

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

**AUDIT OF CORPORATION FOR NATIONAL
AND COMMUNITY SERVICE GRANTS
AWARDED TO THE IOWA COMMISSION
ON VOLUNTEER SERVICE**

OIG REPORT NUMBER 05-21



Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

Prepared by:

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This report was issued to Corporation management on July 11, 2005. 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 January 11, 2006, and complete its corrective actions by July 11, 2006. 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 05-21

Audit of Corporation for National and Community Service Grants Awarded to the
Iowa Volunteer Service Commission

OIG Summary

The Office of Inspector General (OIG), Corporation for National and Community Service (Corporation), retained Cotton & Company LLP (Cotton) to perform an incurred-cost audit of grants awarded to the Iowa Volunteer Service Commission.

For the grants audited, the Commission claimed costs of \$4,242,581, of which the auditors questioned \$82,396 of Federal costs and \$49,214 of education awards. Costs questioned are approximately 2 percent of claimed costs. Costs questioned for allowability represent amounts for which documentation shows that recorded costs were expended in violation of regulations or specific grant award conditions, or costs that require an interpretation of allowability by the Corporation. The auditors also noted instances of noncompliance with provisions of Federal laws, regulations and grant award provisions and six internal control findings, two of which are considered material weaknesses.

The Commission has made changes to its policies, procedures and practices in response to the findings.

In accordance with our statutory responsibilities, we reviewed Cotton's report and related audit documentation, interviewed their representatives, and performed other procedures as we deemed appropriate in the circumstances to provide reasonable assurance that the audit was performed in accordance with generally accepted government auditing standards. Our review was not intended to enable us to express, and we do not express, opinions on the Commission's Consolidated Schedule of Award Costs, internal controls or conclusions on compliance with laws and regulations. Cotton is responsible for the attached reports dated February 21, 2005, and the conclusions expressed therein. However, our review disclosed no instances where Cotton did not comply, in all material respects, with generally accepted government auditing standards.

The Office of Inspector General provided officials of the Iowa Commission on Volunteer Service and the Corporation with a draft of this report for their review and comment. Their responses are included as Appendices A and B, respectively.

**OFFICE OF INSPECTOR GENERAL
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
INCURRED-COST AUDIT OF GRANTS AWARDED TO THE
IOWA COMMISSION ON VOLUNTEER SERVICE**

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EXECUTIVE SUMMARY

Cotton & Company LLP was contracted by the Office of Inspector General (OIG), Corporation for National and Community Service (Corporation), to audit Corporation Grants awarded to the Iowa Commission on Volunteer Service (Commission). As a result of our audit we are expressing a qualified opinion on the Commission's Consolidated Schedule of Claimed Costs. We are questioning Federal costs of \$82,396 and \$49,214 of education awards. Federal costs questioned are approximately 2 percent of the \$4,242,601 claimed. Questioned costs are costs for which there is documentation that the costs were expended in violation of law, regulations or grant provisions; costs that require interpretation of allowability by the Corporation; or those costs which require additional support by the grantee. Details on the costs questioned may be found below and in the Independent Auditors' Report.

The report includes six findings and recommendations to improve the Commission's internal controls and compliance with grant provisions. Finally, the report includes the status of recommendations made to the Commission in an OIG Pre-Audit Survey Report dated October 27, 1999.

BACKGROUND

The Iowa Commission on Volunteer Service was established in 1994 by executive order of the governor. An executive director, appointed by the governor, heads the Commission. The Commission is part of the Department of Economic Development (DED). The Commission relies on DED to perform fiscal management for Corporation Grants. The Commission is comprised of 22 volunteer commissioners and has the following employees: executive director, outreach and communications director, AmeriCorps program officer, AmeriCorps program officer and training and disability coordinator, and fiscal officer. The Commission's subgrantees had approximately 200 AmeriCorps members in 2003.

The Corporation administers education awards through a database of all members that is updated by each State commission and reported to the National Service Trust. Members then submit requests to the Trust to redeem their education awards via payment to qualified higher education institutions or holders of members' education loans. The Commission does not directly administer either of the two AmeriCorps programs. AmeriCorps funding flows through the Commission to subgrantees. The Commission does, however, directly incur expenses for the Administrative and Program Development and Training (PDAT) grants. The Promise Fellows grant is an annual, fixed, unit-price grant to the Commission based on the number of planned/budgeted Promise Fellows.

The Corporation requires the Commission to provide matching funds (as specified in the award agreement) toward program support as a condition of its AmeriCorps and Administrative grants. The Commission meets its AmeriCorps matching requirement using subgrantee contributions. The Commission has historically met its administrative grant matching requirements through the value of services provided by DED and other state agencies.

DED was included as part of the overall Iowa State Single Audit for years ended June 30, 2001, 2002 and 2003. Corporation grants were not, however, identified as major programs. Our initial review disclosed that Corporation grants appear to be properly identified in the Schedule of Expenditures under Federal Awards. While no Corporation funds were tested, other DED programs were selected as major programs, and the department's internal controls were tested. The state auditors' office issues reports to DED that summarize findings included in the Single Audit and further identify internal control weaknesses over the financial statements or compliance. While Corporation grants were not specifically tested, we reviewed the internal control and compliance work performed for DED due to the fact that DED personnel who are responsible for controls over Corporation grants are also responsible for other Federal funds. The same procedures are used over all funds for an extended period.

AUDIT SCOPE

Cotton & Company LLP was contracted by the OIG to perform an incurred-cost audit of costs claimed by the Commission for Program Years (PYs) 2001-2002, 2002-2003, and 2003-2004. Our audit included costs claimed under the following grants for the periods specified below. Our audit covered financial transactions, compliance, and internal control testing of the following awards funded by the Corporation:

Program	Award No.	Award Period	Audit Period
Administrative	01SCSIA012	01/01/01-12/31/03	01/01/01-12/31/03
Administrative	04CAHIA001	01/01/04-12/31/06	01/01/04-06/30/04
PDAT	95PDSIA012	01/01/95-12/31/01	01/01/01-12/31/01
PDAT	02PDSIA012	01/01/02-12/31/04	01/01/02-06/30/04
Disability	01DSCIA017	01/01/01-12/31/03	01/01/01-12/31/03
Disability	04CDHIA001	01/01/04-12/31/05	01/01/04-06/30/04
Governor's Initiative	99ASHIA016	09/01/99-02/28/03	09/01/01-02/28/03
AmeriCorps Competitive	00ASCIA016	09/01/00-08/31/04	09/01/01-03/31/04
AmeriCorps Competitive	03ACHIA001	09/01/03-08/31/06	09/01/03-03/31/04
AmeriCorps Formula	00ASFIA016	09/01/00-06/30/04	09/01/01-03/31/04
AmeriCorps Formula	03AFHIA001	09/03/03-09/02/06	09/03/03-03/31/04
AmeriCorps Promise Fellows*	01APSIA016	11/01/01-10/31/04	11/01/01-06/30/04
AmeriCorps Ed Awards*	00EDSIA005	09/01/00-06/30/04	09/01/00-06/30/04

* These grants are fixed-amount awards for which the Commission is not required to submit Financial Status Reports (FSRs). Our audit scope was limited to testing compliance with member eligibility and staffing requirements.

Audit objectives were to determine if:

- The Commission's financial reports presented financial award results fairly.
- Internal controls were adequate to safeguard Federal funds.
- The Commission and its subrecipients had adequate procedures and controls to ensure compliance with Federal laws, applicable regulations, and award conditions.
- The Commission documented award costs reported to the Corporation, and these costs were allowable in accordance with award terms and conditions.
- The Commission established adequate financial and program management oversight of its subrecipients.

The Commission's subrecipients for the program years included in our audit scope are listed below:

Full Name	Abbreviated Name
American Red Cross	ARC
Iowa Coalition Against Domestic Violence	ICADV
Iowa Department of Natural Resources	IDNR
Iowa State University	ISU
Muscatine Mobilization Council	MMC
Dubuque County Extension	DCE
Fort Madison YMCA	FMYMCA
Linn County Conservation	LCC
Northeast Iowa Community Action Corporation	NEICAC
Storm Lake Community Schools	SLCS
United Neighbors	UN
Stories 2000	STORIES
City of Des Moines	DSM

SUMMARY OF RESULTS

Based on questioned costs detailed below, our audit report expresses a qualified opinion on the Consolidated Schedule of Claimed and Questioned Costs. Compliance, internal control and cost findings are summarized below.

Compliance and Internal Control Findings

We have issued a report titled Independent Auditors' Report on Compliance and Internal Control, which is applicable to the audit of the Consolidated Schedule of Claimed and Questioned Costs. In that report, we identified findings required to be reported under *Government Auditing Standards*. These findings are as follows:

1. The Commission did not have adequate financial monitoring procedures or other procedures in place to ensure that subrecipients had adequate financial management and reporting systems.
2. The Commission claimed unallowable costs and costs for which no supporting documentation was provided.
3. The Commission's financial management system was not adequate to account for and support all costs claimed.
4. The Commission did not have adequate procedures in place to ensure that the subrecipients documented member eligibility, and that member support payments were proper.
5. The Commission did not have procedures in place to ensure that subrecipients adequately documented member activities.
6. The Commission did not have procedures in place to ensure that subrecipients complied with all grant compliance provisions.

Cost Findings

The Commission claimed \$4,242,601 in PYs 2001-2002, 2002-2003, and 2003- 2004. Of this amount, we questioned \$82,396. Costs questioned are those costs for which documentation shows that recorded costs were incurred in violation of laws, regulations, or specific award conditions; costs that require interpretation of allowability by the Corporation; or costs that require additional documentation to substantiate that the cost was incurred and is allowable.

Grant participants who successfully complete terms of service under AmeriCorps grants are eligible for education awards from the National Service Trust. These award amounts are not funded by Corporation grants and thus are not included in claimed costs. As part of our audit, however, we determined the effect of audit findings on education award eligibility. Using the same criteria described above, we questioned education awards of \$49,214, detailed in the following table:

Questioned for	Federal Costs	Education Awards
Costs not applicable to this grant	\$915	-
Unallowable public relations activities	1,229	-
Unallowable unemployment insurance premiums	860	-
Member eligibility, missing proof of citizenship	5,018	\$1,964
Unsupported costs	1,126	-
Unallowable travel costs	264	-
Living allowance, excess payment	4,363	-
Member eligibility, no background checks	68,621	33,075
Unsupported member service hours	-	<u>14,175</u>
Questioned Costs	<u>\$82,396</u>	<u>\$49,214</u>

Details of questioned Federal costs and education awards appear in the Independent Auditors' Report. Schedules A through F detail Federal cost and education exceptions by award and are summarized below:

Grant No.	Federal Costs Questioned	Education Awards Questioned	Schedule
01SCSIA012	\$1,229	-	A
02PDSIA012	915	-	B
00ASCIA016	5,000	-	C
99ASHIA016	1,812	\$714	D
00ASFIA016	<u>73,440</u>	<u>48,500</u>	E
Total	<u>\$82,396</u>	<u>\$49,214</u>	

EXIT CONFERENCE

An exit conference was held with Commission and Corporation representatives on May 2, 2005.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

The OIG performed a pre-audit survey of the Commission in Fiscal Year 1999 and issued Office of Inspector General Report No. 00-07, dated October 27, 1999. Our audit followed up on the status of findings and recommendations made in that report (see Attachment A).

COTTON & COMPANY LLP

auditors ♦ advisors

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February 21, 2005

Office of Inspector General
Corporation for National and Community Service

INDEPENDENT AUDITORS' REPORT

We have audited costs claimed by the Iowa Commission on Volunteer Service for Program Years (PYs) 2001-2002, 2002-2003, and 2003-2004 for the awards listed below. These costs, as presented in the Consolidated Schedule of Claimed and Questioned Costs and grant-specific Schedules of Claimed and Questioned Costs (Schedules A through F), are the responsibility of Commission management. Our responsibility is to express an opinion on the consolidated and grant-specific schedules based on our audit.

Program	Award No.	Award Period	Audit Period
Administrative	01SCSIA012	01/01/01-12/31/03	01/01/01-12/31/03
Administrative	04CAHIA001	01/01/04-12/31/06	01/01/04-06/30/04
PDAT	95PDSIA012	01/01/95-12/31/01	01/01/01-12/31/01
PDAT	02PDSIA012	01/01/02-12/31/04	01/01/02-06/30/04
Disability	01DSCIA017	01/01/01-12/31/03	01/01/01-12/31/03
Disability	04CDHIA001	01/01/04-12/31/05	01/01/04-06/30/04
Governor's Initiative	99ASHIA016	09/01/99-02/28/03	09/01/01-02/28/03
AmeriCorps Competitive	00ASCIA016	09/01/00-08/31/04	09/01/01-03/31/04
AmeriCorps Competitive	03ACHIA001	09/01/03-08/31/06	09/01/03-03/31/04
AmeriCorps Formula	00ASFIA016	09/01/00-06/30/04	09/01/01-03/31/04
AmeriCorps Formula	03AFHIA001	09/03/03-09/02/06	09/03/03-03/31/04
AmeriCorps Promise Fellows*	01APPSIA016	11/01/01-10/31/04	11/01/01-06/30/04
AmeriCorps Ed Awards*	00EDSIA005	09/01/00-06/30/04	09/01/00-06/30/04

* These grants are fixed-amount awards for which the Commission is not required to submit Financial Status Reports (FSRs). Our audit scope was limited to testing compliance with member eligibility and staffing requirements.

Except as described below, we conducted our audit in accordance with audit standards generally accepted in the United States of America and generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial schedules. An audit 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 costs claimed.

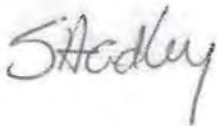
The Consolidated Schedule of Claimed and Questioned Costs and grant-specific Schedules of Claimed and Questioned Costs are intended to present allowable costs incurred under the awards in accordance with Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, other applicable OMB circulars, and award terms and conditions. Therefore, these are not intended to be complete presentations of the Commission's revenues and expenses. These schedules also identify certain questioned education awards. These awards are not funded by Corporation grants and thus are not included in claimed costs. As part of our audit, however, we determined the effect of all member-eligibility issues on these awards.

In our opinion, except for questioned costs in the Consolidated Schedule of Claimed and Questioned Costs, the financial schedules referred to above present fairly, in all material respects, costs claimed by the Commission for PYs 2001-2002, 2002-2003, and 2003-2004, in conformity with OMB Circular A-87, other applicable OMB circulars, and award terms and conditions.

In accordance with *Government Auditing Standards*, we have also issued a report, dated February 21, 2005, on our consideration of the Commission's internal controls and compliance with laws and regulations. This 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.

This report is intended for the information and use of the Office of Inspector General, Corporation management, the Commission and its subgrantees, and the U.S. Congress: This report is, however, a matter of public record and its distribution is not limited.

COTTON & COMPANY LLP

A handwritten signature in dark ink, appearing to read "S Hadley". The signature is written in a cursive, slightly slanted style.

Sam A. Hadley, CPA, CGFM
Partner

**IOWA COMMISSION ON VOLUNTEER SERVICE
CONSOLIDATED SCHEDULE OF CLAIMED AND QUESTIONED COSTS
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE AWARDS**

Award No.	Program	Approved Budget	Claimed Costs	Questioned Federal Costs	Education Award Questioned	Schedule
01SCSIA012	Administrative	\$561,976	\$544,400	\$1,229	-	A
04CAHIA001	Administrative	206,769	25,742	-	-	
95PDSIA012	PDAT	101,000	85,014	-	-	
02PDSIA012	PDAT	305,273	234,741	915	-	B
01DSCIA017	Disability	88,650	44,111	-	-	
04CDHIA001	Disability	34,000	623	-	-	
00ASCIA016	AmeriCorps Competitive	1,434,547	1,198,687	5,000	-	C
03ACHIA001	AmeriCorps Competitive	532,032	90,314	-	-	
99ASHIA016	Governor's Initiative	363,000	262,223	1,812	\$714	D
00ASFIA016	AmeriCorps Formula	1,833,259	1,559,968	73,440	48,500	E
03AFHIA001	AmeriCorps Formula	312,220	115,758	-	-	F
01APSIA016	Promise Fellows	110,400	69,000*	-	-	
00EDSIA005	Education Award	<u>22,000</u>	<u>12,000*</u>	<u>-</u>	<u>-</u>	
Total		<u>\$5,905,126</u>	<u>\$4,242,581</u>	<u>\$82,396</u>	<u>\$49,214</u>	

* Because these awards are fixed price with no interim financial reporting, the amount shown here as Claimed Costs represents the amount of Federal funds drawn down as of June 30, 2004.

**IOWA COMMISSION ON VOLUNTEER SERVICE
 SCHEDULE OF CLAIMED AND QUESTIONED COSTS UNDER
 CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
 AWARD No. 01SCSIA012
 ADMINISTRATIVE GRANT
 JANUARY 1, 2001, TO DECEMBER 31, 2003**

	Amount	Notes
Approved Budget (Federal Funds)	\$561,976	
Claimed Federal Costs	\$544,400	
Claimed Match Costs	\$667,139	
Questioned Federal Costs:		
Unallowable Public Relations Activities	<u>\$1,229</u>	1
Questioned Match Costs:		
Excessive indirect costs claimed	\$137	2
Unallowable match costs	18,417	3
Unsupported match costs	<u>10,702</u>	4
Total Questioned Match Costs	<u>\$29,256</u>	

1. The Commission claimed unallowable public relations expenses. Claimed costs included supplies for an ice cream social event to introduce state legislators to Commission activities and the AmeriCorps program. OMB Circular A-87, Attachment B, Section 1, *Advertising and Public Relations*, states that public relations costs are allowable only if they are specifically required by the Federal award, include costs of communicating with the public and press pertaining to specific activities or accomplishments which result from performance of Federal awards (necessary outreach) or general liaison with news media and government public relations officers necessary to keep the public informed on matters of public concern. The grant provisions do not require this type of public relations activity and we therefore questioned \$1,229.

The Commission sponsors these types of events during the year. The amount questioned here represents only those costs identified in our sample, not the entire amount related to these events.

2. The Commission claimed a 20-percent indirect cost rate on claimed direct costs. It also claimed as match the difference between its estimated indirect cost rate and the rate applied to this grant. When the actual rate for the period was determined to be lower than the estimate, the Commission did not make a downward adjustment to claimed match costs. We therefore questioned the \$137 difference between claimed match costs and costs calculated, using the Commission's actual indirect cost rate.

3. The Commission claimed matching costs of \$33,991 for a Governor's Conference for Community Service. Costs were incurred and accumulated by the governor's office and reported to the Commission for its matching requirements. AmeriCorps members and other individuals attended the conference. The Commission paid a participation fee for each AmeriCorps attendee from PDAT grant funds.

Thus, the Commission claimed both total conference expenses as match to this grant and participation fees under the PDAT grant. It did not, however, deduct revenue generated from participation fees paid from the PDAT grant, thereby charging the Corporation twice for those expenses. We therefore questioned \$18,417 paid by the PDAT grant as conference revenue that should have been credited against claimed program expenses.

4. The Commission claimed costs paid to the governor's office for service awards presented to individuals from various state agencies. The governor's office charged each agency for awards presented to its employees, and the Commission claimed the amount it paid for the awards. It did not, however, provide documentation to support actual costs incurred by the governor's office for the service awards, but claimed the amount charged. OMB Circular A-87, Attachment A, Section (B)(9), *Cost*, states that costs do not include transfers to a general or similar fund. Additionally, 45 *Code of Federal Regulations* (CFR) 2541.240, *Matching or cost sharing*, requires costs claimed as matching to represent actual expenses that are verifiable from the recipient's records.

**IOWA COMMISSION ON VOLUNTEER SERVICE
 SCHEDULE OF CLAIMED AND QUESTIONED COSTS UNDER
 CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
 AWARD No. 02PDSIA012
 PDAT GRANT
 JANUARY 1, 2002, TO DECEMBER 31, 2004**

	Amount	Note
Approved Budget (Federal Funds)	\$305,273	
Claimed Federal Costs	\$234,741	
Questioned Federal Costs:		
Costs Not Applicable to this Grant	<u>\$915</u>	1

1. The Commission claimed hotel costs for a Service Recognition Day for commissioners and AmeriCorps and SeniorCorps members. OMB Circular A-87, Attachment A, Section C(3), *Allocable costs*, states that a cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such the cost objective in accordance with relative benefits received. SeniorCorps members are not AmeriCorps members, and thus their hotel costs are not allowable. We therefore questioned \$915 for SeniorCorps volunteers' hotel charges.

SCHEDULE C

IOWA COMMISSION ON VOLUNTEER SERVICE
 SCHEDULE OF CLAIMED AND QUESTIONED COSTS UNDER
 CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
 AWARD No. 00ASCIA016
 AMERICORPS COMPETITIVE GRANT
 OCTOBER 1, 2001, TO MARCH 31, 2004

	Approved Federal Budget	Federal Claimed Costs	Questioned Federal Costs	Questioned Match Costs	Reference
IDNR	\$637,000	\$608,093	\$4,821	\$360	Schedule C-1
ISU	198,396	137,448	179	127	Schedule C-2
Others	<u>599,151</u>	<u>453,145</u>	<u>—</u>	<u>—</u>	
Total	<u>\$1,434,547</u>	<u>\$1,198,686</u>	<u>\$5,000</u>	<u>\$487</u>	

**IOWA COMMISSION ON VOLUNTEER SERVICE
SCHEDULE OF CLAIMED AND QUESTIONED COSTS UNDER
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
AWARD No. 00ASCIA016
AMERICORPS COMPETITIVE GRANT
OCTOBER 1, 2001, TO MARCH 31, 2004**

IDNR

	Amount	Notes
Approved Budget (Federal Funds)	\$637,000	
Claimed Federal Costs	\$608,093	
Claimed Match Costs	\$419,442	
Questioned Federal Costs:		
Unsupported Costs	\$14	1
Living Allowance, Excess Payment	4,324	2
Unsupported Costs	<u>483</u>	3
Total Questioned Federal Costs	<u>\$4,821</u>	
Questioned Match Costs:		
Unsupported Costs	\$11	1
Unsupported Costs	<u>349</u>	3
Total Questioned Match Costs:	<u>\$360</u>	

1. IDNR paid \$25 for mileage reimbursements that were not adequately supported in three instances. In two instances, the number of miles reimbursed was not supported by trip details. In the third instance, the member claimed mileage reimbursement for a trip to a tutoring session, but the member's name was not on the session sign-in sheet, and no other documentation was available to support the member's attendance. We therefore questioned unsupported mileage reimbursement of \$25 (\$14 claimed as Federal share and \$11 claimed as match).
2. IDNR claimed member living allowances for 5 members in PY 2001-2002 that exceeded the maximum allowed Federal share. AmeriCorps Provision B.11, *Living Allowances, In-Service Benefits, and Taxes* states that the Corporation will fund up to 85 percent of the minimum living allowance (\$7,905). It further states that, if members are less than full time, the living allowance should be prorated based on the member's service. We therefore questioned \$4,324, which is the difference between the allowable Federal share of the member living allowances and the amount claimed for those members.

3. IDNR claimed \$832 for software licenses. It could not, however, provide support for the relationship of these expenses to the AmeriCorps program. In accordance AmeriCorps Provision 22.b, *Financial Management Provisions, Source Documentation*, the grantee must maintain adequate documentation to support expenditures. We questioned \$483 claimed as Federal share and \$349 claimed as match.

IOWA COMMISSION ON VOLUNTEER SERVICE
SCHEDULE OF CLAIMED AND QUESTIONED COSTS UNDER
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
AWARD No. 00ASCIA016
AMERICORPS COMPETITIVE GRANT
OCTOBER 1, 2001, TO MARCH 31, 2004

ISU

	Amount	Notes
Approved Budget (Federal Funds)	\$198,396	
Claimed Federal Costs	\$137,448	
Claimed Match Costs	\$45,048	
Questioned Federal Costs:		
Unallowable Unemployment Insurance Premiums	<u>\$179</u>	1
Questioned Match Costs:		
Unallowable Unemployment Insurance Premiums	\$30	1
Claimed Match Exceeded Actual Costs	<u>97</u>	2
Total Questioned Match Costs	<u>\$127</u>	

1. ISU claimed unemployment insurance premium costs for its members. Unemployment insurance costs are unallowable in accordance with AmeriCorps Provision 11.d.iv., *Unemployment Insurance*, which states:

The U.S. Department of Labor ruled on April 20, 1995, that federal unemployment compensation law does not require coverage for members because no employer-employee relationship exists. The Grantee can not charge the costs of unemployment insurance taxes to the Grant unless mandated by state law. Programs are responsible for determining the requirements of state law by consulting their State Commission, legal counsel or the applicable state agency.

ISU was aware that unemployment insurance premium costs were unallowable, but the university payroll system did not allow a separate classification for members to have a FICA deduction without unemployment insurance. The payroll system has since been revised to allow for this classification. We therefore questioned \$209 of claimed unemployment insurance premiums (\$179 claimed as Federal share and \$30 claimed as matching expenses).

2. ISU overclaimed \$97 on its Financial Status Reports (FSR) for the period ending June 30, 2002. It did not apply a credit in that amount to subsequent FSRs, and total costs claimed exceeded net expenses. We therefore questioned the \$97 difference between claimed costs and amounts supported by accounting records, in accordance with OMB Circular A-21, Section C (5), *Applicable credits*.

**IOWA COMMISSION ON VOLUNTEER SERVICE
 SCHEDULE OF CLAIMED AND QUESTIONED COSTS UNDER
 CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
 AWARD No. 99ASHIA016
 GOVERNOR'S INITIATIVE GRANT (AWARDED TO ISU)
 OCTOBER 1, 2001, TO FEBRUARY 28, 2003**

	Amount	Notes
Approved Budget (Federal Funds)	\$363,000	
Claimed Federal Costs*	\$262,223	
Claimed Match Costs*	\$141,483	
Questioned Federal Costs:		
Member Eligibility, Missing Proof of Citizenship	\$1,109	1
Unallowable Unemployment Insurance Premiums	681	2
Unallowable Travel Costs	<u>22</u>	3
Total Questioned Federal Costs	<u>\$1,812</u>	
Questioned Match Costs:		
Member Eligibility, Missing Proof of Citizenship	\$571	1
Unallowable Unemployment Insurance Costs	<u>351</u>	2
Total Questioned Match Costs	<u>\$922</u>	
Questioned Education Awards		
Member Eligibility, Missing Proof of Citizenship	<u>\$714</u>	1

* The Commission awarded the entire amount of its Governor's Initiative grant to ISU.

1. ISU did not provide documentation supporting U.S. citizenship or national status for one of its members. According to 45 CFR § 2522.200, *What are the eligibility requirements for an AmeriCorps participant?*, every AmeriCorps participant must be a citizen, national, or lawful permanent resident alien of the United States. ISU believed that previous Commission staff did not require it to maintain citizenship documentation in the member files. We therefore questioned living allowances claimed for this member (\$1,109 charged to the Federal share and \$571 charged as matching expenses) and the total of \$714 in education awards earned by the member.

2. ISU claimed unemployment insurance costs for its members. Unemployment insurance premium costs are unallowable in accordance with AmeriCorps Provisions 11.d.iv., *Unemployment Insurance*, which states:

The U.S. Department of Labor ruled that federal unemployment compensation law does not require coverage for members because no employer-employee relationship exists. The Grantee can not charge the costs of unemployment insurance taxes to the Grant unless mandated by state law. Programs are responsible for determining the requirements of state law by consulting their State Commission, legal counsel or the applicable state agency.

ISU was aware that unemployment insurance premium costs were unallowable, but the university payroll system did not allow a separate classification for the members to have a FICA deduction without unemployment insurance. The payroll system has since been revised to allow for this classification. We therefore questioned \$1,032 of claimed unemployment insurance premiums (\$681 claimed as Federal costs and \$351 claimed as matching expenses).

3. ISU claimed \$25 for mileage reimbursement to a member. The trip description supported 8 miles of travel, rather than the 80 miles claimed by the member. We therefore questioned \$22 of excess claimed mileage costs.

SCHEDULE E

**IOWA COMMISSION ON VOLUNTEER SERVICE
 SCHEDULE OF CLAIMED AND QUESTIONED COSTS UNDER
 CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
 AWARD No. 00ASFIA016
 AMERICORPS FORMULA GRANT
 OCTOBER 1, 2001, TO MARCH 31, 2004**

	Approved Federal Budget	Federal Claimed Costs	Questioned Federal Costs	Questioned Match Costs	Questioned Education Awards	Reference
DCE	\$409,500	\$355,006	\$4,515	\$2,165	\$1,250	Schedule E-1
NEICAC	202,800	163,589	3,319	1,925	-	Schedule E-2
LCC	471,423	377,745	65,606	32,164	47,250	Schedule E-3
Others	<u>749,536</u>	<u>663,628</u>	-	-	-	
Total	<u>\$1,833,259</u>	<u>\$1,559,968</u>	<u>\$73,440</u>	<u>\$36,254</u>	<u>\$48,500</u>	

**IOWA COMMISSION ON VOLUNTEER SERVICE
SCHEDULE OF CLAIMED AND QUESTIONED COSTS UNDER
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
AWARD NO. 00ASFIA016
AMERICORPS FORMULA GRANT
OCTOBER 1, 2001, TO MARCH 31, 2004**

DCE

	Amount	Notes
Approved Budget (Federal Funds)	\$409,500	
Claimed Federal Costs	\$355,006	
Claimed Match Costs	\$110,169	
Questioned Federal Costs:		
Unsupported Costs	\$410	1
Member Eligibility, Missing Proof of Citizenship	3,909	2
Unallowable Travel Costs	<u>196</u>	3
Total Questioned Federal Costs	<u>\$4,515</u>	
Questioned Match Costs:		
Costs not Adequately Supported	\$500	1
Member Eligibility, Missing Proof of Citizenship	715	2
Unsupported Staff Labor Costs	<u>950</u>	4
Total Questioned Match Costs	<u>\$2,165</u>	
Questioned Education Awards:		
Member Eligibility, Missing Proof of Citizenship	<u>\$1,250</u>	2

1. DCE claimed \$410 of Federal costs and \$500 of match costs that it did not adequately support. DCE provided credit card receipts for two transactions totaling \$410, but did not include a receipt or other documentation to detail the nature of the expense or how the cost related to the AmeriCorps program. It also claimed matching costs of \$500 for copying that was supported only by a letter from DCE's executive director that did not include an invoice, receipt or details of how the copying cost was determined. In accordance AmeriCorps Provision 22.b, *Financial Management Provisions, Source Documentation*, the grantee must maintain adequate documentation to support expenditures. We therefore questioned \$410 of claimed Federal costs and \$500 of claimed match costs.

2. DCE did not provide documentation supporting U.S. citizenship or national status for three members. According to 45 CFR § 2522.200, *What are the eligibility requirements for an AmeriCorps participant?*, every AmeriCorps participant must be a citizen, national, or lawful permanent resident alien of the United States. DCE erroneously accepted driver's licenses which are not recognized as documentation of citizenship or resident status, as proof of citizenship. We therefore questioned claimed living allowance costs for three members of \$3,909 and \$715 for the Federal share and matching costs, respectively. We also questioned the \$1,250 education award earned by one member.
3. DCE claimed \$196 in duplicative travel costs for a DCE staff member to travel to a conference. In accordance with OMB Circular A-21, Section C, *Basic Considerations*, which requires costs to be reasonable, necessary, and otherwise allowable. We therefore questioned claimed travel costs of \$196.
4. DCE did not provide support for all claimed labor costs. It erroneously claimed employee labor costs as in-kind expenses. It also did not have adequate labor distribution records, as required by OMB Circular A-21, Section J(8), *Compensation for personal services*, which requires after-the-fact labor effort reports to support claimed hours or percentages of time worked on a grant.

Also, DCE claimed some employee labor costs based on a market labor rate rather than on actual costs. Because these are not in-kind expenses, labor costs must be based on actual labor rates. We questioned \$950 of claimed labor costs based on market value and estimates for hours worked.

**IOWA COMMISSION ON VOLUNTEER SERVICE
 SCHEDULE OF CLAIMED AND QUESTIONED COSTS UNDER
 CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
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 AMERICORPS FORMULA GRANT
 OCTOBER 1, 2001, TO MARCH 31, 2004**

NEICAC

	Amount	Notes
Approved Budget (Federal Funds)	\$202,800	
Claimed Federal Costs	\$163,589	
Claimed Match Costs	\$110,977	
Questioned Federal Costs:		
Member Eligibility, no Background Checks	<u>\$3,319</u>	1
Questioned Match Costs:		
Member Eligibility, no Background Checks	\$1,356	1
Claimed Match Costs Exceeded Actual Costs	<u>569</u>	2
Total Questioned Match Costs	<u>\$1,925</u>	

1. NEICAC did not conduct required criminal background checks for two members in PY 2001-2002. AmeriCorps Provision B(6), *Eligibility, Recruitment, and Selection*, requires programs with members who have substantial direct contact with children to conduct criminal record checks on these members. We therefore questioned the living allowances paid to these two members (\$3,319 claimed as Federal costs and \$1,356 claimed as matching expenses). The members did not earn education awards.

2. NEICAC claimed costs on the FSRs that were accumulated from its accounting records. In PY 2001-2002, NEICAC credited \$569 of living allowance expenses in its accounting records, but it did not adjust the final FSR and reduce claimed costs for that credit. We therefore questioned the \$569 difference between claimed costs and amounts supported by accounting records, in accordance with OMB Circular A-122, Attachment A, Section A (5), *Applicable credits*.

**IOWA COMMISSION ON VOLUNTEER SERVICE
 SCHEDULE OF CLAIMED AND QUESTIONED COSTS UNDER
 CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
 AWARD No. 00ASFIA016
 AMERICORPS FORMULA GRANT
 OCTOBER 1, 2001, TO MARCH 31, 2004**

LCC

	Amount	Notes
Approved Budget (Federal Funds)	\$471,423	
Claimed Federal Costs	\$377,745	
Claimed Match Costs	\$276,575	
Questioned Federal Costs:		
Unsupported Costs	\$219	1
Unallowable Travel Costs	46	2
Member Eligibility, no Background Check	65,302	3
Living Allowance, Excess Payment	<u>39</u>	4
Total Questioned Federal Costs	<u>\$65,606</u>	
Questioned Match Costs:		
Member Eligibility, no Background Check	<u>\$32,164</u>	3
Questioned Education Awards:		
Member Eligibility, no Background Check	\$33,075	3
Unsupported Member Service Hours	<u>14,175</u>	5
Total Questioned Education Awards	<u>\$47,250</u>	

1. LCC claimed \$219 of travel expenses but did not provide supporting documentation. LCC's program includes members in other counties. LCC accumulates costs from these counties to prepare its Periodic Expense Reports (PERs) and Financial Status Reports (FSRs). It did not, however, always request supporting documentation for claimed costs. LCC requested the counties to provide supporting documentation for sampled costs; the counties provided some but not all documentation. We therefore questioned unsupported travel costs of \$219.
2. LCC claimed unallowable travel costs incurred by its affiliate counties. Claimed costs included amounts on expense reports from prior periods and costs exceeding amounts on supporting documents. We therefore questioned \$46 claimed in excess of allowable costs incurred.

3. LCC did not conduct required criminal background checks for any members. AmeriCorps Provision B(6), *Eligibility, Recruitment, and Selection*, requires programs with members who have substantial direct contact with children to conduct criminal record checks on these members. Members in Linn and Jackson counties provided tours to students. LCC representatives stated that the past Commission program director had considered background checks unnecessary. Because members in Linn and Jackson counties provided tours for children, background checks were required. We therefore questioned the living allowances paid to these members (\$65,302 claimed as Federal costs and \$32,164 claimed as matching expenses). In addition, we questioned the \$33,075 of earned education awards for these members.
4. LCC claimed member living allowances that exceeded the maximum Federal share allowed for seven members (four in PY 2001-2002 and three in PY 2002-2003). AmeriCorps Provision B.11, *Living Allowance*, states that the Corporation will fund up to 85 percent of the minimum living allowance (\$7,905 for PY 2001-2002 and \$8,415 for PY 2002-2003). We therefore questioned \$39, which is the difference between the allowable Federal share of member living allowances and the amount that was claimed for those members.
5. LCC recorded member hours in the Corporation's Web Based Reporting System (WBRS) that exceeded hours reported on time sheets for eight members. Time sheet hours recorded for two members in PY 2002-2003 did not meet the minimum service requirement for the education awards they earned. We therefore questioned earned education awards of \$9,450.

LCC recorded hours in WBRS in PY 2001-2002 from a member's time sheet that were served after the member's August 29, 2002, program exit date, as also noted in WBRS. Hours were also incurred after the grant completion date of August 31, 2002. LCC did not file a grant extension in that year. Further, the allowable hours worked by the member before the WBRS exit date did not meet the minimum service requirement for an education award. We therefore questioned the earned education award of \$4,725.

**IOWA COMMISSION ON VOLUNTEER SERVICE
 SCHEDULE OF CLAIMED AND QUESTIONED COSTS UNDER
 CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
 AWARD No. 03AFHIA001
 AMERICORPS FORMULA GRANT
 OCTOBER 1, 2003, TO MARCH 31, 2004**

	Approved Federal Budget	Federal Claimed Costs	Questioned Match Costs	Reference
DCE	\$130,859	\$56,280	\$212	Schedule F-1
Others	<u>181,361</u>	<u>59,478</u>	—	
Total	<u>\$312,220</u>	<u>\$115,758</u>	<u>\$212</u>	

**IOWA COMMISSION ON VOLUNTEER SERVICE
SCHEDULE OF CLAIMED AND QUESTIONED COSTS UNDER
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
AWARD NO. 03AFHIA001
AMERICORPS FORMULA GRANT
OCTOBER 1, 2003, TO MARCH 31, 2004**

DCE

	Amount	Notes
Approved Budget (Federal Funds)	\$130,859	
Claimed Federal Costs	\$56,280	
Claimed Match Costs	\$54,027	
Questioned Match Costs:		
Unsupported Costs	\$16	1
Unallowable Travel Costs	<u>\$196</u>	2
Total Questioned Match Costs	<u>\$212</u>	

1. DCE claimed \$592 for program director hotel costs, but the hotel bill supported only \$576. We questioned the unsupported \$16 difference.
2. DCE claimed \$196 in duplicative travel costs for a DCE staff member to travel to a conference. In accordance with OMB Circular A-21, Section C *Basic Considerations*, which requires costs to be reasonable, necessary, and otherwise allowable. We therefore questioned claimed travel costs of \$196.

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Office of Inspector General
Corporation for National and Community Service

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL

We have audited costs claimed by the Iowa Commission of Volunteer Service to the Corporation for National and Community Service for the following awards and have issued our report thereon dated. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and generally accepted government auditing standards.

Program	Award No.	Award Period	Audit Period
Administrative	01SCSIA012	01/01/01-12/31/03	01/01/01-12/31/03
Administrative	04CAHIA001	01/01/04-12/31/06	01/01/04-06/30/04
PDAT	95PDSIA012	01/01/95-12/31/01	01/01/01-12/31/01
PDAT	02PDSIA012	01/01/02-12/31/04	01/01/02-06/30/04
Disability	01DSCIA017	01/01/01-12/31/03	01/01/01-12/31/03
Disability	04CDHIA001	01/01/04-12/31/05	01/01/04-06/30/04
Governor's Initiative	99ASHIA016	09/01/99-02/28/03	09/01/01-02/28/03
AmeriCorps Competitive	00ASCIA016	09/01/00-08/31/04	09/01/01-03/31/04
AmeriCorps Competitive	03ACHIA001	09/01/03-08/31/06	09/01/03-03/31/04
AmeriCorps Formula	00ASFIA016	09/01/00-06/30/04	09/01/01-03/31/04
AmeriCorps Formula	03AFHIA001	09/03/03-09/02/06	09/03/03-03/31/04
AmeriCorps Promise Fellows*	01APSIA016	11/01/01-10/31/04	11/01/01-06/30/04
AmeriCorps Ed Awards*	00EDSIA005	09/01/00-06/30/04	09/01/00-06/30/04

* This grant is a fixed-amount award for which the Commission is not required to submit Financial Status Reports (FSRs). Our audit scope was limited to testing compliance with member eligibility and staffing requirements.

COMPLIANCE

As part of obtaining reasonable assurance about whether financial schedules are free of material misstatements, we performed tests of compliance with certain provisions of laws, regulations, and grants, noncompliance with which could have a direct and material effect on the 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* (all findings discussed below).

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we obtained an understanding of the Commission's internal controls over financial reporting to determine audit procedures for the purpose of expressing our opinion on the financial schedules, and not to provide assurance on internal controls over financial reporting. We noted, however, certain matters involving internal controls 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 controls over financial reporting that, in our judgment, could adversely affect the Commission's ability to record, process, summarize, and report financial data consistent with assertions of management in the financial schedules (Finding Nos. 1, 2, and 3 below).

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 in Finding Nos. 1 and 2 to be material weaknesses.

FINDINGS

1. **The Commission did not have adequate financial monitoring procedures or other procedures in place, to ensure that subrecipients had adequate financial management and reporting systems.**
 - a. The Commission's site visit documentation provided insufficient evidence that the Commission properly reviewed subrecipients' fiscal records. Site visit documentation did not contain detail regarding preparation of Periodic Expense Reports (PERs), reviews of accounting reports and claimed costs, and how the subrecipient funded its program match.
 - b. The Commission documented their review of subgrantee financial management only after selecting subrecipients for initial awards and when closing out grants. Furthermore, the Commission did not obtain OMB Circular A-133 reports when reviewing applications from subrecipients that had received prior grants.

As a result of the Commission's lack of monitoring, deficiencies in subrecipient financial management systems existed that the Commission should have detected. We identified the following deficiencies:

- LCC's accounting records did not identify and segregate grant expenses, and it was unable to reconcile claimed AmeriCorps program costs to its financial management system. AmeriCorps Provisions C.22, *Financial Management Provisions*, requires that financial management systems be capable of distinguishing expenditures attributable to individual grants. LCC representatives explained that they had a financial management system that can meet this requirement, and they will use it in the future for the AmeriCorps program.

- DCE's financial management system did not identify and segregate grant expenses, and accounting duties were not adequately segregated. The bookkeeper was responsible for processing payables and payroll, handling cash receipts, and reconciling bank accounts. One staff member was able to request and approve her own purchase requests and expense vouchers. In addition, DCE did not require travelers to sign their travel expense vouchers. In addition to requirements of the AmeriCorps Provisions on financial management systems cited above, OMB Circular A-110, Paragraph 21, *Standards for Financial Management Systems*, requires that grantee financial management systems provide effective control over and accountability for all funds, property and other assets.
- ISU claimed labor costs based on estimated percentages of time worked by employees. Employees signed labor certification reports supporting these estimates, but did not revise estimates when actual time worked on the program differed. OMB Circular A-21, Paragraph J(8), *Compensation for personal services*, requires that salaries charged to awards be supported by after-the-fact confirmations or determinations of the actual time worked on the award.
- DCE employees did not properly segregate and identify hours between AmeriCorps and other activities on their time sheets. DCE claimed the program director's full salary under the AmeriCorps grant. The program director stated, however, that her responsibilities included soliciting funds and writing grant proposals. OMB Circular A-21, Paragraph C(4), *Allocable Costs*, a.(2) states that a cost is allocable if it benefits both the award and other work. We do not consider writing grant proposals to benefit the AmeriCorps grant. LCC claimed labor costs based on budgeted amounts that were not supported by time distribution records. OMB Circular A-87, Attachment B, Paragraph 8(h), *Compensation for personal services*, requires that salaries charged to awards be supported by personnel activity reports signed by the employee and/or supervisor and reflect actual time worked on the award.
- Subrecipients did not have procedures to ensure that member and employee time sheets were properly maintained and that all time sheet entries and corrections were adequately documented. Specifically, we noted that:
 - Certain time sheet changes were not initialed (ISU, IDNR, DCE, LCC, NEICAC, STORIES).
 - Original time sheets were not always maintained (ISU, IDNR, DCE, and LCC).
 - Certain time sheets were prepared using pencil rather than ink (IDNR, DCE, and LCC).
 - Time sheets were not always signed and/or dated by the member, employee, or supervisor (ISU, IDNR, DCE, LCC, STORIES).
 - Certain time sheets were signed by the member and supervisor prior to the last day of the time sheet period. (NEICAC).

In accordance with AmeriCorps Provision C.21.c, *Time and Attendance Records*, the grantee (or subrecipient) must keep time-and-attendance records on all AmeriCorps members to document eligibility for in-service and post-service benefits. Time-and-attendance records must be signed by both the member and an individual with oversight responsibilities for the member.

- NEICAC claimed an incorrect amount of match costs for member living allowance. It later detected this error, but did not revise and resubmit its final FSR, as requested by the Commission, because it had met the matching requirement. AmeriCorps Provisions C.21.b, *Source Documentation*, states:

The grantee must maintain adequate supporting documentation for its expenditures (Federal and non-Federal) and in-kind contributions made under this grant. Costs must be shown in books or records... and must be supported by a source document, such as a receipt, travel voucher, invoice, bill, in-kind voucher or similar document.

- ISU, IDNR, DCE, and LCC did not submit FSRs and/or PERs on a timely basis. The grant agreements established quarterly due dates for subrecipient FSRs, and required that PERs be submitted by the 15th day of the month following the preceding reporting period. FSRs and PERs were submitted after grant agreement-stipulated dates, as follows:

Subrecipient	Program Year	FSRs Submitted Late	PERs Submitted Late	Number of Days Late
ISU	2001-2002	1	13	1-12
ISU	2002-2003	1	12	3-37
ISU	2003-2004	1	2	7-11
IDNR	2001-2002	2	2	1-15
IDNR	2002-2003	1	3	3-6
IDNR	2003-2004	1	3	3-7
DCE	2001-2002	-	3	1-13
DCE	2002-2003	-	1	13
DCE	2003-2004	1	2	4-6
LCC	2001-2002	2	-	14-273 ¹
LCC	2002-2003	2	-	6-15
LCC	2003-2004	1	-	17

¹Final FSR was due on 10/15/02, and submitted to the Commission on 7/15/03.

- United Neighbors claimed program costs without ensuring that costs were charged to the appropriate program year. Costs claimed were charged to the oldest available program year until the budget was expended. Additionally, United Neighbors did not request or obtain grant modifications to extend the grant performance period to cover the time period in which costs were incurred. The Commission did not monitor financial reports or verify that members enrolled in a certain program year were charged to that year. During our field work we could not determine the appropriate amount that should have been charged to each program year.

The Commission is responsible for ensuring that its subrecipients have adequate financial management systems and are reporting financial results accurately. The Commission should have detected the conditions described above in its periodic review of subrecipient expense reports and its site visits. The Commission's lack of action identifying and requiring corrective action for the above conditions indicates that improvements over monitoring subrecipients was necessary.

Recommendation: We recommend that the Commission:

- Improve its fiscal site visit procedures and documentation to ensure that it adequately reviews subrecipient financial management systems and that it properly documents this review.
- Include financial management reviews in the subgrantee award process.
- Ensure that subrecipients are aware of, and comply with, financial reporting requirements.
- Recreate costs incurred by United Neighbors by program year to determine allowable costs compared to amounts received under each program year.

Commission Comments: The Commission has conducted management training for all subrecipients related to the preliminary findings from the audit including financial management. It has also incorporated technical training in the 2006 PDAT plan. Additionally, the Commission:

- Has modified the financial monitoring policy to include a fiscal desk review which includes collecting all supporting documentation.
- Asks specific questions about the sources of match, whether match funds are Federal, and whether they are counted as match towards other Federal grants.
- Has changed its close-out process to request and review an end-of-year cumulative report from the program's books of accounts related to the AmeriCorps grant, including summary documentation for all costs and member costs detail reports.

Finally, the Commission noted that it had always reviewed financial statements and A-133 reports subsequent to subgrant award, and it has, effective with the 2005-2006 application process, taken the audit report information into account as a factor of the grant review process.

Auditors' Additional Comments: The Commission's corrective actions, as described in their response, are responsive to our recommendations.

2. The Commission claimed unallowable costs and costs for which no documentation was provided to support allowability.

The notes to Schedules A through F describe questioned Federal costs of \$82,396, which are summarized in the table included in the Executive Summary, in addition to questioned matching costs of \$67,130. These questioned costs consist of costs claimed by the Commission for which there is documentation that recorded costs were expended in violation of laws, regulations, specific conditions of awards, or costs that require interpretation of allowability by the Corporation or unsupported costs claimed by the Commission that require additional documentation to support allowability.

Recommendation: We recommend that the Corporation:

- Follow up with the Commission to determine if questioned and unsupported amounts should be disallowed and recovered.
- Ensure that the Commission provides better training to subrecipients on the allowability of costs and the documentation required to support claimed costs.

Commission Response: As discussed in Finding No. 1, the Commission has made many changes to make improvements to financial monitoring and oversight. It believes those procedures will minimize any grantee unallowable costs, or costs that do not have proper supporting documentation.

Specifically, the Commission disagrees with the questioned hotel costs related to a cross-stream training event and believes the costs are allowable in accordance with Section B 1. a. of the Special Provisions for Program Development and Training, Disability Placement and State Administrative Awards, dated December, 2000. Additionally, the Commission believes that public relations expenses should not be questioned because they were an approved portion of its grant application (Unified State Plan).

Auditors' Additional Comments: The Commission's corrective actions, as described in their response, are responsive to our recommendations. But we do not believe that adjustments to questioned costs should be made, based on the comments supporting the questioned costs in the appropriate schedules.

3. The Commission's financial management system was not adequate to account for and support all costs claimed.

The Commission did not have procedures to ensure that a labor distribution system supported claimed in-kind administrative labor costs and that matching amounts were properly documented and recorded. It also did not submit FSRs and other program reports on a timely basis. Specifically, we noted the following:

- a. The Commission claimed in-kind direct labor costs on the Administrative Grant for Governor's Office on Volunteer Service employees who did not keep time distribution records that identified hours worked by activity. The employee time sheets recorded hours worked, but did not indicate specific activities. The Commission based amounts claimed on estimates of time spent on AmeriCorps activities. OMB Circular A-87, Attachment B, Paragraph 11(h), *Support of salaries and wages*, requires salary distributions based on personnel activity reports for employees working on multiple activities. These are to be signed by each employee and to account for all time worked.

- b. The Commission did not have adequate procedures to properly calculate, document, and record matching amounts. The Commission did not always obtain documentation for the valuation of claimed third-party in-kind contributions and, in some cases, did not obtain the third party's certification that the donated amounts were for AmeriCorps match only. The Commission, therefore, did not comply with OMB Circular A-110, Paragraph 23, *Cost sharing or matching*, which requires that the basis for determining the value of all third-party in-kind contributions be documented, and that these amounts not be included as contributions for any other Federally-assisted project or program.
- c. As discussed in Note 1 to Schedule A, the Commission claimed unallowable public relations expenses involving State legislators. We questioned costs sampled and further requested that the Commission identify all related costs associated with this type of public relations activity. The Commission has not yet provided that information.
- d. The Commission claimed certain matching costs for events that did not represent actual Commission expenses or were not claimed net of applicable revenue generated from the events.
- e. The Commission did not submit its FSRs and its progress reports on a timely basis. AmeriCorps Provision B.16.a and Provisions for Program Development and Training, Disability Placement and State Administrative Awards B.5a, *Financial Status and Progress Reports*, establish due dates for quarterly reporting and states that grantees must submit FSRs and progress reports by these dates. We also noted that the following FSRs and progress reports were submitted after the dates stipulated in the provisions:

Grant	Program Year	FSRs Submitted Late	Progress Reports Submitted Late	Number of Days Late
Administrative	2001 – 2004	4	1	39-169
PDAT	2001	1	1	30
Disability	2001-2002	2	1	83-177
Education Award Only	2002-2003	-	1	42
Governor's Initiative	2001-2003	1	1	1-43
AmeriCorps Competitive	2001-2003	5	1	1-43
AmeriCorps Formula	2001-2004	4	1	4-259

Recommendation: We recommend that the Commission:

- Ensure that all labor costs claimed are recorded and documented in accordance with applicable OMB circulars.
- Develop procedures to adequately document and record in-kind contributions from third parties.
- Identify all public relations expenses to the Corporation and revise FSRs accordingly.
- Develop procedures to obtain actual costs incurred on events net of applicable credits and obtain actual cost information for matching items incurred by other State organizations.

- Ensure that it submits FSRs and progress reports within the stipulated time periods.

Commission Response: The Commission has conducted a management training for all subgrantees on issues related to the preliminary findings from the audit, including financial management. It has also incorporated technical training in the 2006 PDAT plan. Additionally, the Commission:

- Revised record-keeping procedures related to labor distribution. All relevant Governor's Office staff now maintain an attachment to their electronic timesheets that indicates the specific number of hours that the employee spends on each activity, including work related to the Commission.
- Changed its procedures to record actual costs, net of any fees charged for events and activities sponsored by the Commission. The Commission will revise previously submitted FSRs at the Corporation's request, but notes that the Commission reported excess match and is still within the matching requirements.
- Revised procedures surrounding deadlines for financial and programmatic reporting. The Commission now has an established subgrantee deadline that is two weeks in advance of the corporation deadline. Approximately one month prior to the subgrantee deadline, the program officer reminds all programs of the impending deadline via e-mail, and mentions the deadline in the preceding month's program director conference call. Immediately following the deadline, the program officer notifies any subgrantees whose reports are late and requests that they submit their reports as soon as possible.
- Currently maintains documentation on all extension requests and to approvals from the Corporation.

Auditors' Additional Comments: The Commission's corrective actions, as described in their response, are responsive to our recommendations.

4. The Commission did not have adequate procedures in place to ensure that the subrecipients documented member eligibility, and member support payments were proper.

The Commission did not adequately monitor and train subrecipients to ensure that all members were eligible. The Commission also did not have procedures to ensure that members were paid living allowances in accordance with grant requirements. We noted the following:

- a. Member files of several subrecipients did not contain proof of citizenship. According to 45 CFR § 2522.200, *What are the eligibility requirements for an AmeriCorps participant?*, a member must provide documentation of status as a U.S. citizen. Subrecipients did not, however, have procedures to ensure that this documentation was maintained in member files. In many cases, subrecipients subsequently provided this documentation to us. Member files did not include proof of citizenship, as follows:

Subrecipient	Files Tested	Missing Information in Member File			Information Provided Later
		01-02	02-03	03-04	
ISU	16	2	-	-	1
IDNR	22	1	-	-	1
DCE	20	5	4	1	6
LCC	14	1	1	-	2
NEICAC	6	2	1	No Program	3
STORIES	4	2	-	No Program	1

- b. Member files at several subrecipients did not always include high school diplomas or equivalent records. According to 45 CFR § 2522.200, *What are the eligibility requirements for an AmeriCorps participant?*, members must have or agree to obtain a high school diploma or equivalent. In several cases, subrecipients later provided this documentation to us. Member files did not include this information as follows:

Subrecipient	Files Tested	Missing Information in Member File	Information Provided Later
ISU	16	2	1
IDNR	22	8	6
DCE	20	7	4
LCC	14	9	2
NEICAC	6	2	-
STORIES	4	2	-

- c. LCC failed to obtain criminal background checks for any of its members, even though some members had direct contact with children while participating in the program. LCC officials said they did not think that background checks were required if members were supervised. NEICAC could not provide documentation that it obtained background checks for two of its members. Failure to perform these background checks could result in children or other vulnerable persons being placed in harm's way.

AmeriCorps Provision B.6.h, *Criminal Record Checks*, requires programs with members who have substantial direct contact with children to conduct criminal record checks on these members.

- d. DCE, ISU, and IDNR continued to pay living allowances to members after they had completed their service hours. Subrecipients officials said they did not understand the AmeriCorps provisions regarding living allowances. AmeriCorps Provision B.11, *Living Allowances, In Service Benefits, and Taxes*, states:

The living allowance is designed to help members meet the necessary living expenses incurred while participating in the AmeriCorps Program. Programs must not pay a living allowance on an hourly basis. It is not a wage and should not fluctuate based on the number of hours members serve in a given time period.

Because the living allowance is designed to cover living expenses for members only while they are serving in the program, payouts and catch-up amounts are not acceptable, even if the member has earned the maximum education award available.

- e. LCC counted holiday time in PY 2002-2003 toward a member's service requirement. AmeriCorps Provision C.7., *Training, Supervision and Support*, state that holiday hours are not to be included in planning a member's term of service.

As part of its monitoring requirements, the Commission is responsible for ensuring that subrecipients are adequately trained in programmatic provisions and procedures to ensure that members are eligible to serve, are paid support costs in accordance with AmeriCorps provisions, and have met all eligibility requirements for earned awards.

Recommendation: We recommend that the Commission strengthen its program monitoring procedures to ensure that its subrecipients' AmeriCorps meet member eligibility and payment requirements. Specifically, we recommend that the Commission ensure that subrecipients:

- Adequately document and ensure member citizenship.
- Adequately document that members have high school diplomas or their equivalent, or assert that they are in the process of obtaining the certification.
- Obtain member criminal background checks when warranted.
- Calculate and pay living allowances in accordance with program provisions.
- Include only actual service hours in determining a member's term of service.

Commission Response: The Commission has been providing correct guidance related to member eligibility to its subrecipients since the spring of 2004, and specific guidance related to member eligibility has been provided to subrecipients with their Commission grant agreements. The Commission believes that improvements are evident from the diminishing number of discrepancies in each program year. Additionally, the Commission:

- Provided additional technical assistance and guidance related to member eligibility documentation to programs through sample documents, program director conference calls, and during two site monitoring visits this year.
- Issued a new policy for programs in order to clarify the member living allowance payment situation.
- Conducted a management training for all subrecipients related to the preliminary audit findings related to member records, including member citizenship documentation, high school diploma documentation in the member enrollment form, and appropriate member payment. It has also incorporated technical training in the 2006 PDAT plan.

- Provided additional guidance, including member checklist forms, that programs can use to ensure they have adequate citizenship documentation. The Commission has also increased site visit monitoring for citizenship documentation and now tests 25 percent of member files (or a minimum of five) to ensure that programs are obtaining and maintaining copies of members' citizenship documentation.
- Conducted criminal background checks for all members whose costs are questioned within the report.
- Provided additional guidance to programs that they should err on the side of caution and conduct criminal background checks on members that are serving with youth or other vulnerable populations. In addition, the Commission reviews member files and checks for background check documentation for members that have substantial direct contact with children during site monitoring visits.
- Has received additional guidance from the Corporation related to member payment provisions and has issued a new policy to its subgrantees. Under the new policy, subgrantees are required to ensure that member contracts' start and end dates are followed and support payments are issued only during the member's contracted service dates.

Specifically, the Commission contests the questioned costs related to LCC member background checks because it feels *“that those members are not subject to background checks as described within the provisions, since they do not have ‘substantial direct contact’ as described by state law. Members that have contact with children are conducting tours and environmental activities with youth that are part of an organized school or youth agency field trip. Youth on these trips are accompanied by chaperones and members are not alone with children and therefore, not subject to background checks under Iowa law”*. Additionally, the Commission disagrees with the questioned costs related to the NEICAC member background checks because the program stated that they completed the checks but subsequently misplaced the documentation.

Auditors' Additional Comments: The Commission's corrective actions, as described in their response, are responsive to our recommendations. However, regarding the Commission's disagreement on questioned costs due to lack of criminal background checks, the Commission did not provide adequate documentation such as the pertinent sections of the state law to support their position. Therefore the costs will remain questioned.

5. The Commission did not have procedures in place to ensure that subrecipients adequately documented member activities.

Subrecipients did not adequately document member activities in accordance with AmeriCorps Provisions. Subrecipients did not maintain or complete member evaluations, enrollment, change-of-status, or exit forms or completed those forms improperly or in an untimely manner. Subrecipients did not adequately document member attendance at orientation sessions. Subrecipients could not support the number of claimed member hours in WBRS with member time sheets. Specifically:

- a. Member files at five subrecipients were missing documentation on mid-term and/or final evaluations. AmeriCorps Provisions, C.7.g, *Performance Reviews*, requires that grantees conduct at least mid-term and end-of-term evaluations of each member's performance, documenting that the member has:

- Completed the required number of hours.
- Satisfactorily completed assignments.
- Met other performance criteria that were clearly communicated at the beginning of the service term.

Evaluations were missing from subrecipient files, were unsigned, or did not comply with AmeriCorps requirements because they did not indicate if the member had met performance criteria. ISU did not perform final evaluations of its members in PYs 2001-2002 and 2002-2003. Subrecipients did not have procedures in place to ensure that all evaluations were properly completed and maintained in member files.

Evaluations are necessary to ensure that members are eligible for another term of service. According to 45 CFR § 2522.220 (d), *Participant performance review*, a participant is not eligible for a second or additional term of service and/or for an AmeriCorps education award without documented mid-term and final evaluations which indicate successful completion of the program. Following is a summary of evaluations tested:

Subrecipient	Number of Evaluations			
	Tested	Not Performed or Missing	Unsigned	Did Not Comply with Provisions
ISU	28	18	-	-
IDNR	40	28	12	40
DCE	36	23	1	-
LCC	24	19	5	2
NEICAC	9	5	-	4
STORIES	7	6	1	1

- b. Member files at several subrecipients lacked sufficient information to document member enrollment, change of status, and exit. AmeriCorps Provision B.16.b, *AmeriCorps Member Related Forms*, requires that member enrollment forms be submitted to the Corporation no later than 30 days after a member is enrolled, change of status forms must be submitted no later than 30 days after a member's status is changed, and member exit/end-of-term-of-service forms be submitted no later than 30 days after a member exits the program.

Enrollment, change of status, and end-of-term-of-service forms were missing from member files, were submitted late, lacked information, or lacked member signatures when entered in WBRS as follows:

Subrecipient	Files Tested	Number of Forms		
		Missing	Late	Unsigned or Incomplete
ISU	16	-	2	13
IDNR	22	3	19	12
DCE	20	-	13	11
LCC	14	2	10	-
NEICAC	6	3	1	-
STORIES	4	-	4	4
DSM	4	-	7	1

In addition, LCC recorded a member's exit in WBRS 22 days before the member submitted her final time sheet, and IDNR completed the exit form for one of its members 10 days before the member submitted timesheet documentation of all of her service hours. Subrecipients did not have procedures in place to ensure that these forms were completed and submitted in a timely manner and were retained in member files. Subrecipient failure to promptly obtain and submit this information results in inaccurate Corporation member enrollment records.

- c. Member files at several subrecipients lacked sufficient information to document member orientation. Specifically:
- ISU and LCC could not provide agendas, sign-in sheets or any other documentation to support orientations for their members during the program years we reviewed.
 - STORIES could not provide sign-in sheets or other documentation to support orientations for three of its Promise Fellows members.
 - NEICAC could not provide sign-in sheets or other documentation to support orientation attendance for five of its members. In addition, NEICAC could not provide the agenda for its PY 2001-2002 member orientation.
 - IDNR could not provide orientation documentation for nine of its members.
 - DCE could not provide orientation documentation for four of its members.

AmeriCorps Grant Provision B.7, *Training, Supervision and Support*, requires that grantees conduct orientations for members covering member rights and responsibilities, including the code of conduct, prohibited activities, Drug Free Workplace Act requirements, suspension and termination from service, grievance procedures, sexual harassment, other nondiscrimination issues, and other topics as necessary.

- d. Hours recorded by subrecipients in WBRS were not always properly supported by member time sheets. AmeriCorps Provisions C.21.c, *Time and Attendance Records*, requires that grantees keep time-and-attendance records on all AmeriCorps members to document their eligibility for in-service and post-service benefits. The Corporation uses time-and-attendance information in

WBRS to track member status, and these hours are used as the basis for earning education awards. Subrecipient program personnel, however, made data-entry errors when recording member hours in WBRS. Total member hours supported by time sheets varied from total hours in WBRS, as follows:

Subrecipient	Files Tested	Files with Discrepancies
ISU	16	1
IDNR	22	2
DCE	20	4
LCC	14	8
NEICAC	6	5

Recommendation: We recommend that the Commission strengthen its program monitoring procedures to ensure that subrecipients meet AmeriCorps Provisions requirements regarding member activities including:

- Complying with grant requirements for conducting and retaining documentation of member evaluations.
- Documenting member enrollment and exit promptly and submitting this information to the Corporation on a timely basis.
- Maintaining orientation records.
- Recording member hours accurately and in accordance with program provisions.

Commission Comments: Commission has conducted a management training for all subgrantees related to the preliminary findings from the audit, including member activities. It has also incorporated technical training in the 2006 PDAT plan. Additionally, the Commission:

- Provided specific guidance, sample forms and discussed the issue of member evaluations during a program director conference call to ensure that all program directors are aware of the specific provisional requirements related to member mid and end-of-term evaluations. It has emphasized to the programs that failure to complete these evaluations can result in the member being ineligible to serve a subsequent term of service.
- During site visits, has checked all programs' member evaluation forms and requested revisions as appropriate to ensure that programs are including the three required elements from the provisions.
- Revised site monitoring procedures to review documents related to member enrollment, change-of-status and exit forms to ensure completion and timeliness of submission. It has also provided specific guidance to programs related to maintenance of hard copies vs. entering of the data in WBRS, informing them that it is not sufficient to have the data in WBRS, that hard copies with original signatures must be maintained. It has also stressed to programs that failure to maintain accurate and timely member forms and WBRS data can result in delays in members' receipt of their education awards.

- Revised site monitoring procedure to ensure that closed member files are reviewed and to check for exit forms and other exit documentation.
- Provided specific technical assistance and guidance as well as sample documents to ensure that subgrantees are aware of documentation of the orientation requirement from the provision and that they maintain this documentation. The Commission has implemented a training monitoring policy that includes review of programs' orientation agendas and sign-in sheets starting on an annual basis and moving towards risk-based monitoring.
- Reviews member hours during site visits and during its fiscal desk review. Program officers check a sample of member timesheets to verify addition, signatures, initials to changes, training vs. service hours and other factors. The program is notified when corrections are identified and to encourage them to increase oversight to prevent mathematical and approval errors.

The Commission disagrees with the questioned education awards related to members not having enough service hours. The Commission noted that members did work the required minimum of hours, but hours worked were outside the service period.

Auditors' Additional Comments: The Commission's corrective actions, as described in their response, are responsive to our recommendations. However, we do not believe that adjustments to questioned costs should be made, as hours were not earned within the members' service periods. We recommend that the Corporation review the additional information provided by the Commission to determine if its position has changed regarding those issues.

6. The Commission did not have procedures in place to ensure that subrecipients complied with all grant compliance provisions.

Several subrecipients did not comply with or did not adequately document compliance with grant provisions on member contracts, health insurance coverage, and progress reporting. In addition, Commission subgrant provisions did not comply with Corporation records-retention policies. Specifically:

- a. ISU, LCC, NEICAC, DCE, and IDNR could not provide member contracts that complied with AmeriCorps provisions for all of their members. AmeriCorps Provisions B.7, *Training, Supervision, and Support*, requires members to sign contracts that stipulate minimum number of service hours, suspension and termination rules, circumstances to be released for cause, position description, and grievance procedures. Subrecipients did not, however, have procedures to ensure that all members had signed complete member contracts prior to starting work on the AmeriCorps program, and to ensure that these contracts were retained. We noted that:
 - ISU member contracts did not specify minimum number of service hours, and four member contracts were not signed until after the members began their service.
 - Several LCC member contracts did not specify minimum number of service hours and/or position description, and LCC could not provide signed member contracts for three of its members.
 - Several IDNR member contracts did not state the member's position description, and five member contracts were not signed by both the member and the member's supervisor.

The Promise Fellow member contract did not specify prohibited activities, was signed by the member three months after starting on the program, and incorrectly stated that the member would receive an education award (it was this member's third term making him ineligible for an award). In addition, IDNR contracts included a "Service Acknowledgement" addendum that was to be signed by a witness. Nine addendums on the contracts we tested were not signed by a witness.

- NEICAC could not provide signed member contracts for three of its members. In addition, three PY 2002-2003 member contracts were signed after the members began their service.
 - Only one of the 20 DCE member contracts we tested specified the minimum number of service hours, member contracts did not state the member's position description, member contracts were not signed by a program representative, and DCE could not provide a signed member contract for one member.
 - STORIES member contracts did not specify prohibited activities, did not include a member position description, and did not include Drug Free Workplace Act Requirements.
- b. LCC could not provide documentation of health care coverage for 9 of its members, and documentation of workers' compensation or equivalent coverage for members. AmeriCorps Provisions B. 11., *Living Allowance, Other In-Service Benefit and Taxes*, requires that grantees provide health care policies to full-time members not otherwise covered by a health care policy, and that grantees either provide workers' compensation or Occupational Accidental Death and Dismemberment insurance coverage to all members.
- c. Commission subgrants required that subrecipients retain all grant records for a period of 3 years following the date of final payment or completion of any required audit and resolution of audit findings. AmeriCorps Provisions, *Retention of Records*, requires that grantees retain all program and financial records for 3 years from the date of submission of the final FSR. The period stipulated in the subgrants may be insufficient if final payment is made before submission of the final FSR. We further noted that NEICAC did not have a written records-retention policy. Its stated policy is to retain records for up to 7 years. ISU's written records-retention policy did not address retention of records for grant programs; specifically to keep records a certain period after grant closeout. Failure to implement a written policy conforming to grant requirements increases the likelihood that records might be destroyed before the required retention period has elapsed.
- d. IDNR, DCE, and NEICAC did not submit quarterly progress reports or did not submit these reports in a timely manner. The grant agreements established quarterly due dates for subrecipient progress reports. IDNR did not submit progress reports in WBRS in PY 2001-2002 and 2002-2003 and submitted only one progress report in PY 2003-2004. DCE only submitted one progress report for PY 2002-2003 and two for PY 2003-2004. The following reports were not submitted in accordance with grant agreement due dates:

Subrecipient	Program Year	Progress Reports Not Submitted	Late Progress Reports	Number of Days Late
DCE	2002-2003	3	1	11
DCE	2003-2004	1	1	5
IDNR	2001-2002	4	-	-
IDNR	2002-2003	4	-	-
IDNR	2003-2004	3	-	-
NEICAC	2001-2002	4	-	-

The Commission should improve oversight of subrecipient adherence to program requirements and assure that subrecipients are familiar with these requirements. According to 45 § CFR 2541.400 (a), *Monitoring by grantees*:

Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function, or activity.

Recommendation: We recommend that the Commission strengthen its program monitoring procedures to assure that they meet requirements of 45 CFR § 2541.400. Specifically, the Commission should assure that subrecipients are:

- Using member contracts that include all required information.
- Providing health insurance coverage for all full time members.
- Retaining records in accordance with grant requirements.
- Reporting grant progress in a timely manner.

Commission Response: The Commission has revised a number of policies and procedures in this area to strengthen grant compliance. Specifically:

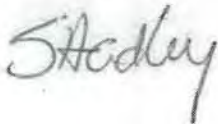
- Effective September 2004, the Commission began collecting member contracts from all programs for review and identification of any compliance issues. It will encourage programs to utilize the good business practice of having contracts signed by the supervisor, although believes this is not required by the provisions.
- The Commission has provided specific guidance, including sample member contracts for use by the programs, as well as providing feedback during its site monitoring and within the site visit reports.
- Commission program officers review member health insurance enrollment during the site visits. It has informed all subgrantees that they are required to monitor health care enrollments at their and they should keep a copy of the enrollment forms or waivers for all eligible members and have these documents available for review during Commission site visits.

- The Commission has issued a grant agreement amendment for all current subgrantees that requires records be maintained for a period of five years from the closeout of their grant with the Commission. In addition, it has implemented a policy related to member enrollments and grant extensions that will prevent numerous or extensive grant extensions and should allow appropriate maintenance, as required by the provisions, for all subgrantees.
- As discussed earlier, the Commission has implemented a report monitoring system to ensure the timeliness of reports from sub-grantees. Timeliness of reporting is now a factor for consideration in risk-based monitoring as well as in the grant review process.
- The Commission conducted a management training for all subgrantees related to the grant provision findings, including member contracts, health care documentation, and reporting deadlines. It has also incorporated technical training in the 2006 PDAT plan.

Auditors' Additional Comments: The Commission's corrective actions, as described in their response, are responsive to our recommendations.

This report is intended for the information and use of the OIG, Corporation management, the Commission and its subgrantees, and the U.S. Congress. This report is, however, a matter of public record and its distribution is not limited.

COTTON & COMPANY LLP

A handwritten signature in cursive script that reads "S Hadley".

Sam A. Hadley, CPA, CGFM
Partner

**STATUS OF FINDINGS FROM THE PRE-AUDIT SURVEY OF THE
IOWA COMMISSION ON VOLUNTEER SERVICE
OFFICE OF INSPECTOR GENERAL REPORT NO. 00-07**

The findings listed below were included in Office of Inspector General Report No. 00-07, dated October 27, 1999. The status of each finding is addressed below.

- 1. The Commission was unable to provide conflict-of-interest statement forms for the 1995 and 1996 program years. The Commission had discarded the forms because it only retained documents for three years. Also, the Commission relied on the forms signed for the 1997 program year and did not obtain updated conflict-of-interest statement forms for the 1998 program year.**

Current Status: The Commission has procedures that require subrecipient application peer reviewers to sign conflict-of-interest forms annually and at several stages throughout the selection process, and for maintaining such forms. We reviewed all conflict-of-interest forms for the reviewers in PY 2003-2004 with no exception. This finding is considered closed.

- 2. The Commission did not document the names of the member files reviewed, identification of member files where exceptions were noted, and procedures followed to select member files during site visits.**

Current Status: The Commission included proper subgrantee site visit documentation including the names of the member files reviewed, identified member files where exceptions were noted, and has identified the procedures to be followed to select member files during site visits. We consider this finding closed.

- 3. Comments included on the program review instrument are general in nature which prevents others from re-performing procedures performed by Commission personnel.**

Current Status: The Commission's site visit documentation still needs to be improved to include the specific procedures performed by Commission personnel and the identification of what was reviewed. This issue is discussed in the Independent Auditors' Report on Compliance and Internal Control Finding No. 1.

Appendix A

Iowa Commission on Volunteer Service's Response

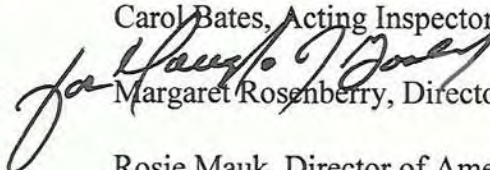
The Commission responded to the draft audit report in the body of the report. For the Commission's responses to each finding refer to each section titled "*Commission Comments*".

Appendix B

Corporation for National and Community Service's Response

Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

To: Carol Bates, Acting Inspector General

From:  Margaret Rosenberg, Director of Grants Management

Cc: Rosie Mauk, Director of AmeriCorps
Tory Willson, Audit Resolution Coordinator
Adam Lounsbury, Executive Director, Iowa Commission on Volunteer Service

Date: June 14, 2005

Subject: Response to OIG Draft Audit Report on Grants Awarded to the Iowa Commission on Volunteer Service

Thank you for the opportunity to review the draft audit report on Corporation grants awarded to the Iowa Commission for Volunteer Service. We do not have specific comments at this time. We will respond to all findings and recommendations in our management decision when the final audit is issued, we have reviewed the findings in detail, and worked with the Commission to resolve the audit.

However, we note that the auditors identified a material weakness in the Commission's monitoring of subgrantees. The Commission has provided an extensive response and has begun corrective action on this issue. We will review Commission actions and work with them on full resolution during the audit resolution process.

