
**OFFICE OF INSPECTOR GENERAL
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE**

**Interim Audit of Costs Claimed by
Parents As Teachers National Center, Incorporated
Under Grant Agreement No. 01SPHMO004**

**Audit Report No. 03-13
November 6, 2002**

Financial Schedule and
Independent Auditors' Report
For the Period
April 1, 2001 to June 30, 2002

Prepared by:

COTTON & COMPANY LLP
333 North Fairfax Street, Suite 401
Alexandria, Virginia 22314

This report was issued to Corporation management on February 11, 2003. Under the laws and regulations governing audit follow-up, the Corporation must make final management decisions on the report's findings and recommendations no later than August 11, 2003, and complete its corrective actions by February 11, 2004. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.

Office of Inspector General
Corporation for National and Community Service
Audit Report Number 03-13



Audit of Corporation for National Service Grant Number 01SPHMO004
with Parents as Teachers National Center, Incorporated

The Office of Inspector General engaged Cotton and Company, LLP to audit costs claimed by the Parents as Teachers National Center, Incorporated (PATNC) under Grant Number 01SPHMO004. The audit covered the grant period April 1, 2001 through June 30, 2002 and included procedures to determine if costs claimed in financial reports prepared by PATNC were allowable, internal controls were adequate to safeguard Federal funds, and whether PATNC had policies and procedures to ensure compliance with Federal laws, applicable regulations and award conditions.

As a result of the work performed, the auditors are questioning \$91,760 and set forth as unresolved \$75,929 of the \$926,976 costs claimed. Of the questioned costs, \$47,539 results from costs incurred prior to the grant period that are allowable only with written approval of the Corporation. The unresolved indirect costs results from lack of a negotiated indirect cost rate agreement.

The Office of Inspector General reviewed the report and the work papers supporting its conclusions. We agree with the findings and recommendations presented. The Corporation and Parents as Teachers National Center, Incorporated's responses to this report are included as Appendices A and B, respectively.

**OFFICE OF INSPECTOR GENERAL
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
INTERIM AUDIT OF COSTS CLAIMED UNDER GRANT NO. 01SPHMO004 AWARDED TO
PARENTS AS TEACHERS NATIONAL CENTER, INCORPORATED
FOR THE PERIOD OF APRIL 1, 2001 TO JUNE 30, 2002**

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COTTON & COMPANY LLP

auditors ♦ advisors

DAVID L. COTTON, CPA, CFE, CGFM ♦ CHARLES HAYWARD, CPA, CFE, CISA ♦ MICHAEL W. GILLESPIE, CPA, CFE ♦ CATHERINE L. NOCERA, CPA
MATTHEW H. JOHNSON, CPA, CGFM ♦ SAM HADLEY, CPA, CGFM ♦ COLETTE Y. WILSON, CPA ♦ ALAN ROSENTHAL, CPA

November 6, 2002

Corporation for National and Community Service
Office of Inspector General
1201 New York Avenue, NW
Washington, DC 20525

Subject: Interim Audit of Costs Claimed by the Parents As Teachers National Center,
Incorporated

At the request of the Office of Inspector General (OIG), Cotton & Company LLP performed an audit of costs claimed by Parents As Teachers National Center, Incorporated. under Grant No. 01SPHMO004.

BACKGROUND

Parents as Teachers National Center, Incorporated (PATNC) is a nonprofit organization committed to ensuring that all children--prenatal to kindergarten entry--are cared for, nurtured, and prepared for school success and that they have every opportunity to realize their full potential. The Parents as Teachers (PAT) program began in 1981 in Missouri as a pilot project for first-time parents of newborns, with funding from the Missouri Department of Elementary and Secondary Education and the Danforth Foundation. State funding was provided in 1985 to implement the PAT program in all Missouri school districts. PAT expanded beyond Missouri in 1986 with program implementation in three other states. In 1987, PATNC was incorporated as a not-for-profit organization governed by a national board of leaders from education, health, government, and the private sector. Today, more than 2,600 PAT programs are in place in 49 states; Washington, DC; 5 U.S. territories; and 6 other countries.

In April 2001, the Corporation for National and Community Service (the Corporation) awarded a 2-year \$2,496,000 grant to PATNC to expand services and provide support to its stakeholders--families, parent educators, program administrators, community partners, state agencies, and the research community. This grant was the first federal grant awarded to PATNC.

PURPOSE, SCOPE, AND METHODOLOGY

We performed an audit of the following:

Grant No.	Grant Period	Audit Period
01SPHMO004	04/1/01 to 03/31/03	04/1/01 to 6/30/02

The objectives of our audit were to determine if:

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- Costs charged by PATNC to the grant were allowable, allocable, and reasonable in accordance with applicable Federal cost principles and grant terms and conditions.
- PATNC's systems of internal control were adequate to properly administer, account for, and monitor the grant in compliance with Corporation and Federal requirements.
- PATNC had adequate procedures and controls to ensure compliance with Federal laws, Corporation regulations, and grant terms and conditions.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as revised, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial schedule. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial schedule presentation. We believe that our audit provides a reasonable basis for our opinion on claimed amounts.

RESULTS IN BRIEF

Audit results are detailed in Schedule A and related notes and are summarized below:

Cost Findings

Grant Number	Grant Budget	Claimed Costs	Unresolved Costs	Questioned Costs
01SPHMO004	\$2,494,000	\$926,976	\$75,929	\$91,760

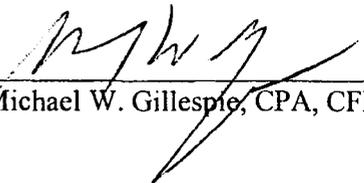
Compliance and Internal Control Issues

- PATNC had not prepared or submitted indirect cost rate proposals to the Corporation. The failure to establish final indirect cost rates for FYs 2001 and 2002 resulted in our decision to classify \$75,929 of indirect costs as unresolved pending a decision by the Corporation or cognizant Federal agency.
- PATNC claimed costs that were unallowable and unallocable in accordance with Office of Management and Budget (OMB) Circular A-122 and grant agreement terms and conditions.
- Expenditures reported for the grant in the Schedule of Federal Awards in PATNC's OMB Circular A-133 audit report for the fiscal year ended June 30, 2002 were incorrect.

We held an exit conference on November 6, 2002. In addition, we provided a draft copy of this report to PATNC and the Corporation for comment. Their responses are included as Appendixes A and B to this report.

This report is intended solely for the information and use of the Office of the Inspector General, Corporation management, PATNC, and the U.S. Congress and is not intended to be and should not be used for anyone other than these specified parties.

COTTON & COMPANY LLP

By: 
Michael W. Gillespie, CPA, CFE

COTTON & COMPANY LLP

auditors ♦ advisors

DAVID L. COTTON, CPA, CFE, CGFM ♦ CHARLES HAYWARD, CPA, CFE, CISA ♦ MICHAEL W. GILLESPIE, CPA, CFE ♦ CATHERINE L. NOCERA, CPA
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November 6, 2002

Inspector General
Corporation for National and Community Service

INDEPENDENT AUDITORS' REPORT

We audited amounts claimed by the Parents As Teachers National Center, Incorporated (PATNC) under Corporation for National and Community Service Grant No. 01SPHMO004 for the period April 1, 2001 to June 30, 2002. Amounts claimed are summarized in Schedule A. These claimed amounts are the responsibility of PATNC management. Our responsibility is to express an opinion on amounts shown in the schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial-related audits contained in the *Government Auditing Standards*, as amended, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial schedule. It also includes assessing accounting principles used and significant estimates made by management, as well as evaluating overall financial schedule presentation. We believe that our audit provides a reasonable basis for our opinion on claimed amounts.

Schedule A is intended to present allowable amounts incurred under grant terms and conditions. Therefore, it is not intended to be a complete presentation of PATNC's revenues and expenses.

Questioned expenditures of \$91,760 and unresolved costs of \$75,929 are shown in Schedule A. The Corporation will make the final determinations regarding the allowability of these amounts.

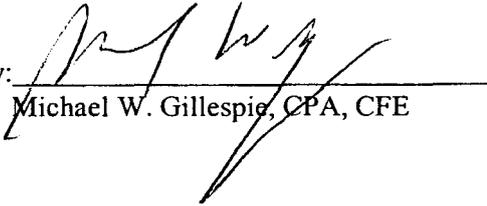
In our opinion, except for questioned and unresolved costs, the financial schedule referred to above presents fairly, in all material respects, amounts claimed by PATNC for Grant No. 01SPHMO004 for the period April 1, 2001 through June 30, 2002, in accordance with applicable grant terms and conditions.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2002, on our tests of PATNC's compliance with certain provisions of laws, regulations, and grants and our consideration of its internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering audit results.

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

COTTON & COMPANY LLP

By: 
Michael W. Gillespie, CPA, CFE

FINANCIAL SCHEDULE

**SCHEDULE OF CLAIMED, UNRESOLVED, AND QUESTIONED COSTS UNDER
CORPORATION GRANT NO. 01SPHMO004
APRIL 1, 2001 TO JUNE 30, 2002**

Cost Category	Approved Budget	Claimed Costs	Unresolved Costs	Questioned Costs	Notes
Salaries and Wages	\$ 792,119	\$ 199,211		\$ 4,002	1
Fringe Benefits	189,421	25,684		305	1
Contracted Services	566,396	370,487		61,854	2
Travel	330,509	68,909		636	1
Equipment	74,258	29,187			
Supplies	98,400	14,272		14	1
Other	<u>216,170</u>	<u>134,955</u>		<u>16,607</u>	3
Total Direct Costs	\$2,267,273	\$ 842,705		\$83,418	
Indirect Costs	<u>226,727</u>	<u>84,271</u>	\$ 75,929	<u>8,342</u>	4
Total Costs	<u>\$2,494,000</u>	<u>\$ 926,976(a)</u>	<u>\$ 75,929</u>	<u>\$91,760</u>	

- a. Cumulative expenditures reported on the June 30, 2002, Federal Cash Transaction Report (FCTR) were \$840,235. Omitted from reported expenditures were \$47,539 of preaward costs and \$39,202 of indirect costs, which were subsequently reported in the September 30, 2002, FCTR. Because these costs were incurred during our audit period, we have included them in claimed costs.

NOTES TO THE SCHEDULE OF
CLAIMED, UNRESOLVED, AND QUESTIONED COSTS UNDER
CORPORATION GRANT NO. 01SPHMO004
APRIL 1, 2001 TO JUNE 30, 2002

1. **Preaward Costs.** Claimed costs included \$47,539 of costs incurred in March 2001. The grant period began on April 1, 2001. PATNC representatives stated that the proposed start date for the grant was March 1, 2001, and they began work on the project on that date. The stated grant period in the award document was apparently overlooked.

OMB Circular A-122, Attachment B, Paragraph 34, states:

Pre-award costs are those incurred prior to the effective date of the award directly pursuant to the negotiation and in anticipation of the award where such costs are necessary to comply with the proposed delivery schedule or period of performance. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the award and only with the written approval of the awarding agency.

We noted that costs incurred in March 2001 were related to the project and in accordance with the proposed budget. PATNC did not, however, obtain written approval from the Corporation to claim the costs. Accordingly, we questioned these costs, as follows:

Category	Amount
Salaries and Wages	\$ 4,002
Fringe Benefits	305
Contracted Services	42,475
Travel	636
Supplies	14
Other	107
Total	<u>\$47,539</u>

2. **Contracted Services.** We questioned \$61,854, as follows:
- a. Claimed costs included \$19,379 of payments to three consultants and five speakers that exceeded the maximum Corporation-allowed compensation rate. Section B.5.e of the Grant Provisions limits payments to individuals for consultant services to \$443 per day (\$55.38 per hour). PATNC representatives stated that they misunderstood the grant provision.
- b. For the reasons stated in Note 1, we questioned \$42,475 of preaward costs.

3. **Other Costs.** We questioned \$16,607 of other costs as follows:
- b. Claimed costs included a \$15,000 accrual for video production costs booked at the end of Fiscal Year (FY) 2001. PATNC paid the invoice and charged this amount to the grant in FY 2002; it did not, however, reverse the FY 2001 accrual. Accordingly, claimed costs were overstated by \$15,000. PATNC representatives stated accruals have to be manually reversed and this one was apparently missed. Section B.5.a of the Grant Provisions states that costs must be shown in the books or records and supported by source documentation.
 - c. Claimed costs included a \$1,500 donation to a charitable organization. PATNC made the donation in lieu of compensation for a celebrity spokesperson who worked on a public service announcement. The donation was made at the request of the spokesperson. OMB Circular A-122, Attachment B, Paragraph 8, states that contributions and donations by the organization are unallowable. PATNC representatives consider the costs allowable, because it would have paid and claimed this amount as a consulting fee if a donation had not been made.
 - d. For the reasons stated in Note 1, we questioned \$107 of preaward costs.
4. **Indirect Costs.** Claimed indirect costs were based on the 10-percent provisional indirect cost rate specified in the grant agreement applied to total direct costs. Accordingly, we questioned \$8,342 ($\$83,418 \times 10\%$) of indirect costs associated with questioned base costs discussed in Notes 1 through 3 above. Section B.7 of the Grant Provisions states that the provisional rate is a maximum rate subject to downward adjustment only. The cognizant Federal agency or the Corporation is responsible for establishing final indirect cost rates. Final indirect cost rates have not been established for FYs 2001 and 2002; accordingly, we classified as unresolved the \$75,929 of indirect costs not questioned.

COTTON & COMPANY LLP

auditors ♦ advisors

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MATTHEW H. JOHNSON, CPA, CGFM ♦ SAM HADLEY, CPA, CGFM ♦ COLETTE Y. WILSON, CPA ♦ ALAN ROSENTHAL, CPA

November 6, 2002

Inspector General
Corporation for National and Community Service

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
COSTS CLAIMED BY PARENTS AS TEACHERS NATIONAL CENTER, INCORPORATED
UNDER CORPORATION
GRANT NO. 01SPHMO004**

We audited costs claimed by Parents As Teachers National Center (PATNC) under Corporation Grant No. 01SPHMO004, for the period April 1, 2001 to June 30, 2002 and have issued our report dated November 6, 2002, which report was qualified for the matters discussed therein. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial-related audits contained in the *Government Auditing Standards*, as amended, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether the financial schedule is free of material misstatements, we performed tests of compliance with certain provisions of laws, regulations, and the grant, noncompliance with which could have a direct and material effect on determination of financial schedule amounts. Providing an overall opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. Results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*; see Findings 1, 2, and 3 below.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we obtained an understanding of PATNC's internal control over financial reporting to determine audit procedures for the purpose of expressing our opinion on the financial schedule and not to provide assurance on internal control over financial reporting. We noted, however, certain matters involving internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over financial reporting that, in our judgment, could adversely affect PATNC's ability to record, process, summarize, and report financial data consistent with assertions of management in the financial schedules; see Findings 1 and 2, below.

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A material weakness is a condition in which the design or operation of one or more of the internal control elements does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial schedules being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider the reportable conditions described in findings 1 and 2 to be material weaknesses.

FINDINGS

1. PATNC had not prepared or submitted indirect cost rate proposals to the Corporation. Claimed indirect costs were based on the 10-percent provisional indirect cost rate specified in the grant agreement. Section B.7 of the Grant Provisions states that the provisional rate is a maximum rate subject to downward adjustment only, and that the Corporation is responsible for establishing final indirect cost rates.

OMB Circular A-122, Attachment A, Paragraph E.2, states that:

- b. A non-profit organization which has not previously established an indirect cost rate with a Federal agency shall submit its initial indirect cost proposal immediately after the organization is advised that an award will be made and, in no event, later than three months after the effective date of the award.
- e. Organizations that have previously established indirect cost rates must submit a new indirect cost proposal to the cognizant agency within six months after the close of each fiscal year.

PATNC representatives stated that they are in the process of preparing indirect cost rate proposals, but that they think actual indirect cost rates exceed the 10-percent provisional rate.

Recommendation: We recommend that PATNC prepare and submit indirect cost rate proposals as required by OMB Circular A-122.

2. As detailed in Schedule A, PATNC claimed costs that were unallowable and unallocable in accordance with OMB Circular A-122 and grant agreement terms and conditions.

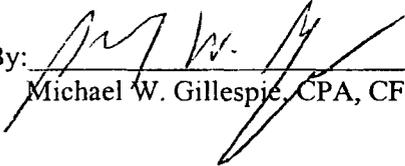
Recommendation: We recommend that PATNC revise its policies and procedures to ensure that it claims only allowable and allocable costs under Corporation grants.

3. Expenditures reported for the grant in the Schedule of Federal Awards in PATNC's OMB Circular A-133 audit report for the fiscal year ended June 30, 2002 were incorrect. The \$738,734 reported included \$47,539 of preaward costs. Preaward costs were incurred in March 2001 and previously reported in PATNC's FY 2001 audit report. PATNC representatives stated that they thought that these costs had not been previously reported.

Recommendation: We recommend that PATNC correct its OMB Circular A-133 audit report and to submit corrected information to the Federal audit clearinghouse.

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

COTTON & COMPANY LLP

By: 
Michael W. Gillespie, CPA, CFE

AUDITEE'S RESPONSE TO DRAFT AUDIT REPORT

Parents as Teachers national center, inc.

January 13, 2003

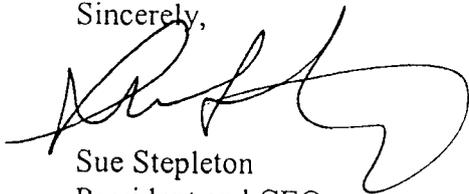
J. Russell George
Inspector General
Office of the Inspector General
1201 New York Avenue, NW
Washington, DC 20525

Dear Mr. George,

Please find our response to the draft report on the audit results for our grant number 01SPHMO004.

We respectfully request that you consider our comments while reviewing the findings. If you have any questions or wish to discuss the response, please contact our CFO, Carolyn Bier at (314) 432-4330 extension 293.

Sincerely,



Sue Stepleton
President and CEO

Cc: Dana Rogers, Maria Acker

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St. Louis, Mo. 63146
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1. **Preaward Costs of \$47,539.** The original budget proposed to the Corporation for National Service was to start March 1, 2001. During the month of March, we incurred \$47,539 in expenses. Of these expenses, \$42,475 was paid to an Information Technology Company, \$4,307 was spent on in-house staff's time and benefits and \$121 was spent on miscellaneous supplies, all of which relate to the planning phase of our IT project. This work was approved by the Corporation for National Service as a part of Goal #3 of our final budget. We spent \$636 to purchase an advance airline ticket for our Controller to attend a course on Cost Principles, OMB Circular A-122. Our Grants Officer, Jim Phipps recommended this course and this expense was approved as part of Goal #7 of our final budget. Though we neglected to receive written approval, we request that these costs be allowed as they were related to the project, received verbal approval and were in accordance with the approved budget.

2. **Contracted Services.** a.) We hired an in-house technology consultant at a \$90 per hour rate to oversee the outside IT consultants who were developing our technology plan until we hired a full-time IT Manager. We then hired an Operations Director to spend 25% of her time overseeing the project. After eight months, this employee resigned. We called on the in-house IT consultant to oversee the technology project until we could fill the vacancy. Given that we were so far along in the project and the in-house consultant had been involved in the process, this was the logical decision. We supplemented the difference in the hourly fee with the remaining salary of the Operations Director. This position was approved as a part of the salary budget under Goal 3 in the amount of \$25,000 for each year of the grant. We ask that you allow the \$15,919.43 in lieu of salary for the Operations Director position.

We paid five speakers \$1,500 each to participate in our Literacy Panel discussion. This discussion lasted two days therefore the auditors allowed \$886 each as allowable payment. The auditors did not take the speakers preparation and travel time into consideration. The \$1,500 paid to each speaker included all preparation and travel time as well as time spent on-site. We consider \$1,500 to be payment for 3.50 days, 1 ½ preparation and follow-up day, one travel day and one on-site day. We ask that you allow the questioned cost of \$3,070.

We paid a consultant \$80 per hour for four hours of work, totaling \$320. The auditors questioned \$98.48 of this amount as it exceeds the maximum rate of \$55.38 per hour. We agree with the auditor's finding and intend to repay the \$98.48.

We paid a consultant \$120.00 per hour for 4.5 hours of work, totaling \$540. The auditors questioned \$290.79 of this amount as it exceeds the maximum rate of \$55.38 per hour. We agree with the auditor's finding and intend to repay the \$290.79.

b). See Preaward Costs.

3. **Other Costs.** a.) The \$15,000 for video production costs was recorded as an accrual for FY 2001 and as an actual expense in FY 2002. The accrual entry was not reversed. This was an error on our part and we intend on repaying the questioned cost.

b.) We intended to pay Bob Costas \$1,500 for his work as the spokesperson for our public service announcement. The development of the PSA was approved as part of our budget in Goal # 6. When payment was due to Mr. Costas, he instructed us to issue the check to the Bob Costas Cancer Center at Cardinal Glennon Children's Hospital. We complied with his request and made the donation in lieu of payment to Mr. Costas. We ask that you allow this cost as the donation was in lieu of contracted service fees.

c.) See Preaward Costs.

4. **Indirect Costs.** We intend to repay the 10% indirect costs attributed to the \$15,000 error as described in note 3 part a.) and \$389.27 as described in note 2 part a.). This amounts to \$1,538.93.

Our budget approved by the Corporation for National Service includes an indirect cost rate of 10%. Our grant award letter did not require us to take action on this rate. Our actual indirect cost rate for FY 2000 was 15.2%, 15.6% in FY 2001 and 11.5% for FY 2002. We feel that the 10% rate applied to our budget is a conservative and fair estimate and ask that this rate be accepted.

In summary:

Audit Findings;	
Unresolved Costs	\$ 75,929
Questioned Costs	\$ <u>91,760</u>
	\$167,689

PATNC Reply:

Asking to allow	\$150,761
Intend to repay	\$ <u>16,928</u>
	\$167,689

Completed by:

Carolyn Bier

APPENDIX B

CORPORATION'S RESPONSE TO DRAFT AUDIT REPORT

CORPORATION
FOR NATIONAL
AND
COMMUNITY
★ SERVICE

To: Russell George, Inspector General

Through: Michelle Guillermin, Chief Financial Officer

From: *Peg Rosenberry* Peg Rosenberry, Director of Grants Management

Date: January 24, 2003

Subject: Response to OIG Draft Audit Report 03-13: Interim Audit of Costs Claimed by Parents as Teachers National Center, Incorporated Under Grant No. 01SPHMO004

We have reviewed the draft audit report of the Parents as Teachers National Center grant number 01SPHMO004. Due to the limited timeframe for response, we have not yet conducted a comprehensive review, analyzed documentation from the grantee supporting the questioned costs, or reviewed the work papers. We will respond to all findings and recommendations when the audit is issued and we have reviewed the findings in detail.

However, we do want to note that Parents as Teachers National Center is a first-time federal grantee with a limited basis on which to develop a cost allocation plan for indirect expenses. Therefore, the Corporation allowed Parents as Teachers National Center to claim up to a provisional rate of 10% for indirect costs for the first year of the grant. Further, the Corporation indicated that staff would work with them at the end of the first year of the grant to negotiate an indirect cost rate. The Corporation sent the required paperwork to Parents as Teachers National Center to begin the process of establishing a cost allocation plan in December 2002. Therefore, we will allow the indirect costs that were questioned in the audit up to the 10% of total allowable direct costs.

The audit also indicated that Parents as Teachers National Center incurred \$47,539 in costs before the stated grant project period began, not realizing it began later than anticipated. The costs incurred during the pre-award period were related to the project and in accordance with the proposed budget. If the grantee had requested approval to incur costs prior to award, the request would have been granted. OGM will allow the related questioned costs identified in the audit and advise the grantee during the audit resolution phase that pre-award costs for future grants should be requested in advance.

