

Office of Inspector General Corporation for National and Community Service

**AGREED-UPON PROCEDURES FOR CORPORATION
GRANTS AWARDED TO SERVE ALASKA**

OIG REPORT 11-07



Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

Prepared by:

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This report was issued to Corporation management on March 17, 2011. Under the laws and regulations governing audit follow-up, the Corporation is to make final management decisions on the report's findings and recommendations no later than September 13, 2011 and complete its corrective actions by March 16, 2011. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.

**AGREED-UPON PROCEDURES FOR CORPORATION GRANTS
AWARDED TO SERVE ALASKA**

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Executive Summary

The Office of Inspector General (OIG), Corporation for National and Community Service (Corporation), contracted with Clifton Gunderson LLP (auditors) to perform agreed-upon procedures on grant cost, and compliance with applicable regulations for Corporation-funded Federal assistance provided to the Alaska State Community Service Commission (Serve Alaska).

Results

As a result of applying the procedures, the auditors questioned claimed Federal-share costs of \$10,430, match costs of \$10,528, and education award costs of \$17,634. A questioned cost is an alleged violation or non-compliance with grant terms and/or provisions of laws and regulations governing the expenditures of funds; or a finding that, at the time of testing, adequate documentation supporting a cost item was not readily available. The results of our agreed-upon procedures are summarized in the Consolidated Schedule of Award Costs (Schedule A).

Serve Alaska claimed total Federal costs of \$3,552,928 and total match costs of \$3,081,660 from April 1, 2008, through March 31, 2010, for grant numbers 06AFHAK001, 07ACHAK001, 07ESHAK001, 09RCHAK001 and 09RFHAK001. Serve Alaska also claimed Federal costs of \$313,340 and total match costs of \$59,842 from July 1, 2008, through June 30, 2010, for grant numbers 08PTHAK001, 09CDHAK001 and 10CAHAK001. Based on testing a judgmentally selected sample of transactions, the auditors questioned claimed costs as detailed below:

Type of Questioned Costs	Federal Share	Match Share	Education Award
Timesheet exceptions	\$ 1,169	\$ 2,176	\$ 8,182*
Members were no longer serving on the grant program	4,578	6,279	7,089
No follow-up on criminal background findings	5,069	2,293	2,363
Unsupported allocation of travel costs	84	(220)	-
Upward adjustment on recovery grant	(470)	-	-
Totals	\$10,430	\$10,528	\$17,634

* Includes accrued interest of \$2,207

Participants who successfully complete their AmeriCorps term of service are eligible for education awards and, in some cases, accrued interest awards funded by the Corporation's National Service Trust. These award amounts are not funded by the Corporation grants and, as a result, are not included in the claimed grant costs. However, when the grant award is made, the education awards become obligations of the Corporation's National Service Trust. Therefore, as part of our agreed-upon procedures and applying the same criteria used for the grantee's claimed costs, we determined the effect of our findings on AmeriCorps members' entitlement to education and accrued interest awards.

The auditors compared Serve Alaska's inception-to-date drawdown amounts with the amounts reported in its last Federal Financial Report (FFR) for the period tested and determined that the drawdowns were reasonable.

We questioned \$15,427 in education awards and \$2,207 of accrued interest because service hours were inconsistent with the grant, follow-up was not conducted on the criminal background check, or adequate support for certified hours of service was not available.

Details of the questioned costs, grant awards, non-compliance with grant provisions, applicable laws and regulations are presented in the *Schedule of Findings* that follows the results of our agreed-upon procedures, which are summarized below.

- Controls of costs claimed were not fully implemented;
- Grantee sub-awarded funds in excess of the Corporation grant award;
- Lack of adequate procedures for conducting criminal background checks and searches of the National Sex Offender Public Registry;
- Proof of U.S. citizenship was not properly verified prior to the member's start date;
- Lack of adequate procedures to ensure complete member contracts and to obtain parental consent forms for minors;
- Lack of procedures to ensure member service hours are properly recorded;
- A supplemental living allowance was provided to a member without proper disclosure to the Corporation;
- Member information reported in eGrants did not agree with the member's enrollment form or member contract;
- Lack of adequate controls to document members' attendance at orientation, maintain member evaluations, and process member enrollment and exit forms within established timeframes;
- Salary cost for one staff person was undercharged to a grant; and
- Three members were converted to full-time, but were no longer serving on the grant program.

Background

The Corporation, under the authority of the National Community Service Trust Act of 1993 (as amended), awards grants and cooperative agreements to State commissions, nonprofit entities, and tribes and territories to assist in the creation of full- and part-time national and community service positions. AmeriCorps members perform service for grantees to meet educational, human, environmental, and public safety needs. In return, eligible members may receive a living allowance and post-service education benefits.

In 1994, Governor Walter J. Hickel established Alaska's eligibility to receive AmeriCorps Learn & Serve America funding by creating the Alaska State Community Service Commission, later renamed Serve Alaska. Serve Alaska is comprised of 15 to 25 voting members who are appointed by the governor. They recommend formula and competitive applications to the Corporation for grant awards. Serve Alaska is part of the State Department of Commerce, Community and Economic Development, which also serves as Serve Alaska's fiscal agent. In addition to AmeriCorps grants, Serve Alaska receives the following grant funding:

- Administrative – Supports the revision and development of a comprehensive state plan and assists in coordinating with partners to promote national service and volunteerism in Alaska to address unmet needs in underserved communities.
- Program Development and Training (PDAT) – Provides support for subgrantees and interested organizations to promote and expand service opportunities.
- Disability – Engages the disability community to promote and strengthen volunteer opportunities for people with disabilities.

Serve Alaska provided grants to five subgrantees during the period covered by this report. The subgrantees, which use the funds to support their operations and provide member support, maintain supporting documentation for the claimed costs and member files. The subgrantees submitted their monthly Periodic Expense Reports to the Corporation's Web-Based Reporting System (WBRS) until the end of Program Year (PY) 2007 – 2008. After that, WBRS was no longer used for that purpose. Serve Alaska now prepares the aggregate FFR for the grant by accumulating the expenses reported on subgrantees' monthly Periodic Expense Reports and submits its FFR through the Corporation's online eGrants system.

Serve Alaska also monitors its subgrantees by reviewing member information and reimbursement requests, performing site visits and desk reviews, and through regular communication.

Serve Alaska claimed Federal costs totaling \$3,866,268 during the period covered by this report.

Agreed-Upon Procedures Scope

The auditors performed the agreed-upon procedures from July 2, 2010, through November 30, 2010. The procedures covered the allowability, allocability, and reasonableness of the financial transactions reported for the following grants and AUP periods:

Grants	AUP Periods
06AFHAK001	April 1, 2008 thru March 31, 2010
07ACHAK001	April 1, 2008 thru March 31, 2010
07ESHAK001	April 1, 2008 thru March 31, 2010
09RCHAK001	April 1, 2008 thru March 31, 2010
08PTHAK001	July 1, 2008 thru June 30, 2010
09CDHAK001	July 1, 2008 thru June 30, 2010
10CAHAK001	July 1, 2008 thru June 30, 2010

The auditors also performed tests to determine compliance with certain grant terms and provisions. The procedures were based on the OIG's "Agreed-Upon Procedures for Corporation Awards to Grantees and Subgrantees, dated April 2010." We focused on Serve Alaska and two of its subgrantees: Rural Alaska Community Action Program (RurAL CAP) and Nine Star Enterprises (Nine Star). We tested Serve Alaska transactions totaling \$22,920. We also tested transactions totaling \$108,804 for RurAL CAP and \$41,514 for Nine Star. The OIG also requested a limited-scope review of the Southeast Alaska Guidance Association (SAGA) based on agreed-upon procedures the OIG provided on September 1, 2010. This testing was limited to SAGA's member compliance for the period of April 1, 2008, through March 31, 2010. Additional inquiries were made regarding costs incurred for specific members through November 30, 2010.

Exit Conference

We provided a draft report and discussed its contents with officials of the Corporation, Serve Alaska, and applicable subgrantees at an exit conference on December 17, 2010.

Serve Alaska's written response is included in Appendix A and summarized after each recommendation. The Corporation response is in Appendix B.

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Office of Inspector General
Corporation for National and Community Service

We have performed the procedures, agreed to by the Corporation for National and Community Service (Corporation) Office of Inspector General (OIG), solely to assist you in evaluating certain information reported by Serve Alaska in accordance with its Corporation grant terms and provisions, and applicable laws and regulations, for the period from April 1, 2008, through June 30, 2010. Serve Alaska and its subgrantees are responsible for the accuracy and completeness of the reported information. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of the procedures is solely the responsibility of the OIG. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose(s) enumerated or for any other purpose.

The results of our procedures are described in the Schedule of Findings.

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

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

Clifton Gunderson LLP

Calverton, Maryland
December 17, 2010

Schedule A

**Corporation for National and Community Service
Serve Alaska
Consolidated Schedule of Award Costs**

<u>Award No.</u>	<u>Program</u>	<u>Approved Budget</u>	<u>Claimed Federal Cost</u>	<u>Questioned Cost</u>			<u>Schedule</u>
				<u>Federal Cost</u>	<u>Match Cost</u>	<u>Education Awards</u>	
07ACHAK001	SAGA			\$9,647	\$8,572	\$9,452	C
07ACHAK001	RurAL CAP			<u>1,169</u>	<u>2,176</u>	<u>6,932</u>	D
07ACHAK001	AmeriCorps- Competitive	\$4,120,891	\$2,573,017	\$10,816	\$10,748	\$16,384	
06AFHAK001	AmeriCorps- Formula	2,000,000	843,878				
08PTHAK001	Program Develop- Assist. & Training	263,037	171,264	304			B
09CDHAK001	Disability	94,496	82,234				B
10CAHAK001	Administrative	260,130	59,842	(220)	(220)		B
07ESHAK001	Education Award ¹	36,000				1,250	D
09RCHAK001	AmeriCorps Comp. Recovery	228,840	115,995	(470)			D
09RFHAK001	AmeriCorps Formula Recovery ²	56,551	20,038				
	Total³	<u>\$7,059,945</u>	<u>\$3,866,268</u>	<u>\$10,430</u>	<u>\$10,528</u>	<u>\$17,634</u>	

¹ The amount represents the fixed fee for an education awards only grant; it has no claimed Federal or match costs.

² This grant was not included within the scope of our review.

³ Approved budget and claimed Federal cost amounts include all subgrantee expenses.

Schedule B

**Schedule of Award and Claimed Costs
For Period July 1, 2008 through June 30, 2010
Serve Alaska – 08PTHAK001**

		Reference
Authorized Budget (Corporation Funds)	\$263,037	Note 1
Claimed Federal Costs	\$171,264	Note 2
Questioned Federal Costs:		
Unsupported allocation of travel costs	<u>304</u>	Note 3
Total Questioned Federal Costs	<u>\$304</u>	

**Schedule of Award and Claimed Costs
For Period July, 1, 2008 through June 30, 2010
Serve Alaska – 09CDHAK001**

		Reference
Authorized Budget (Corporation Funds)	\$94,496	Note 1
Claimed Federal Costs	\$82,234	Note 2

**Schedule of Award and Claimed Costs
For Period July 1, 2008 through June 30, 2010
Serve Alaska – 10CAHAK001**

		Reference
Authorized Budget (Corporation Funds)	\$260,130	Note 1
Claimed Federal Costs	\$59,842	Note 2
Authorized Match Budget	\$260,130	Note 4
Claimed Match Costs	\$59,842	Note 5
Questioned Federal Costs:		
Unsupported allocation of travel costs	<u>(220)</u>	Note 3
Total Questioned Federal Costs	<u>\$(220)</u>	
Questioned Match Costs:		
Unsupported allocation of travel costs	<u>(220)</u>	Note 3
Total Questioned Match Costs	<u>\$(220)</u>	

Notes

1. The authorized budget amount represents the funding to Serve Alaska according to grant number 08PTHAK001, 09CDHAK001 or 10CAHAK001.
2. Claimed costs represent Serve Alaska's reported Federal expenditures for the period July 1, 2008, through June 30, 2010, for grant number 08PTHAK001, 09CDHAK001 and 10CAHAK001. No costs were questioned for grant number 09CDHAK001.

3. The questioned Federal costs of \$304 for Grant No. 08PTHAK001, \$(220) in Federal and \$(220) in match costs for Grant No. 10CAHAK001 were due to the lack of documentation to support the allocation of the Program Coordinator's travel costs to the PDAT Grant (see Finding 1).
4. The authorized match budget represents the funding to Serve Alaska in accordance with Grant No. 10CAHAK001.
5. Claimed match costs represent Serve Alaska's reported match expenditures for the period January 1, 2010, through June 30, 2010, for Grant No. 10CAHAK001.

Schedule C

**Schedule of Award and Claimed Costs:
SAGA - 07ACHAK001
AUP Period April 1, 2008 through March 31, 2010**

		<u>Reference</u>
Authorized Budget (Federal Funds)	\$1,308,771	Note 1
Authorized Match Budget	\$1,509,811	Note 2
Questioned Federal Costs:		
Members converted to full-time, but were no longer working on the grant program	4,578	Note 3
No follow-up on criminal background findings	<u>5,069</u>	Note 4
Total Questioned Federal Costs	<u>\$9,647</u>	
Questioned Match Costs:		
Members converted to full-time, but were no longer working on the grant program	6,279	Note 3
No follow-up on criminal background findings	<u>2,293</u>	Note 4
Total Questioned Match Costs	<u>\$ 8,572</u>	
Questioned Education Awards:		
Members converted to full-time, but were no longer working on the grant program	7,089	Note 3
No follow-up on criminal background findings	<u>2,363</u>	Note 4
Total Questioned Education Awards	<u>\$9,452</u>	

**SAGA - 06AFHAK001
AUP Period April 1, 2008 through March 31, 2010**

		<u>Reference</u>
Authorized Budget (Federal Funds)	\$224,987	Note 1
Authorized Match Budget	\$109,265	Note 2

Notes

1. The authorized budget amount represents the funding to SAGA in accordance with the grant agreement.
2. The authorized match budget amount represents the funding to SAGA in accordance with the grant agreement.
3. Questioned costs include \$4,578 in Federal costs, \$6,279 in match costs, and \$7,089 in costs for the related education award for members who were converted to full-time positions but who were no longer serving on the grant program (see Finding 11).
4. Questioned costs include \$5,069 in Federal costs, \$2,293 in match costs, and \$2,363 in costs for an education award due to a lack of follow-up on a criminal background finding (see Finding 3).

Schedule D

**Schedule of Award and Claimed Costs:
RurAL CAP - 07ESHAK001
AUP Period April 1, 2008 through March 31, 2010**

		<u>Reference</u>
Authorized Budget (Federal Funds) ⁴	\$36,000	Note 1
Questioned Education Award		
Timesheet exceptions	<u>\$1,250</u>	
Total Questioned Education Awards	<u>\$1,250</u>	Note 5

**Schedule of Award and Claimed Costs:
RurAL CAP - 07ACHAK001
AUP Period April 1, 2008 through March 31, 2010**

		<u>Reference</u>
Authorized Budget (Federal Funds)	\$1,648,692	Note 1
Claimed Federal Costs	\$1,111,638	Note 2
Authorized Match Budget	\$1,337,264	Note 3
Claimed Match Costs	\$ 929,372	Note 4
Questioned Federal Costs:		
Timesheet exceptions	<u>\$1,169</u>	Note 5
Total Questioned Federal Costs	<u>\$1,169</u>	
Questioned Match Costs:		
Timesheet exceptions	<u>\$2,176</u>	Note 5
Total Questioned Match Costs	<u>\$2,176</u>	
Questioned Education Awards:		
Timesheet exceptions	\$4,725	Note 5
Accrued Interest	<u>2,207</u>	
Total Questioned Education Awards	<u>\$6,932</u>	

⁴ The amount represents the fixed fee for an education awards only grant; it has no claimed Federal or match costs.

**Schedule of Award and Claimed Costs:
RurAL CAP - 09RCHAK001
AUP Period April 1, 2008 through March 31, 2010**

		<u>Reference</u>
Authorized Budget (Federal Funds)	\$228,840	Note 1
Claimed Federal Costs	\$115,995	Note 2
Authorized Match Budget	\$ 27,424	Note 3
Claimed Match Costs	\$ 16,384	Note 4
Upward Adjustment Federal Share	(470)	Note 6

Notes

1. The authorized budget amount represents the funding to RurAL CAP according to grant numbers 07ESHAK001, 07ACHAK001 and 09RCHAK001.
2. Claimed Federal costs represent RurAL CAP's reported Federal expenditures for the period of April 1, 2008, through March 31, 2010, for grant numbers 07ACHAK001 and 09RCHAK001.
3. The authorized match budget amount represents the funding to RurAL CAP in accordance with grant numbers 07ACHAK001 and 09RCHAK001.
4. Claimed match costs represent RurAL CAP's reported match expenditures for the period of April 1, 2008, through March 31, 2010, for grant numbers 07ACHAK001 and 09RCHAK001.
5. Questioned costs include \$1,169 in Federal costs, \$2,176 in match costs, an education award for \$4,725, and \$2,207 in interest forbearance related to the questioned education award for Grant No. 07ACHAK001, and \$1,250 in questioned education award for Grant No. 07ESHAK001 due to lack of documentation of supervisory review of timesheets (see Finding 6).
6. Actual salary charged to the Recovery Act Grant was less than the costs supported by the timesheets, resulting in an upward adjustment of \$470 to the grant.

**Schedule of Award and Claimed Costs:
 Nine Star - 06AFHAK0010001
 AUP Period April 1, 2008 through March 31, 2010**

		<u>Reference</u>
Authorized Budget (Federal Funds)	\$908,397	Note 1
Claimed Federal Costs	\$308,956	Note 2
Authorized Match Budget	\$559,514	Note 3
Claimed Match Costs	\$300,855	Note 4

**Schedule of Award and Claimed Costs:
 Nine Star - 07ACHAK001
 AUP Period April 1, 2008 through March 31, 2010**

		<u>Reference</u>
Authorized Budget (Federal Funds)	\$1,167,057	Note 1
Claimed Federal Costs	\$723,764	Note 2
Authorized Match Budget	\$954,006	Note 3
Claimed Match Costs	\$607,438	Note 4

Notes

1. The authorized budget amount represents the funding to Nine Star according to grant agreement.
2. Claimed Federal costs represent Nine Star's reported Federal expenditures for the period of April 1, 2008, through March 31, 2010. No costs were questioned.
3. The authorized match budget amount represents the funding to Nine Star in accordance with grant agreement.
4. Claimed match costs represent Nine Star's reported match expenditures for the period of April 1, 2008, through March 31, 2010. No costs were questioned.

Schedule of Findings**Finding 1 – Controls of costs claimed were not fully implemented**

We selected a sample of 20 transactions each, reported during the period of July 1, 2008, through June 30, 2010, for the PDAT, Disability and Administrative Grants.

Unallowable Cost Was Charged to Disability Grant

For one of the 20 transactions tested, \$112 was paid to print pamphlets, a cost that should have been charged to the Administrative Grant.

Serve Alaska indicated it was going to use the pamphlets at disability inclusion meetings and that the additional printing of the pamphlets was only incurred for these meetings, so it believed that the cost could be charged to the Disability Grant. The information in the pamphlet was general in nature and not designed solely for use at disability inclusion meetings. The cost of the pamphlets should have been charged to the Administrative Grant, resulting in a transfer of \$112 from the Disability Grant. The cost is not being questioned, but this is being noted as a compliance issue.

Criteria:

The State Administrative, Program Development and Training, and Disability Placement Grants (effective January 1, 2009) Section D.3, states “Grant funds are for the placement, reasonable accommodation, and auxiliary services for members and potential members with disabilities, serving in AmeriCorps State or AmeriCorps National Direct programs.” Furthermore, Section D.3.a.x. states that grant funds may be used to provide auxiliary aids to members and potential members including, “To modify or enhance an activity or deliverable (e.g. training, brochure, or website) that is intended to achieve objectives outside the scope of these grant funds, prorate the costs accordingly.”

Recommendation:

We recommend that the Corporation ensure Serve Alaska:

1a. Only charges cost to the Disability Grant that are consistent with the purpose of the grant.

Serve Alaska Response:

Serve Alaska concurred with the finding.

Auditors' Comments:

The Corporation should follow up to ensure that the corrective action implemented by Serve Alaska is effective.

Allocation of Travel Costs Was Unsupported

Serve Alaska was unable to provide support for three of the 20 transactions tested on the Program Development and Training (PDAT) Grant, which were for the allocation of the Program Coordinator's travel costs. In addition, the time allocation on the Program Coordinator's timesheet was not consistent with the allocation of travel costs.

Without the support for the allocation of the travel costs, there is no basis to determine its accuracy. We determined that the cost allocation should have been based on the time allocation of the traveler's timesheet. We found that the grantee overcharged the PDAT Grant by \$304, undercharged the Administrative Grant by \$220 and match by \$220, and overcharged the Learn & Serve Grant by \$136.

Sample	PDAT	Admin	Admin Match	Learn & Serve
6	\$ (90)	\$(65)	\$(65)	\$220
7	305	(138)	(138)	(29)
11	89	(17)	(17)	(55)
Totals	\$304	\$(220)	\$(220)	\$136

The Learn & Serve grant 06KSPAK001 was not within the scope of grants reviewed under the agreed upon procedures.

Criteria:

45 C.F.R. 2541.200(a)6 states that, "Accounting records must be supported by such source documentation as canceled checks, paid bills, payrolls, time and attendance records, contract and sub-grant award documents, etc."

Recommendations:

We recommend that the Corporation:

- 1b. Resolve the questioned overstated net travel cost of \$304 for the PDAT Grant, the understated net travel costs of \$220 for the Administrative Grant and \$220 for Administrative match and overstated net travel costs of \$136 for the Learn & Serve Grant.
- 1c. Ensure travel cost is allocated consistently with the employee time charges while on travel or other supportable allocation method.

Serve Alaska Response:

Serve Alaska disagrees with this finding, indicating that the travel ticket was purchased in advance and allocated as a projection of "duties and time", to be split between the Administrative, PDAT and Learn and Serve grants. Serve Alaska felt that this was an accurate allocation of the costs. Serve Alaska does not believe the comparison of the traveler's allocation of time on the timesheet to the purchased ticket allocation is reasonable. In order to reallocate the ticket price to match timesheets, its Finance department would have to re-open a charge, re-distribute the charges to match the timesheet and re-process the charge. Serve Alaska feels this would not be a prudent use of time and resources as appropriate grants were charged a reasonable amount.

Auditors' Comments:

We received no documentation from Serve Alaska to support how they arrived at the allocation of the total travel costs for each sample in question. Allocating the total travel costs based on the methodology the traveler used to charge her time to the various grants is a reasonable and equitable approach. As indicated in our second recommendation, Serve Alaska can implement another supportable allocation method. The Corporation should resolve the questioned costs and ensure that Serve Alaska has taken the appropriate action to address the finding condition.

Timesheet Exception

We tested one random pay period to verify labor costs had been properly charged to the grants. We noted that there was no supervisory review of the Executive Director's timesheet for the pay period ending January 31, 2010. Without documented supervisory review of the timesheet, there is no assurance that the hours worked by the individual were verified. The salary of \$2,946 charged to the grants (\$567 PDAT, \$174 Disability, \$1,102 Administrative and \$1,103 match costs). The cost is not being questioned, but this is being noted as a compliance issue.

Criteria:

The Alaska Administrative Manual, Payroll Section, Time and Attendance 260.010 states, "Pay for an employee is based on time and attendance data recorded on a timesheet, travel questionnaire and Leave Request/Report forms 02-035 (leave slip) completed by the employee. An employee's timesheet accounts for all hours in the pay period and must be verified and approved by the employee's supervisor."

Recommendation:

We recommend that the Corporation:

- 1d. Ensure that Serve Alaska appoints an individual to verify and approve the Executive Director's timesheet in accordance with the State's policies and procedures and that future timesheets contain the supervisor signature and date of approval.

Serve Alaska Response:

Serve Alaska indicated that the State of Alaska does not require Executive Directors to submit timesheets. Therefore, to ensure grant compliance, Serve Alaska has worked with the Commissioner of the Department of Commerce, Community, and Economic Development to establish an additional designee to verify and approve the Serve Alaska Executive Director's timesheet in the absence of the Deputy Commissioner or the Commissioner. The Director of Administrative Services is now the third designated signer.

Auditors' Comments:

Serve Alaska provided no documentation to support its statement that the State's time and attendance procedures do not apply to the Executive Director. The Corporation should verify that Serve Alaska has taken the appropriate action to address the finding.

Finding 2 - Grantee sub-awarded funds in excess of Corporation grant award

We compared the amount awarded to Serve Alaska for Grant No. 07ACHAK001 to the amount that was awarded to the subgrantees and found that Serve Alaska had awarded \$3,629 to subgrantees in excess of the amount that the Corporation awarded to Serve Alaska. The Corporation had indicated that it did not obligate enough funds for this award and Serve Alaska awarded the funds to the subgrantees based on what it thought it was going to receive from the Corporation. Serve Alaska may have to pay any excess costs incurred in excess of the actual award for Grant No. 07ACHAK001.

Grantee	Awarded
Serve Alaska	\$4,120,891
Subgrantee	Sub-awarded
Nine Star	\$1,167,057
RurAL CAP	1,648,692
SAGA	1,308,771
Total	\$4,124,520
Difference	\$3,629

Criteria:

Amendment No. 4 of the Notice of Grant Award for Grant No. 07ACHAK001 limits the Federal funding to \$4,120,891.

Recommendation:

We recommend that the Corporation:

2. Ensure that Serve Alaska does not sub-award Federal grants in amounts that exceed the total of the grant made by the Corporation.

Serve Alaska Response:

Serve Alaska does not agree that this is a finding. As it stated before and supported with documentation, the Corporation made an error on the Notice of Grant Award sheet. Serve Alaska caught the discrepancy and brought it to the Corporation's attention before the audit. The Notice of Grant Agreement Amendment No. 2 for Grant No. 07ACHAK001 states: "This award funds approved PY 2009 – 2010 AmeriCorps Competitive programs as listed on the approved program funding summary chart." The AmeriCorps State Funding Summary Chart showed the subgrants were awarded at their requested level for a total of \$1,366,222. The Notice of Grant Agreement Amendment No. 3 for Grant No. 07ACHAK001 shows total funding for the PY 2009 – 2010 period as \$1,362,593, adding support for the RurAL CAP BIRCH program for a difference of \$3,629. Serve Alaska indicated that it complied with the Notice of Grant Agreement by following the award description.

Auditors' Comments:

The facts stated in our report are correct and, at the time of our review, no corrective action had been taken to resolve the issue. However, Serve Alaska has pointed out that the Notice of Grant Agreement did refer to the approved program funding summary chart and that Serve Alaska acted in good faith by bringing this error to the Corporation's attention. The Corporation should work with Serve Alaska to ensure that the Notice of Grant Award and the AmeriCorps State Funding Summary Chart are in agreement before issuing awards.

Finding 3 - Lack of adequate procedures for conducting criminal background checks and searches of the National Sex Offender Public Registry**National Sex Offender Search Was Incomplete or Improperly Performed**

In 18 of the 68 member files tested, the searches of the National Sex Offender Public Registry (NSOPR) by SAGA, RurAL CAP and Nine Star did not cover all 50 states. In one instance, the search was conducted based on an incorrect spelling of the member's name. The subgrantees indicated that they complied with the current Federal regulations. The "Frequently Asked Questions" provided by the Corporation state, "as long as the NSOPR system is operational, you are only required to perform the check one time." However, it also states, "as a best practice, it would be prudent to re-check the NSOPR at a later date in order to rule out the possibility that the applicant may be registered in those States."

By not conducting a complete National Sex Offender search (all 50 states) prior to enrolling the member, subgrantees can place at risk their programs, Serve Alaska, the Corporation, and the vulnerable persons they serve. The subgrantee concurred that the search conducted based on the incorrect spelling of the member's name was an error on their part.

The subgrantees subsequently provided completed searches for all the members. As a result no costs were questioned.

Criteria:

45 C.F.R. 2540.203(b) states that "The National Sex Offender Public Web site check must be conducted on an individual who is serving, or applies to serve, as a Foster Grandparent, Senior Companion, or AmeriCorps State and National participant or grant-funded staff with recurring access to children, persons age 60 or older, or individuals with disabilities on or after November 23, 2007." In addition, 45 C.F.R. 2540.201(a) states that "an individual is ineligible to serve in a covered position if the individual is registered, or required to be registered, on a State sex offender registry or the National Sex Offender Registry."

Recommendations:

We recommend that the Corporation:

- 3a. Ensure that Serve Alaska strengthens monitoring of its subgrantees and requires that NSOPR searches are completed to include all 50 states and conducted prior to the member starting service.

3b. Revise the “Frequently Asked Questions for National Service Criminal History Checks” for compliance with the Federal regulation; that the national sex offender search is conducted to include all 50 states.

Serve Alaska Response:

Serve Alaska indicated that subgrantees conducted the NSOPR search in compliance with Corporation guidelines. It also stated Serve Alaska will comply with any changes to guidelines made by the Corporation.

Auditors’ Comments:

The Corporation should consider revising its guidance for the NSOPR search and ensure that Serve Alaska implements the appropriate procedures.

National Sex Offender Search Did not Include Search Based on Member’s Maiden Name

In six of the 68 member files tested, the NSOPR searches performed by RurAL CAP and Nine Star did not include a search based on the member’s maiden name. RurAL CAP and Nine Star officials indicated that there is no requirement to conduct a search based on the member’s maiden name; therefore, they believe that they are in compliance with the Federal regulations. However, by not conducting a complete NSOPR search to include maiden names, subgrantees run the risk of failing to detect a registered sex offender. We believe conducting searches with the maiden name should be adopted as a best practice and would be consistent with the intent of the regulation.

Criteria:

45 C.F.R. 2540.203(b) states that “The National Sex Offender Public Web site check must be conducted on an individual who is serving, or applies to serve, as a Foster Grandparent, Senior Companion, or AmeriCorps State and National participant or grant-funded staff with recurring access to children, persons age 60 or older, or individuals with disabilities on or after November 23, 2007.” In addition, 45 C.F.R. 2540.201(a) states that “an individual is ineligible to serve in a covered position if the individual is registered, or required to be registered, on a State sex offender registry or the National Sex Offender Registry.”

Recommendations:

We recommend that the Corporation:

3c. Revise its guidance on the “Frequently Asked Questions for National Service Criminal History Checks” that the national sex offender search includes members’ maiden and married names.

Serve Alaska Response:

Serve Alaska indicated that the subgrantees conducted the NSOPR in compliance with Corporation guidelines, and stated that Serve Alaska will comply with any changes to guidelines made by the Corporation.

Auditors' Comments:

The Corporation should consider revising its guidance for the NSOPR search and ensure that Serve Alaska implements the appropriate procedures to address the finding condition.

Criminal Background Check and/or National Sex Offender Public Registry Search Was Performed after Member Enrollment

In 21 of the 68 member files tested (SAGA 1, RurAL CAP 20), we found the criminal background check was performed after the member's start date. In 18 of the member files reviewed (SAGA 1, RurAL CAP 17), we found the NSOPR search was completed after the member's start date.

RurAL CAP indicated that, for the 2008-09 Students in Service program year, it believed that it would have access to the background checks conducted by its partner, the University of Alaska. RurAL CAP began performing and documenting the background checks when Serve Alaska informed it of the new requirements for documenting the checks within its files. However, most of the criminal background checks and NSOPR searches occurred after the members had started their terms. For one member, RurAL CAP provided the first-term NSOPR search, but it was incomplete. As a result, the completed NSOPR search performed for the member's second term was also late. SAGA indicated it remained in compliance with the Federal regulations because it ensured the member was not permitted access to vulnerable populations until the search was completed.

By not conducting criminal background checks and NSOPR searches prior to enrolling its members, a subgrantee places itself, Serve Alaska, the Corporation, and vulnerable populations being served at risk. It also incurs the additional administrative burden to ensure that unchecked members are supervised at all times when interacting with vulnerable populations.

Criteria

45 C.F.R. 2540.203(a) states that "The State criminal registry check must be conducted on Foster Grandparents, Senior Companions, and AmeriCorps State and National participants and grant-funded staff with recurring access to children, persons age 60 or older, or individuals with disabilities, who enroll in, or are hired by, your program after November 23, 2007." 45 C.F.R. 2540.204(f) states "Ensure that an individual, for whom the results of a required State criminal registry check are pending, is not permitted to have access to children, persons age 60 and older, or individuals with disabilities without being accompanied by an authorized program representative who has previously been cleared for such access."

45 C.F.R. 2540.203(b) states that the National Sex Offender Public Registry check must be conducted on an individual who is serving, or applies to serve, in a covered position on or after November 23, 2007. 45 C.F.R. 2540.201 states that any individual who is registered, or required to be registered, on a State sex offender registry is deemed unsuitable for, and may not serve in, a position covered by suitability criteria.

Recommendation:

We recommend that the Corporation:

3d. Ensure that Serve Alaska strengthens its monitoring of subgrantees to ensure that NSOPR searches are conducted prior to members starting service and, for members whose National Service Criminal History Checks are pending, ensure that a program official is present whenever such members interact with vulnerable populations.

Serve Alaska Response:

Serve Alaska concurred with the finding.

Auditors' Comments:

The Corporation should follow up to ensure that the corrective action implemented by Serve Alaska is effective.

No Follow-up on Criminal Background Findings

SAGA did not follow up on findings identified in a member's background check. The background check indicated that the member had a potential of four criminal charges on his record. Those charges were not identified. By not investigating the findings of the criminal background check and documenting the resolution of those charges prior to enrolling the member, SAGA placed itself, Serve Alaska, the Corporation and the population it serves at risk. SAGA indicated that follow-up was conducted, but the documentation of the review was not retained in the member's file due to an administrative oversight. As a result, we questioned \$5,069 in Federal costs and \$2,293 in match member living allowances and an education award of \$2,363.

Criteria

45 C.F.R. 2540.203(a) states "The State criminal registry check must be conducted on Foster Grandparents, Senior Companions, and AmeriCorps State and National participants and grant-funded staff with recurring access to children, persons age 60 or older, or individuals with disabilities, who enroll in, or are hired by, your program after November 23, 2007." 45 C.F.R. 2540.201(b) states that "an individual is ineligible to serve in a covered position if the individual has been convicted of murder, as defined in section 1111 of title 18, United States Code."

Recommendation:

We recommend that the Corporation:

3e. Ensure that Serve Alaska strengthens the monitoring of its subgrantees to ensure that criminal background checks are conducted, findings are considered and investigated, and results are documented to demonstrate the member's suitability for service. In addition, the Corporation should resolve the questioned costs in the amounts of \$5,069 in Federal and \$2,293 in match member living allowances, and a \$2,363 education award.

Serve Alaska Response:

Serve Alaska believes that this is a compliance issue and its related claimed costs should not be questioned.

Auditors' Comments:

The Corporation should resolve the questioned costs, including the related education award, and ensure that Serve Alaska has taken the appropriate corrective action.

Finding 4 – Proof of U.S. citizenship was not properly verified prior to member's start date

For seven of the 25 member files tested for RurAL CAP, the documentation provided for proof of U.S. citizenship was insufficient or was provided after the member started serving. Two of the members submitted a marriage certificate. This is not a valid proof of citizenship. The subgrantee subsequently obtained a valid proof of citizenship for these two members. The other five members provided documentation of citizenship after they started serving. By not obtaining sufficient proof of U.S. citizenship prior to the member's start date, RurAL CAP may have members serving that are not eligible.

Criteria

45 C.F.R. 2522.200(a)(3) states in part that "An AmeriCorps participant must be a citizen, national, or lawful permanent resident alien of the United States." Furthermore, Section 2522.200(c) states, in part:

The following are acceptable forms of certifying status as a U.S. citizen or national: 1) A birth certificate showing that the individual was born in one of the 50 states, the District of Columbia, Puerto Rico, Guam, the U.S. Virgin Islands, American Samoa, or the Northern Mariana Islands; 2) A United States passport; 3) A report of birth abroad of a U.S. Citizen (FS-240) issued by the State Department; 4) A certificate of birth-foreign service (FS 545) issued by the State Department; 5) A certification of report of birth (DS-1350) issued by the State Department; 6) A certificate of naturalization (Form N-550 or N-570) issued by the Immigration and Naturalization Service; or 7) A certificate of citizenship (Form N-560 or N-561) issued by the Immigration and Naturalization Service.

The C.F.R also states that, "if primary documentation is not available, the program must obtain written approval from the Corporation that other documentation is sufficient to demonstrate the individual's status as a U.S. citizen."

Recommendation:

We recommend that the Corporation:

4. Ensure that Serve Alaska strengthens the monitoring of its subgrantees to ensure that proper documentation of citizenship or legal residency is obtained, reviewed and maintained in the member's file prior to the member starting service.

Serve Alaska Response:

Serve Alaska concurred with the finding.

Auditors' Comments:

The Corporation should follow up to ensure that the corrective action implemented by Serve Alaska is effective.

Finding 5 – Lack of adequate procedures to complete member contracts and to obtain parental consent forms for minors

Member Contract for Minor Was not Signed by Parent/Legal Guardian

For seven of 25 SAGA member files tested, the Agreement of Participation (for a minor) did not have a parent/guardian signature. According to SAGA, the error was due to an administrative oversight. Without a parent or legal guardian's signature, the Agreement of Participation is not legally binding. This places the subgrantee, Serve Alaska and the Corporation at risk if something should happen to the minor.

SAGA subsequently provided additional evidence that indicated the parent/guardian intended to have their child participate in the program and would have communicated with SAGA if that were not the case. As a result, we did not question the costs associated with these members. However, this is noted as a non-compliance issue with the grant provisions.

Criteria

The 2009 AmeriCorps Special Provisions, Section IV.C. *Member Recruitment, Selection, and Exit*, paragraph 2. *Parental Consent*, states: "Parental or legal guardian consent must be obtained for members under 18 years of age before beginning a term of service." The Agreement of Participation in the AmeriCorps Program of SAGA, Section XI, paragraph C, also specifically states, "If the member is under 18 years of age, he/she understands that his/her parent or legal guardian must sign this agreement."

Recommendation:

We recommend that the Corporation:

- 5a. Ensure that Serve Alaska strengthens the monitoring of subgrantees to ensure that Member Participation Agreements for persons under the age of 18 are signed by a parent or legal guardian.

Serve Alaska Response:

Serve Alaska concurred with the finding.

Auditors' Comments:

The Corporation should follow up to ensure that the corrective action implemented by Serve Alaska is effective.

Member Contract Was not Signed Prior to Beginning Service

For two of 25 member files tested for RurAL CAP, members began their service terms for Program Year 2008-09 before signing member contracts. The delays in signing ranged from four to 10 days. RurAL CAP indicated that improvements were made to its systems to address this issue for Program Year 2009-10. Given that the members were not properly enrolled prior to starting their service, any service hours recorded by the member prior to signing the contract could be questioned, which might cause the member to have insufficient hours to earn an education award. This is being reported as a non-compliance issue with the grant provisions.

Criteria

The AmeriCorps 2008 Special Provisions, Section IV, D.2. *Supervision and Support*, Paragraph 2. *Member Contracts*, state that, "The grantee should ensure that the contract is signed before commencement of service so that members are fully aware of their rights and responsibilities."

Recommendation

We recommend that the Corporation:

- 5b. Ensure that Serve Alaska strengthens the monitoring of its subgrantees to ensure member contracts are signed before service begins.

Serve Alaska Response:

Serve Alaska identified this issue during previous site visits and has worked with RurAL CAP to strengthen its procedures.

Auditors' Comments:

The Corporation should follow up to ensure that the corrective action implemented by Serve Alaska is effective.

Incomplete Member Contract in the Member File

For one of the RurAL CAP 25 member files tested, the member file contained only the first page and the signature page of the member contract. According to RurAL CAP, the partial copy of the member contract was placed in the file in error. By not including the complete member contract in the member's file, RurAL CAP was not in compliance with the grant provisions.

For two of the RurAL CAP member files tested, the member contract did not specify whether the member was half-time or full-time. RurAL CAP indicated that this issue was due to an administrative oversight. The member contract should properly reflect whether the member is a half-time or a full-time member so that there is no confusion regarding the service period, service hours per week, and the number of hours to be served by the member.

For two RurAL CAP members, the service periods were incorrectly stated on the contracts. The correct service periods were in the eGrants portal. The member contract should state the correct service period to avoid confusion regarding the time a member is to provide service.

For one of the 18 Nine Star member files tested, the member contract did not contain the dollar amount of the member's living allowance. Nine Star indicated that the omission was due to human error. This information must be disclosed in the contract, so the member understands what financial benefits he/she is entitled.

Criteria:

The 2009 AmeriCorps Special Provisions, Section IV, D. *Supervision and Support*, Paragraph 2. *Member Contracts*, states:

The grantee must require that each member signs a contract that, at a minimum, includes or refers to the following: a.) Member position description; b.) The minimum number of service hours (as authorized by statute) and other requirements (as developed by the grantee) necessary to successfully complete the term of service and to be eligible for the education award; c.) Standards of conduct, as developed by the grantee or sub grantee; d.) Prohibited activities, including those specified in the regulations; e.) Requirements under the Drug-Free Workplace Act (41 U.S.C. 701 et seq.); f.) Suspension and termination rules; g.) The specific circumstances under which a member may be released for cause; h.) Grievance procedures; and i.) Other requirements as established by the grantee.

Recommendation

We recommend that the Corporation:

5c. Ensure that Serve Alaska strengthens the monitoring of its subgrantees to ensure member contracts address all significant issues, including term of service and financial benefits.

Serve Alaska Response:

Serve Alaska concurred with the finding.

Auditors' Comments:

The Corporation should follow up to ensure that the corrective action implemented by Serve Alaska is effective.

Finding 6 – Lack of procedures to ensure member service hours are properly recorded

Member Timesheet Exceptions

For six of the Nine Star member files tested, there were timesheets that were missing signing dates for the member and supervisor signatures. Members and supervisors assumed that the timeframe indicated in the timesheet was sufficient. No costs were questioned, but this is being noted as a compliance issue.

For three of the RurAL CAP member files tested, timesheets were not properly signed by the member and/or the member's supervisor. For two members, the supervisor signed off before the end of the timesheet period. RurAL CAP indicated that this was due to human error. The education award for one member was questioned due to insufficient hours to qualify for an

education award and is shown in the table below. For the third member, there were timesheets with no signing dates for the member's or supervisor's signatures, missing member signatures and missing supervisor signatures. RurAL CAP subsequently provided the timesheets with the missing signatures, but we were unable to verify that they were actually signed before our testing. The hours related to the timesheets with the missing signatures were questioned and the questioned costs are identified in the table below.

Sample Member	Total Timesheet Hours	Questioned Hours	Hours Short for Award	Questioned Federal Living Allowance	Questioned Match Living Allowance	Questioned Education Award
19	482.5	24	0	-	-	-
21	468.5	57	38.5	-	-	\$1,250
24	2,021	634	313	\$1,169	\$2,176	6,932*
			Totals	\$1,169	\$2,176	\$8,182

*Includes \$2,207 in accrued interest.

Criteria:

The 2008 AmeriCorps Special Provisions, Section IV. C. *Member Recruitment, Selection, and Exit*, Paragraph 4. *Timekeeping*, states:

The grantee is required to ensure that time and attendance recordkeeping is conducted by the individual who supervises the AmeriCorps member. This time and attendance record is used to document member eligibility for in-service and post-service benefits. Time and attendance records must be signed and dated both by the member and by an individual with oversight responsibilities for the member.

The 2008 AmeriCorps General Provisions, Section V. B. *Financial Management Standards*, Paragraph 3. *Audit*, indicates that the records must be available for review and audit.

Recommendation

We recommend that the Corporation:

- 6a. Resolve the questioned \$1,169 in Federal costs and \$2,176 in match member living allowances, \$5,975 in questioned education awards, and \$2,207 in interest forbearance related to a questioned education award.
- 6b. Ensure that Serve Alaska strengthens the monitoring of its subgrantees to ensure members and supervisors properly sign and date timesheets.

Serve Alaska Response:

Serve Alaska concurs with the finding, but does not believe that the costs for member sample No. 24 should be questioned. RurAL CAP subsequently provided all of the questioned timesheets to the auditors. The auditors' responded that they could not verify that the timesheets were actually signed prior to their initial review. RurAL CAP included attached statements from the member and the supervisor stating that the timesheets were all signed at the time of service and not manufactured after the audit testing in response to this report.

Auditors' Comments:

The Corporation should determine whether these signed statements are sufficient to resolve the questioned costs and related education award for member sample No. 24. The Corporation should resolve the remaining questioned education award and ensure that Serve Alaska has taken the appropriate corrective action.

Finding 7 – A supplemental living allowance was provided to a member without proper disclosure to the Corporation

A Nine Star member received member living allowance payments that were inconsistent and in excess of those for members serving under a similar contract. The member received payments of \$2,150 for May 2009 and \$1,550 for June 2009. According to Nine Star, the sponsoring agency wanted to provide a supplemental living allowance for this member and provided the funding for it. The payment for May included the normal member living allowance of \$950, plus a supplemental allowance of \$600. It also included a supplemental allowance for April of \$600. The June payment included the normal living allowance of \$950 along with a supplemental payment of \$600. There was no documentation to support that Nine Star had discussed this arrangement with Serve Alaska or the Corporation.

Other members serving under the same program, but receiving a smaller living allowance, could cite this practice as unfair and take action (i.e., legal action or inform the media) that may damage the reputation of Nine Star, Serve Alaska and the Corporation.

Criteria

The AmeriCorps State and National Policies and Policy FAQs, C.15., states, "To ensure equitable treatment of members, the Corporation discourages grantees from providing different living allowance amounts to AmeriCorps members serving in the same program. However, a uniform living allowance amount for each and every member in a program is not absolutely required. Grantees should discuss the specifics of their proposed member support framework with their program and grants officers at the Corporation."

Recommendation

We recommend that the Corporation:

7. Ensure that Serve Alaska strengthens the monitoring of its subgrantees relating to member living allowances and ensure that differences in living allowances for members serving under similar contracts are disclosed to the Corporation before being implemented.

Serve Alaska Response:

Serve Alaska identified this issue during a site visit prior to the audit and has worked with Nine Star to strengthen its procedures.

Auditors' Comments:

The Corporation should follow up to ensure that the corrective action implemented by Serve Alaska is effective.

Finding 8 – Member information reported in eGrants did not agree with member's enrollment form and contract

For one RurAL CAP member, the member's name in the eGrants portal did not match what was on the enrollment sheet and member contract. The member contract and the enrollment sheet indicated the member's married name. The member was enrolled in a prior term under her maiden name, and the Corporation's system would not let the subgrantee make the change to her married name. By not being enrolled under her proper name (i.e., maiden versus married), the member may encounter difficulty in utilizing the education award because it is still under her maiden name.

Name changes can be accomplished by making a request to the eGrants help desk or the National Service Information Hotline.

Criteria

The 2009 AmeriCorps Special Provisions, Section IV.G. *Member Records and Confidentiality*, Paragraph 1. *Recordkeeping*, states, in part: "The grantee must ensure that records maintained are sufficient to establish that each member was eligible to participate and that the member successfully completed all requirements."

Recommendation

We recommend that the Corporation:

8. Provide guidance related to name changes so that members do not encounter problems accessing their education awards.

Serve Alaska Response:

Serve Alaska had no response, but indicated it will welcome any guidance provided by the Corporation.

Auditors' Comments:

The Corporation should provide guidance related to name changes so the members can continue to access their earned education awards.

Finding 9 - Lack of adequate controls to document members' attendance at orientation, maintain member evaluations, and process member enrollment and exit forms within established timeframes

Lack of Documentation for Member Orientation Attendance

For two RurAL CAP members, there was no documentation that the members attended orientation. RurAL CAP indicated that these members met with their staff one-on-one instead of

attending the orientation, but there is no documentation that these one-on-one sessions took place.

Criteria

The AmeriCorps State and National Policies and Policy FAQs, C.2. *Orientation*, states that, “The grantee must conduct an orientation for members. The orientation should be designed to enhance member security and sensitivity to the community. Orientation should cover member rights and responsibilities, including the Program’s code of conduct, prohibited activities (including those specified in the regulations), requirements under the Drug-Free Workplace Act (41 U.S.C. 701 et seq.) suspension and termination from service, grievance procedures, sexual harassment, other non-discrimination issues, and other topics as necessary.”

Recommendation:

We recommend that the Corporation:

- 9a. Ensure that Serve Alaska strengthens the monitoring of its subgrantees to ensure they conduct member orientation and document attendance.

Serve Alaska Response:

Server Alaska concurred with the finding.

Auditors’ Comments:

The Corporation should follow up to ensure that the corrective action implemented by Serve Alaska is effective.

Midterm Evaluation Was not Maintained

For one of the 25 RurAL CAP member files tested, the mid-term evaluation was missing. RurAL CAP indicated that the evaluation was lost due to human error. Such evaluations are important in that they provide evidence that members have been properly supervised and have received feedback on their performance.

Criteria:

The 2009 AmeriCorps Special Provisions, Section IV.D. *Supervision and Support*, Paragraph 4. *Performance Reviews*, states, in part: “The grantee must conduct and keep a record of at least a midterm and end-of-term written evaluation of each member’s performance for Full and Half-Time members.”

Recommendation:

We recommend that the Corporation:

- 9b. Ensure that Serve Alaska strengthens the monitoring of its subgrantees to ensure they conduct and maintain a record of midterm evaluations.

Serve Alaska Response:

Serve Alaska concurred with the finding.

Auditors' Comments:

The Corporation should follow up to ensure that the corrective action implemented by Serve Alaska is effective.

Member Enrollment or Exit Form Was not Approved in eGrants within 30 Days of Member Enrollment or Exit

For two of the RurAL CAP member files tested, the member enrollment forms in eGrants were not approved within 30 days. In addition, for two of the RurAL CAP member files tested, the member exit forms in eGrants were not approved within 30 days of exit. These exceptions occurred in PY 2008-09. Delays in entering this information into eGrants will result in the Corporation having incomplete information concerning the members. RurAL CAP indicated that improvements were made to its system at the beginning of PY 2009-10.

Criteria

The 2008 AmeriCorps Special Provisions, Section IV.C. *Member Recruitment, Selection, and Exit*, Paragraph 1. *Notice to the Corporation's National Service Trust*, states: "The grantee must notify the Corporation's National Service Trust within 30 days of a member's selection for, completion of, suspension from, or release from, a term of service."

Recommendation:

We recommend that the Corporation:

- 9c. Ensure that Serve Alaska strengthens the monitoring of its subgrantees to ensure member enrollment and exit forms are approved in eGrants within 30 days.

Serve Alaska Response:

Serve Alaska concurred with the finding.

Auditors' Comments:

The Corporation should follow up to ensure that the corrective action implemented by Serve Alaska is effective.

Finding 10 - Salary cost for one staff person was undercharged to a grant

We noted that the salary cost for one RurAL CAP employee was undercharged by \$470 to the Recovery Act Grant No. 09RCHAK001. The actual hours worked supports an allocation of salary costs of 54 percent, but the allocation used was only 27 percent. RurAL CAP indicated that the accounting and payroll department had a software installation that made an error in its calculation. It subsequently worked with the software company to correct the problem and initiated a system to re-verify calculations during payroll processing.

Criteria

OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, Attachment B, Selected Items of Cost, Paragraph 8.m. *Support of salaries and wages*, states, in part:

- a. Charges to awards for salaries and wages, whether treated as direct costs or indirect costs, will be based on documented payrolls approved by a responsible official(s) of the organization. The distribution of salaries and wages to awards must be supported by personnel activity reports, except when a substitute system has been approved in writing by a cognizant agency.
- b. Reports reflecting the distribution of activity of each employee must be maintained for all staff members (professionals and nonprofessionals) whose compensation is charged, in whole or in part, directly to awards. In addition, in order to support the allocation of indirect costs, such reports must also be maintained for other employees whose work involves two or more functions or activities if a distribution of their compensation between such functions or activities is needed in the determination of the organization's indirect cost rate(s).

Recommendation:

We recommend that the Corporation:

10. Work with Serve Alaska to verify that RurAL CAP's new payroll software charges labor costs for employees based on actual hours worked for the grant.

Serve Alaska Response:

Serve Alaska concurred with the finding.

Auditors' Comments:

The Corporation should follow up to ensure that the corrective action implemented by Serve Alaska is effective.

Finding 11 – Three members were converted to full-time but were no longer serving on the grant program

Three SAGA member Team Leaders were converted from half-time to full-time under competitive Grant No. 07ACHAK001-0004. The slot conversion was approved by Serve Alaska. The members completed their original half-time service period with the Serve Alaska Youth Corps (SAYC) program, which focused on reconnecting Alaskan youth to their community by providing service while also learning life skills. Service involved working on backlogged public land projects. After completing their service under the original contract, these members started serving with an Alaska Service Corps (ASC) program group that was funded through formula Grant No. 06AFHAK001-0004. However, the members' costs were still charged to Grant No. 07ACHAK001-0004. In addition, their new service assignment did not focus on reconnecting Alaskan youth and teaching life skills. The crews that they were working with were eighteen years and older and from across the United States. The only aspect that the program had in common with Grant No. 07ACHAK001-0004 involved serving on backlogged public land projects.

We also found that the contracts for two of the members were reworked to indicate full-time service and that those contracts were backdated. The original half-time contracts were not available. The third member's contract was modified through an amendment. SAGA wanted to accommodate the members to have them serve full-time instead of a halftime. However, the SAYC program that those members originally served on concluded after their half-time service. SAGA did have a formula grant to support several crews to serve in the ASC program. However, for two of the members this would have required them to serve another half-time term under that grant, and would have prevented them from returning the next program year to serve another term. One of the members was already in her second term. SAGA decided that since the members would continue working on backlogged public land projects, it would be appropriate to have them work with an ASC crew on the formula grant and extend their time under the competitive grant.

The application for the formula grant explains the difference from the competitive grant. "Whereas our currently funded state commission program, the Serve Alaska Youth Corps, is a youth program that involves service, our Alaska Service Corps is a service program that involves young people. The nuance is important. In one program (SAYSC), service is being used as a means to provide education and training. In the other (ASC), service is the objective for young people to achieve." Additionally, the competitive grant agreement period of performance ended August 31, 2010. We questioned \$4,578 in Federal costs and \$6,279 in match costs for member living allowances that were paid from September through November 2010. We have also questioned \$7,089 in questioned education awards beyond what the member would earn under the original half-time contract.

Criteria:

The grant application for grant number 07ACHAK001-0004 states the following:

The compelling community needs addressed by SAGA's two programs, Serve Alaska Youth Corps, and Connections, address the high rates of disconnected youth and the related risk factors of unemployment, involvement with the juvenile justice system, and school failure, especially among Alaska Native youth. Young people, ages 16-24, who are neither in school nor working are often defined as "disconnected" because they are not learning the skills needed to connect to the workforce or community as productive young adults.

The Serve Alaska Youth Corps is a fulltime, largely residential program whose target population is disconnected/at-risk youth, ages 16-24, from rural Alaska. The SAYC is the summer component of SAGA's year-round Alaska Service Corps. The SAYC recruits statewide for its target population, with a special commitment to recruit from communities near projects. SAYC corps members will consist of 26 quarter time AmeriCorps Members, giving them three months in the program.

Eight specially trained halftime AmeriCorps Members play vital roles on SAYC crews as Team Leaders. The Team Leaders are carefully recruited nationwide and begin in March. They receive 2.5 months of intensive training to prepare for roles as mentors and role models for the target population. The training is especially focused on safety and utilizing the projects as a means to help their corps members develop healthy attitudes and behaviors related to service, work habits, and teamwork.

Recommendation:

We recommend that the Corporation:

- 11a. Resolve the questioned \$4,578 in Federal costs and \$6,279 in match member living allowances, along with the \$7,089 in questioned education awards.
- 11b. Ensure that Serve Alaska verify that the service activity is consistent with the grant before slot conversions are approved.

Serve Alaska Response:

Serve Alaska disagrees with this finding, noting the members served on the competitive grant the entire time and in activities clearly defined in the grant.

In the *Rationale and Approach* section of SAGA's SAYC grant proposal, it highlighted critical community needs, including "A crisis level of backlogged environmental and public safety projects on public lands in Alaska." In the *Compelling Community Need* section of the proposal, this critical need is further supported by the statement: "As a result, SAYC crews are a critical part of the strategy used by public land agencies in Alaska to complete essential projects that would not otherwise get done."

The three members served with disconnected youth until the youths' graduated and this mentorship satisfied all aspects of the grant. After the youths graduated, the three members continued addressing the critical need of completing backlogged projects. Nowhere in the grant does it say that the SAYC Team Leaders can only serve with disconnected youth.

SAGA's intention and belief was to follow the grant objectives and the Corporation's principle of engaging citizens in service.

Auditors' Comments:

The competitive and formula grants have separate purposes. Based on the grant proposal for SAYC's competitive grant, there was no specific intent to have the Team Leaders serve longer than half-time to oversee and mentor the quarter-time members over the summer. The Corporation should resolve the questioned costs and related education awards, and ensure that Serve Alaska has taken the appropriate corrective action.