur. All Commission Programs use OnCorps as their timesheet portal. According to OnCorps' email 2/22/18, "The way that the timesheets work for approvals, is the member can submit it at any time. But the supervisor can only approve it AFTER the last time entered. If it is a standard timesheet, where only the total hours for a day are entered, then it can be approved that day. For example, if a member submits their January timesheet on the 25th, but has hours entered through the 30th, the supervisor couldn't approve it until the 30th."

To prevent this confusion from happening in the future, Advising Corps has informed all members and site supervisors that they are required to certify timesheets only after completing service hours. The AmeriCorps Program Director is carefully reviewing the date/time stamps and rejecting any timesheets that are certified prior to service completion. The AmeriCorps Adviser Manual has been updated to clarify that "Time logs must reflect completed service hours. Any service hours recorded that have not been completed will not be approved."

UNC-CH Literacy Corps

- b. The Commission does not concur. All Commission Programs use OnCorps as their timesheet portal. According to OnCorps' email 2/22/18, "The way that the timesheets work for approvals, is the member can submit it at any time. But the supervisor can only

approve it AFTER the last time entered. If it is a standard timesheet, where only the total hours for a day are entered, then it can be approved that day. For example, if a member submits their January timesheet on the 25th, but has hours entered through the 30th, the supervisor couldn't approve it until the 30th.”

Literacy Corps members, as well as host sites, are instructed both in our policies and procedures manual and during orientation on how to submit and certify their timesheets properly. As a corrective action, the Literacy Corps Program Director has instructed all members to certify their timesheets only after completing their service hours. Additionally, Literacy Corps has added instructions for certifying time to their timekeeping policy (attached to these responses).

Note that it is a common practice for state and federal government employees to be told in advance of a holiday such as Christmas to log in their time early into the online timekeeping system.

ECU

- c. The Commission does not concur. All Commission Programs use OnCorps as their timesheet portal. According to OnCorps' email 2/22/18, “The way that the timesheets work for approvals, is the member can submit it at any time. But the supervisor can only approve it AFTER the last time entered. If it is a standard timesheet, where only the total hours for a day are entered, then it can be approved that day. For example, if a member submits their January timesheet on the 25th, but has hours entered through the 30th, the supervisor couldn't approve it until the 30th.”

ECU has been in contact with OnCorps on 2/9/2018 reinforcing that the supervisor can not approve time worked until afterwards even if the member entered their time in advance.

ECU staff will continue work with OnCorps developers to address the issue of early timesheet submissions. ECU has added more definitive policies regarding submission of time sheets to its Policies and Procedures Manual, the member service agreements, the Site Supervisor Handbooks and in Orientation training materials.

UNC-CH Advising Corps

- d. The Commission concurs. To prevent this from happening in the future, Advising Corps has informed all members and site supervisors that they are required to certify timesheets only after completing service hours. The AmeriCorps Program Director is carefully reviewing the date/time stamps and rejecting any timesheets that are certified prior to service completion. The AmeriCorps Adviser Manual has been updated to clarify that “Time logs must reflect completed service hours. Any service hours recorded that have not been completed will not be approved.”

ECU

- e. The NC Commission concurs. This was a human data entry error by one of its staff members. Moving forward, ECU will require the program coordinator and Executive Director to verify the accuracy of the data entered in the Portal.

Finding 9. ECU did not follow AmeriCorps requirements for or adequately document compelling personal circumstances for exiting members.

The NC Commission concurs with explanation. In PY 2014-2015, ECU exited these members for compelling personal circumstances and granted them partial education awards and ECU did not adequately document those circumstances. As noted by the auditor, ECU has since strengthened its policies for member files and timesheets and for member progress in completing their service terms. This issue was addressed after PY 2014-2015. Only two partial awards were given in PY 2015-2016 and two more in PY 2016-2017. All four awards were fully compliant and documented with CNCS requirements for compelling personal circumstances, including notes from a physician documenting illness.

Finding 10. UNC-CH Advising Corps, UNC-CH Literacy Corps, and ECU did not follow AmeriCorps requirements for member living allowance costs and member agreements, nor did they follow state reporting requirements.

- a. The NC Commission concur in part with explanations below.

UNC-CH Advising Corps

- 1) Advising Corps advisers' living allowances were correctly paid, and there are no questioned costs. Advising Corps will ensure that our member agreements accurately reflect the living allowances that advisers will earn if they serve their full term. Lastly, the Office of Sponsored Research is submitting the Advising Corps' PERs by the Commission's deadline.

UNC-CH Literacy Corps

- 2) Literacy Corps member agreements for PYs 2014-2015, 2015-2016, and 2016-2017 do not contain language pertaining to the bi-weekly pay schedule. However, Literacy Corps did provide members with Policies and Procedure manuals that contain a section on Living Allowances and include the following language "Members will receive a Living Allowance every two weeks". The members are required to read and sign these Policies & Procedures.

Literacy Corps, in an effort to ensure all pertinent information is contained in their member agreements, has updated the agreement form to include clear language on living allowance payments. Please find the new member agreement and our living allowance policies for the program years in question attached to these responses.

Additional corrective action has been implemented, the Office of Sponsored Research is now submitting the Literacy Corps' PERs by the Commission's deadline. UNC's Office of Sponsored Research Sponsored Projects Accounting division (OSR SPA) is responsible for generating and submitting financial reports. Over the last 2+ years, OSR SPA has increased efforts to ensure that financial reports are being completed and submitted in a timely manner. Since 2015, OSR SPA has increased staffing levels from 25 positions to 44 positions. In addition to increasing its number of positions,

OSR SPA has created and/or filled numerous supervisory positions.

As a corrective action, Literacy Corps has implemented a new process between the Executive Director and financial officer at UNC's Office of Sponsored Programs to ensure that PERs will be timely and accurate going forward.

ECU

- 3) ECU's variation in living allowance distribution is directly linked ECU's HR and Payroll system and the corresponding process for initiating living allowances, and as such, living allowances are only distributed on ECU's payroll cycle. System delays were encountered in starting distribution allowances for some members which resulted in variations of payment amounts. In the future, ECU will work diligently to continue to refine and enhance its programmatic and systematic processes to mitigate variations in distributing living allowances for half-time members.
- b. The NC Commission concurs. The Advising Corps Program Director will ensure that all members sign a Member Service Agreement during the annual Summer Training. The signed agreements will be reviewed by the Program Director and included in the members' files. The HR Manager will audit the files to ensure that there is a signed Member Service Agreement for each member. Attached is the Adviser Files Checklist.

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