

Office of Inspector General Corporation for National and Community Service

AGREED-UPON PROCEDURES FOR CORPORATION GRANTS AWARDED TO THE CHILD ABUSE PREVENTION COUNCIL OF SACRAMENTO, INC. & PREVENT CHILD ABUSE CALIFORNIA

OIG REPORT 11-08



Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

Prepared by:

Mayer Hoffman McCann P.C.
2301 Dupont Drive, Suite 200
Irvine, California 92612

This report was issued to Corporation management on April 25, 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 October 24, 2011 and complete its corrective actions by April 25, 2012. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.

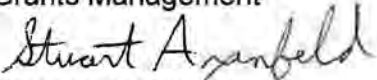


OFFICE OF INSPECTOR GENERAL

April 25, 2011

TO: John Gomperts
Director, AmeriCorps*State and National

Margaret Rosenberry
Director, Office of Grants Management

FROM: Stuart Axenfeld 
Assistant Inspector General for Audit

SUBJECT: *OIG Report 11-08, Agreed-Upon Procedures Review of Corporation Grants Awarded to the Child Abuse Prevention Council of Sacramento (CAPC) & Prevent Child Abuse California (PCA)*

Attached is the final report for the above-noted agreed-upon procedures, which were performed for the OIG under contract by the independent certified public accounting firm of Mayer Hoffman McCann P. C. (MHM). The contract required MHM to conduct its review in accordance with generally accepted government auditing standards.

MHM is responsible for the attached report, dated January 18, 2011, and the conclusions expressed therein. The agreed-upon procedures, unlike an audit in accordance with U.S. generally accepted auditing standards, was not intended to enable us to express opinions on CAPC & PCA Consolidated Schedule of Awards and Claimed and Questioned Costs or the subgrantees' Schedule of Awards and Claimed and Questioned Costs, conclusions on the effectiveness of internal controls, or compliance with laws, regulations, and grant provisions.

Under the Corporation's audit resolution policy, a final management decision on the findings in this report is due by October 25, 2011. Notice of final action is due by April 26, 2012.

If you have questions pertaining to this report, please call me at (202) 606-9360, or Rick Samson, Audit Manager, at (202) 606-9380.

Attachment

cc: Sheila Boxley, President and CEO
Karen Baker, Secretary of Service and Volunteering, California Volunteers
Robert Velasco II, Chief Operating Officer
William Anderson, Chief Financial Officer, CNCS
Rocco Gaudio, Deputy Chief Financial Officer, Grants & Field Financial Management, CNCS
Claire Moreno, Audit Liaison, Office of Grants Management, CNCS
Jack Goldberg, Grant Officer
Ronald Rolwes, Shareholder, Mayer Hoffman McCann, P.C.

1201 New York Avenue, NW ★ Suite 830 ★ Washington, DC 20525
202-606-9390 ★ Hotline: 800-452-8210 ★ www.cncsoig.gov

Senior Corps ★ AmeriCorps ★ Learn and Serve America

**AGREED-UPON PROCEDURES FOR CORPORATION GRANTS AWARDED TO
THE CHILD ABUSE PREVENTION COUNCIL OF SACRAMENTO, INC. & PREVENT CHILD ABUSE
CALIFORNIA**

Table of Contents

	<u>Page</u>
Executive Summary	1
Independent Accountants' Report on Applying Agreed-Upon Procedures	6
Results – Costs Claimed	7
Consolidated Schedule of Claimed and Questioned Costs	8
Notes to Consolidated Schedule of Claimed and Questioned Costs	9
Results – Compliance and Internal Control	10
Appendix A – Child Abuse Prevention Council of Sacramento, Inc. & Prevent Child Abuse California's Response to Draft Report	
Appendix B – Corporation for National and Community Service's Response to Draft Report	

EXECUTIVE SUMMARY

The Office of Inspector General (OIG), Corporation for National and Community Service (Corporation), contracted with Mayer Hoffman McCann P.C. (MHM) to perform agreed-upon procedures on grant costs and compliance for Corporation-funded Federal assistance provided to the Child Abuse Prevention Council of Sacramento, Inc. (CAPC) & Prevent Child Abuse California (PCA).

Results

As a result of applying our procedures, we questioned claimed Federal-share costs of \$12,781. We also questioned education awards and accrued interest payments related to members' service under the terms of the grant, but funded outside of the grant, of \$22,833 and \$1,624, respectively. A questioned cost is an alleged violation of provision of law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the expenditure of funds; or a finding that, at the time of testing, such cost is not supported by adequate documentation. The detailed cost results of our agreed-upon procedures are presented in the Consolidated Schedule of Claimed and Questioned Costs.

CAPC & PCA claimed total Federal costs of \$3,380,942 and \$3,347,971, respectively, from October 1, 2008, through September 30, 2010, under various grants. As a result of testing a judgmentally selected sample of transactions, we questioned costs claimed, as shown in the following table:

Description of Questioned Costs	Grant No.	Federal Share	Education Awards	Accrued Interest
Unallowable Mortgage Interest	06ACHCA0010010	\$1,293	-	-
	09RFHCA0010009	294	-	-
	06AFHCA0010046	264	-	-
	09RCHCA0020003	411	-	-
	06AFHCA0010030	790	-	-
	06AFHCA0010003	1,002	-	-
	06ACHCA0010020	468	-	-
	09RCHCA0020006	129	-	-
	09RFHCA0010007	7	-	-
	07NDHCA001	122	-	-
	Sub-total:	4,780	-	-
Service Hours Not Met	06AFHCA0010003	-	\$9,450	\$374
Non-compelling Circumstances	06AFHCA0010046	-	4,358	1,052
	06ACHCA0010020	-	4,300	-
	Sub-total:	-	8,658	1,052
Ineligible Individual Enrolled	06AFHCA0010003	8,001	4,725	198
	Total:	\$12,781	\$22,833	\$1,624

The amounts shown above were the exceptions found during our testing. Our testing also revealed unallowable match costs totaling \$57,661. However, the match cost has not been questioned because CAPC and PCA had enough excess match to meet the requirement.

AmeriCorps members who successfully complete their terms of service, are eligible for education awards and for payments of interest on student loans (accrued interest) that were deferred while the members served. These costs are funded by the Corporation's National Service Trust and not by Corporation grants, therefore are not costs claimed by CAPC & PCA. However, as part of our agreed-upon procedures, we determined the effect of our findings on eligibility for education awards and accrued interest payments. Using the same criteria described above, we questioned education awards of \$22,833 and accrued interest payments of \$1,624.

Details related to these questioned costs and awards appear in the *Independent Accountants' Report on Applying Agreed-Upon Procedures* that follows.

The detailed results of our agreed-upon procedures revealed the following instances of non-compliance with grant provisions, regulations, or Office of Management and Budget (OMB) requirements:

- CAPC & PCA lacked sufficient support for mortgage interest and other program match costs claimed.
- Members did not always meet minimum program requirements to earn an education award and to have their accrued interest paid.
- Non-Compliance with AmeriCorps provisions, including late submission of member forms; members serving before being enrolled; missing documentation for attending orientation or orientation not performed; and evaluations not performed.

We also compared the inception-to-date drawdown amounts with the amounts reported in the grantee's most recent Financial Status Report (FSR) and Federal Financial Report (FFR) under each grant and determined that the drawdown amounts were reasonable.

Agreed-Upon-Procedures Scope

We performed our agreed-upon procedures during the period October 18, 2010, through January 18, 2011. They covered the allowability, allocability, and reasonableness of financial transactions claimed for the following grants and periods:

CAPC Grants

<u>Program Name</u>	<u>Grant Number</u>	<u>Program Period</u>	<u>Testing Period</u>
Birth&Beyond(B&B) B&B Recovery	06ACHCA0010010	07/01/08 – 12/31/10	10/01/08 – 09/30/10
Match Replacement	09RFHCA0010009	07/01/08 – 12/31/09	10/01/08 – 12/31/09
Great Beginnings Youth Investment	06AFHCA0010030	07/01/08 – 12/31/10	10/01/08 – 09/30/10
Center (YIC)	06AFHCA0010046	07/01/08 – 12/31/09	10/01/08 – 12/31/09
YIC Recovery	09RCHCA0020003	06/01/09 – 09/30/10	06/01/09 – 09/30/10

PCA Grants

<u>Program Name</u>	<u>Grant Number</u>	<u>Program Period</u>	<u>Testing Period</u>
Child Welfare System Redesign (CWS) CWS Match Replacement	06ACHCA0010020	07/01/08 – 12/31/10	10/01/08 – 9/30/10
CWS Recovery	09RFHCA0010007	07/01/08 – 12/31/09	10/01/08 – 12/31/09
First 5 Service Corps Child Abuse Prev. Alliance (CAPA)	09RCHCA0020006	06/01/09 – 09/30/10	06/01/09 – 09/30/10
CAPA Recovery	06AFHCA001003	07/01/08 – 12/31/10	10/01/08 – 09/30/10
	07NDHCA001	07/10/07 – 07/09/11	10/01/08 – 09/30/10
	09RNHCA003	07/01/09 – 06/30/10	07/01/09 – 06/30/10

The procedures performed are based on the OIG's agreed-upon-procedures program, dated August 2010, and are included in the *Independent Accountants' Report on Applying Agreed-Upon Procedures*.

Background

The Corporation, under the National Community Service Trust Act of 1993, as amended, awards grants and cooperative agreements to National Direct Grantees and other entities to assist in the creation of full- and part-time national and community service programs.

The Child Abuse Prevention Council of Sacramento, Inc. (CAPC) was formed in 1977 and incorporated under the laws of the State of California in 1982 as a nonprofit public benefit corporation. Its' mission is to protect children in Sacramento County from the risk or impact of abuse, neglect, or abandonment. CAPC's board of directors also controls three other nonprofit organizations; Prevent Child Abuse California, Community School Solutions of California, Inc. and Lift the Children. These organizations also have common management and share certain employees.

Prevent Child Abuse California (PCA) is a tax-exempt corporation organized under the laws of the State of California. Its' mission is to prevent the abuse and neglect of California's children by building community resources, enhancing public awareness, developing and coordinating prevention programs, and facilitating advocacy activities. PCA has also begun extending its mission on the national level through a National Direct AmeriCorps Program, funded directly by the Corporation. Its' grant, in its third year of operation, focuses on prevention activities and has AmeriCorps members serving in Oregon, Vermont, Washington, DC, and California.

CAPC operates three AmeriCorps programs as a subgrantee of California Volunteers, which is the State Commission of California: Birth and Beyond, Great Beginnings and Youth Investment Center. All program expenses are reimbursed based on quarterly FSRs submitted to California Volunteers.

PCA operates three AmeriCorps programs as well. The Child Welfare System program is a subgrant of California Volunteers; Child Abuse Prevention Alliance is a National Direct grant with the Corporation; and First 5 Recovery Corps is not a subgrantee of California Volunteers or a National Direct grant. It operates under an intermediary agreement with California Children and Families Foundation, a subgrantee of California Volunteers.

FSRs for all subgrantee programs are submitted directly to California Volunteers on a quarterly basis. The FFRs for the National Direct program are submitted semiannually.

CAPC and PCA do not have members in any of the six programs. All members are supervised by partners or subgrantees of CAPC and PCA. However, CAPC and PCA maintain all member files and original documentation. CAPC's and PAC's portion of the AmeriCorps costs consist of program operating costs such as personnel expenses, fringe benefits, travel, contractual and consultant services, member training, administrative costs and member living allowances. As indicated above, except for the First 5 Service Corps program in 2008-2009, all Federal costs claimed were incurred by CAPC or PAC. There were no Federal costs claimed by any of the subgrantees or partners.

CAPC and PCA utilized an in-house payroll system starting January 2009 and used electronic timesheets for both members and staff. Prior to that, both organizations used ADP and timesheets were in hard copy form.

As illustrated in the following tables, CAPC & PCA received Federal grant funds of \$3,920,402 and \$4,292,731, respectively, for various Corporation programs. CAPC & PCA claimed Federal costs of \$3,380,942 and \$3,347,971, respectively, during the period October 1, 2008, through September 30, 2010. We tested \$855,434 and 576,595 of total costs claimed by CAPC & PCA, respectively, as follows:

CAPC Grants

<u>Program Name</u>	<u>Grant Number</u>	<u>Award Amount</u>	<u>Claimed during Testing Period</u>	<u>Costs Tested</u>
Birth & Beyond (B&B)	06ACHCA0010010	\$ 1,920,902	\$ 1,664,686	\$ 303,994
B&B Recovery Match Replacement	09RFHCA0010009	432,187	306,084	140,105
Great Beginnings	06AFHCA0010030	793,256	668,211	172,947
Youth Investment Center (YIC)	06AFHCA0010046	281,489	281,489	104,904
YIC Recovery	09RCHCA0020003	492,568	460,472	133,484
	Total	\$ 3,920,402	\$ 3,380,942	\$ 855,434

PCA Grants

<u>Program Name</u>	<u>Grant Number</u>	<u>Award Amount</u>	<u>Claimed during Testing Period</u>	<u>Costs Tested</u>
Child Welfare System Redesign (CWS)	06ACHCA0010020	\$ 846,958	\$ 652,092	\$ 62,790
CWS Match Replacement	09RFHCA0010007	116,557	15,115	-
CWS Recovery	09RCHCA0020006	220,137	119,107	62,402
First 5 Service Corps	06AFHCA001003	2,180,119	1,852,074	341,453
Child Abuse Prev. Alliance (CAPA)	07NDHCA001	876,960	657,583	109,950
CAPA Recovery	09RNHCA003	52,000	52,000	-
	Total	\$ 4,292,731	\$ 3,347,971	\$ 576,595

Exit Conference

The contents of this report were discussed with the Corporation and CAPC & PCA at an exit conference held in Sacramento, CA, on January 18, 2011. In addition, we provided a draft of this report to CAPC & PCA and to the Corporation for comment on February 16, 2011. The Grantee and the Corporation's responses are included in Appendix A and Appendix B, respectively, and summarized after each finding.



Inspector General
Corporation for National and Community Service

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

We have performed the procedures described below for costs claimed between October 1, 2008, and September 30, 2010. The procedures were agreed to by the OIG solely to assist it in grant-cost and compliance testing of Corporation-funded Federal assistance provided to Child Abuse Prevention Council of Sacramento, Inc. & Prevent Child Abuse California (CAPC & PCA) for the awards and periods listed below, with a combined award period of July 10, 2007 through July 9, 2011. CAPC & PCA management is responsible for the accounting records. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and generally accepted government auditing standards. The sufficiency of these procedures is solely the responsibility of the OIG. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or any other purpose.

CAPC Grants

<u>Program Name</u>	<u>Grant Number</u>	<u>Program Period</u>	<u>Testing Period</u>
Birth & Beyond (B&B)	06ACHCA0010010	07/01/08 – 12/31/10	10/01/08 – 09/30/10
B&B Recovery Match Replacement	09RFHCA0010009	07/01/08 – 12/31/09	10/01/08 – 12/31/09
Great Beginnings Youth Investment Center (YIC)	06AFHCA0010030	07/01/08 – 12/31/10	10/01/08 – 09/30/10
YIC Recovery	06AFHCA0010046	07/01/08 – 12/31/09	10/01/08 – 12/31/09
	09RCHCA0020003	06/01/09 – 09/30/10	06/01/09 – 09/30/10

PCA Grants

<u>Program Name</u>	<u>Grant Number</u>	<u>Program Period</u>	<u>Testing Period</u>
Child Welfare System (CWS)	06ACHCA0010020	07/01/08 – 12/31/10	10/01/08 – 9/30/10
CWS Match Replacement	09RFHCA0010007	07/01/08 – 12/31/09	10/01/08 – 12/31/09
CWS Recovery	09RCHCA0020006	06/01/09 – 09/30/10	06/01/09 – 09/30/10
First 5 Service Corps	06AFHCA001003	07/01/08 – 12/31/10	10/01/08 – 09/30/10

PCA Grants (Continued)

<u>Program Name</u>	<u>Grant Number</u>	<u>Program Period</u>	<u>Testing Period</u>
Child Abuse Prev. Alliance (CAPA)	07NDHCA001	07/10/07 – 07/09/11	10/01/08 – 09/30/10
CAPA Recovery	09RNHCA003	07/01/09 – 06/30/10	07/01/09 – 06/30/10

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

The procedures performed included obtaining an understanding of CAPC & PCA and its partners' monitoring processes; reconciling Federal costs claimed and match costs to the accounting systems of CAPC & PCA and of its partners; reviewing member files to verify that the records supported eligibility to serve and allowability of education awards; and testing compliance of CAPC & PCA with selected grant provisions and award terms and conditions. In addition, we interviewed 29 members to ensure they were in compliance with grant provisions and requirements.

We also tested claimed Federal costs and match costs of CAPC & PCA and its partners to ensure: (i) Proper recording of the AmeriCorps grants; (ii) Matching requirements were met; and (iii) Costs were allowable and supported in accordance with applicable regulations, OMB circulars, grant provisions, and award terms and conditions.

Results – Costs Claimed

The results of cost testing are summarized in the following Consolidated Schedule of Claimed and Questioned Costs. The schedule also identifies instances of questioned education awards and related accrued interest payments. These awards and payments are funded by the National Service Trust, not Corporation grants, and accordingly are not included in claimed costs. However, as part of our agreed-upon procedures, we determined the effect of member service hour data and eligibility exceptions on these awards.

**AGREED-UPON PROCEDURES FOR CORPORATION GRANTS AWARDED TO
CHILD ABUSE PREVENTION COUNCIL OF SACRAMENTO, INC. &
PREVENT CHILD ABUSE CALIFORNIA**

Consolidated Schedule of Claimed and Questioned Costs

<u>Grant Number</u>	<u>Costs Claimed Within Testing Period</u>	<u>Federal Costs Questioned</u>	<u>Education Awards Questioned</u>	<u>Accrued Interest Questioned</u>	<u>Note(s)</u>
09RNHCA003	\$52,000	-	-	-	
06ACHCA0010010	1,664,686	\$ 1,293	-	-	1
09RFHCA0010009	306,084	294	-	-	1
06AFHCA0010030	668,211	790	-	-	1
06AFHCA0010046	281,489	264	\$4,358	\$1,052	1&3
09RCHCA0020003	460,472	411	-	-	1
06ACHCA0010020	652,092	468	4,299		1&3
09RFHCA0010007	15,115	7	-	-	1
09RCHCA0020006	119,107	129	-	-	1
06AFHCA001003	1,852,074	9,003	14,176	572	1,2,&4
07NDHCA001	<u>657,583</u>	<u>122</u>	<u>-</u>	<u>-</u>	1
Total	<u>\$6,728,913</u>	<u>\$12,781</u>	<u>\$22,833</u>	<u>\$1,624</u>	

The Federal costs, education awards, and accrued interest payments questioned under the grants audited resulted from:

1. Lack of lease/purchase analysis for mortgage interest claimed. Total questioned cost is \$4,780 (see Finding 1).
2. Five members tested who had received education awards under the various grants in Program Year 2008-2009 did not meet the minimum requirements of the program. The members either did not serve the minimum required hours, or their hours for a partial award were overstated. Total education award costs and accrued interest payments questioned are \$9,451 and \$374, respectively (see Finding 2).
3. Two PCA full-time members under the 2008-2009 CWS program, Grant No. 06ACHCA0010020, and 1 CAPC full-time member under the 2008-2009 YIC program, Grant No. 06AFHCA0010046, received partial awards but the compelling personal circumstances they cited for early exit did not meet the AmeriCorps provision requirements. Total education award costs and accrued interest payments questioned are \$8,657 and \$1,052, respectively (see Finding 2).
4. One individual in Program Year 2008-2009 enrolled under First 5 Service Corp (First 5), Grant No. 06AFHCA001003, did not meet the member eligibility requirement. Total living allowances, education award, and accrued interest payments questioned are \$8,001, \$4,725, and \$198, respectively (see Finding 2).

Notes to Consolidated Schedule of Claimed and Questioned Costs

Basis of Accounting

The accompanying schedule has been prepared to comply with provisions of the grant agreements between the Corporation and CAPC & PCA. The information presented in the schedule has been prepared from reports submitted by CAPC & PCA to the Corporation and accounting records of CAPC & PCA. The basis of accounting used in the preparation of these reports differs from accounting principles generally accepted in the United States of America as discussed below.

Equipment

No equipment was purchased and claimed under Federal or match share of costs for the period within our review scope.

Inventory

Minor materials and supplies were charged to expense during the period of purchase.

Results - Compliance and Internal Control

The results of our agreed-upon procedures revealed the following instances of non-compliance with grant provisions, regulations, or OMB requirements:

Finding 1. CAPC & PCA lacked sufficient support for mortgage interest and other program match costs claimed.

Interest on a mortgage loan for the purchase of an office building was claimed as part of the facility expenses and administrative expenses among all the programs under CAPC and PCA. Total Federal share of interest claimed was \$4,780. Total match share claimed was \$8,809. However, CAPC and PCA were unable to provide a lease/purchase analysis as required by OMB Circular A-122 *Cost Principals for Non-Profit Organizations*. According to grantee officials, the lease/purchase analysis was performed prior to the facility being purchased. However, the documentation was lost due to black mold contamination in the grantee's office and no backup plan was in effect for the information.

In addition, during our testing of match costs, we noted \$23,582 of match costs claimed in Program Year 2008-2009 that lacked invoices or original receipts:

Program	Grant Number	Match
CAPA	07NDHCA001	\$15,942
CWS	06ACHCA0010020	185
First 5	06AFHCA001003	<u>7,455</u>
Total Other Direct Cost Questioned		<u>\$23,582</u>

Management indicated many records were misplaced due to improper record retention practices and staff turnover of the subgrantees and their partners.

Finally, our living allowance testing revealed that PCA over-claimed match costs for three members totaling \$18,162 under the 2008-2009 First 5 program, Grant No. 06AFHCA001003. According to PCA, the variance was due to a combination of over and under claimed match living allowance amounts for the three members. Further, a portion of the variance was due to an erroneous posting in which a budgeted amount was claimed.

Criteria

OMB Circular A-122 - Cost Principles for Not-for-Profit Organizations, Attachment B, Section 23-Interest, states;

- a. Costs incurred for interest on borrowed capital, temporary use of endowment funds, or the use of the non-profit organization's own funds, however represented, are unallowable. However, interest on debt incurred after September 29, 1995 to acquire or replace capital assets (including renovations, alterations, equipment, land, and capital assets acquired through capital leases), acquired after September 29, 1995 and used in support of Federal awards is allowable, provided that:

* * *

For facilities costing over \$500,000, the non-profit organization prepares, prior to the acquisition or replacement of the facility, a lease/purchase analysis in accordance with the provisions of Sec. __.30 through __.37 of Circular A-110, which shows that a financed purchase or capital lease is less costly to the organization than other leasing alternatives, on a net present value basis. Discount rates used should be equal to the non-profit organization's anticipated interest rates and should be no higher than the fair market rate available to the non-profit organization from an unrelated ("arm's length") third-party. The lease/purchase analysis shall include a comparison of the net present value of the projected total cost comparisons of both alternatives over the period the asset is expected to be used by the non-profit organization. The cost comparisons associated with purchasing the facility shall include the estimated purchase price, anticipated operating and maintenance costs (including property taxes, if applicable) not included in the debt financing, less any estimated asset salvage value at the end of the period defined above. The cost comparison for a capital lease shall include the estimated total lease payments, any estimated bargain purchase option, operating and maintenance costs, and taxes not included in the capital leasing arrangement, less any estimated credits due under the lease at the end of the period defined above. Projected operating lease costs shall be based on the anticipated cost of leasing comparable facilities at fair market rates under rental agreements that would be renewed or reestablished over the period defined above, and any expected maintenance costs and allowable property taxes to be borne by the non-profit organization directly or as part of the lease arrangement.

45 C.F.R. §2543.23, *Cost sharing or matching*; states:

- (a) All contributions, including cash and third party in-kind, shall be accepted as part of the recipient's cost sharing or matching when such contributions meet all of the following criteria.
 - (1) Are verifiable from the recipient's records.
 - (2) Are not included as contributions for any other federally-assisted project or program.
 - (3) Are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
 - (4) Are allowable under the applicable cost principles.
 - (5) Are not paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching.
 - (6) Are provided for in the approved budget when required by the Federal awarding agency...

45 C.F.R. §2543.21, *Standards for financial management systems*, states:

- (a) Federal awarding agencies shall require recipients to relate financial data to performance data and develop unit cost information whenever practical.
- (b) Recipients' financial management systems shall provide for the following:
 - (1) Accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements set forth in §2543.51. If a Federal awarding agency requires

reporting on an accrual basis from a recipient that maintains its records on other than an accrual basis, the recipient shall not be required to establish an accrual accounting system. These recipients may develop such accrual data for its reports on the basis of an analysis of the documentation on hand.

(2) Records that identify adequately the source and application of funds for federally-sponsored activities. These records shall contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, income and interest...

* * *

(6) Written procedures for determining the reasonableness, allocability and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award.

(7) Accounting records including cost accounting records that are supported by source documentation.

Recommendations

We recommend that the Corporation:

- 1a. Resolve the questioned costs and recover any disallowed costs;
- 1b. Ensure CAPC & PCA adheres to its existing policies or creates policies and procedures to obtain and maintain documentation to support Federal and match funds claimed;
- 1c. Ensure CAPA & PCA use management controls to ensure all costs claimed, including Federal and match, are properly supported. Management controls could include, management review of support, training and reconciliations; and
- 1d. Ensure CAPC & PCA develop a recovery or back-up plan in the event of a natural disaster.

Child Abuse Prevention Council of Sacramento, Inc. & Prevent Child Abuse California's Response:

The grantee disagrees with the finding on the questioned mortgage interest. According to grantee officials, the lease/purchase analysis was performed prior to the facility being purchased. However, the documentation was lost due to black mold contamination in the grantee's office. The grantee provided a re-creation of the lease/purchase analysis based on the 1999 market rate of cost per square foot for similar office space. The re-created analysis was provided to the Corporation and included in the response to the draft report. Purchase is less costly than renting according to the analysis.

The grantee also indicated that it has developed disaster recovery procedures against problems such as toxic mold to protect documentation. The grantee concurs with the questioned match costs. All match costs support was maintained by the grantee's partners in Program Years 2007-08 and 2008-09. The grantee performed periodic monitoring on a

random sample of match cost support, but did not require complete documentation due to the excessive administrative work required and a shortage of administrative funds. The grantee changed the requirement in Program Year 2009-10 to require that all match costs be paid by the grantee, with cash match from the service partners. As such, all support for match costs is maintained by the grantee.

Corporation's Response:

The Corporation agrees with the finding on the mortgage interest but will not question the amount based on the re-created lease/purchase analysis, which confirmed that financing the purchase was less costly than leasing. The Corporation also agrees to the recommendation for strengthening the retention of support for match costs claimed.

Independent Accountants' Comment

The re-creation of the lease/purchase analysis shows a cost benefit for financing the purchase rather than leasing. However, maintaining the original analysis is a requirement of the OMB circular and, without such an analysis, we cannot accurately determine if financing the purchase is more cost beneficial than leasing. The OMB circular is silent on whether a re-creation of such an analysis is allowable. In addition, the data used to populate the re-created analysis might not be as accurate and reliable given the number of years that have passed since 1999. During the resolution process, the Corporation should evaluate whether the re-created analysis is acceptable with the OMB circular and the data used is properly supported, fair, and competitive with the rates in the year the grantee purchased the building.

We concur with the grantee's disaster recovery procedures. The Corporation should follow up with the grantee to ensure the procedures are effectively implemented.

Finding 2. Members did not always meet minimum program requirements to earn an education award and to have their accrued interest paid.

Of the 164 members whose timesheets were tested, two full-time and two half-time members in Program Year 2008-2009 did not meet the 1,700 and 900 hour minimum requirements for a full or half-time education award. In addition, one member in Program Year 2008-2009 was awarded a partial award as a result of compelling personal circumstances, but the member's timesheets did not show sufficient hours to support the total hours certified on the exit form.

Member Sample No.	Hours per Exit Form	Time Sheet Hours	Education Award Questioned	Accrued Interests
Full Time				
1	1,700.00	1,656.50	Note (1)	-
2	1,730.00	1,682.00	\$4,725.00	\$374
Half Time				
3	900.00	775.60	\$2,362.50	-
4	900.00	862.00	\$2,362.50	-
Partial Award				
5	1,568.50	1,366.50	Note (2)	

- Notes: (1)** The member did not receive an education or accrued interest award.
(2) The member's education award and accrued interest are questioned in the next table because a compelling personal circumstance award was made when the member should have been allowed to make up the service hours.

CAPC & PCA indicated that members' timesheets were possibly misplaced and mathematical errors occurred. As a result, \$9,451 of education award costs and \$374 of accrued interest are questioned.

Two PCA full-time members under the 2008-2009 CWS program year, Grant No. 06ACHCA0010020, and one CAPC full time member under the 2008-2009 YIC program, Grant No. 06AFHCA0010046, received partial awards but their compelling personal circumstances for early exit did not meet the AmeriCorps provision requirements. Total questioned education awards and accrued interest are \$8,657 and \$1,052, respectively, as follows:

Member Sample No.	Timesheet Hours	Education Award Questioned	Accrued Interests	Compelling Reason
6	696.00	\$1,934	-	Medical Reasons.
7	861.00	\$2,365	-	Relocation/Medical Reasons
5	1,366.50	\$4,358	\$1,052	Medical Reasons

PCA Officials believe the circumstances were compelling. Member sample Nos.6 and 7 should have presented a doctor's note supporting the need to exit the program early. In addition, member sample No.5, should have made up the two weeks missed.

During our eligibility testing, we identified one full-time member enrolled under First 5 Service Corp (First 5) in Program Year 2008-2009 who did not have proper eligibility documentation. The member's file contained a birth certificate to support that he was a U.S. citizen; however, the name on the birth certificate did not match his name. Based upon further review, it was noted that the grantee had observed the same exception during a routine review, but it was discovered after the member had completed his term. As such, we have questioned the member's living allowance, as well as the education award.

Program	Member Status	Living Allowance		Education Award	Accrued Interest
		CNCS	Match		
06AFHCA001003	Completed	\$7,432	\$ 5,600	\$ 4,725	\$ 198
	Fringe Applied	<u>569</u>	<u>1,508</u>	<u>N/A</u>	<u>N/A</u>
	Total Questioned	<u>\$8,001</u>	<u>\$ 7,108</u>	<u>\$ 4,725</u>	<u>\$ 198</u>

Criteria

AmeriCorps 2008 Grant Provisions, Special Provisions, Section A – Definitions, Subsection (3) Member or Participant, states in part:

- Member or participant means an individual:
- a. Who has been selected by a grantee or sub-grantee to serve in an approved national service position;

- b. Who is a U.S. citizen, U.S. national, or lawful permanent resident alien of the United States;
- c. Who is at least 17 years of age at the commencement of service unless the member is out of school and enrolled...

AmeriCorps 2008 Grant Provisions, Section IV AmeriCorps Special Provisions, Sub Section J, *Post Service Education Awards*, states in part:

In order to receive a full education award, a member must perform the minimum hours of service as required by the Corporation and successfully complete the program requirements as defined by the Program. For example, if successful completion of a full-time program requires 1,800 service hours, members in that particular program are not eligible for an education award simply upon completion of 1,700 hours.

45 CFR § 2522.230, "*Under what circumstances may AmeriCorps participants be released from completing a term of service, and what are the consequences?*," states:

An AmeriCorps program may release a participant from completing a term of service for compelling personal circumstances as demonstrated by the participant, or for cause.

(a) *Release for compelling personal circumstances.* (1) An AmeriCorps program may release a participant upon a determination by the program, consistent with the criteria listed in paragraphs (a)(5) through (a)(6) of this section, that the participant is unable to complete the term of service because of compelling personal circumstances.

(2) A participant who is released for compelling personal circumstances and who completes at least 15 percent of the required term of service is eligible for a pro-rated education award.

(3) The participant has the primary responsibility for demonstrating that compelling personal circumstances prevent the participant from completing the term of service.

(4) The program must document the basis for any determination that compelling personal circumstances prevent a participant from completing a term of service.

(5) Compelling personal circumstances include:

(i) Those that are beyond the participant's control, such as, but not limited to:

(A) A participant's disability or serious illness;

(B) Disability, serious illness, or death of a participant's family member if this makes completing a term unreasonably difficult or impossible; or

(C) Conditions attributable to the program or otherwise unforeseeable and beyond the participant's control, such as a natural disaster, a strike, relocation of a spouse, or the nonrenewal or premature closing of a project or program, that make completing a term unreasonably difficult or impossible;

(ii) Those that the Corporation, has for public policy reasons, determined as such, including:

(A) Military service obligations;

(B) Acceptance by a participant of an opportunity to make the transition from welfare to work; or

(C) Acceptance of an employment opportunity by a participant serving in a program that includes in its approved objectives the promotion of employment among its participants.

(6) Compelling personal circumstances do not include leaving a program:

(i) To enroll in school;

(ii) To obtain employment, other than in moving from welfare to work or in leaving a program that includes in its approved objectives the promotion of employment among its participants; or

(iii) Because of dissatisfaction with the program.

(7) As an alternative to releasing a participant, an AmeriCorps*State/National program may, after determining that compelling personal circumstances exist, suspend the participant's term of service for up to two years (or longer if approved by the Corporation based on extenuating circumstances) to allow the participant to complete service with the same or similar AmeriCorps program at a later time.

Recommendations

We recommend that the Corporation:

- 2a. Disallow and, if already used, recover education awards and accrued interest on awards made to ineligible members;
- 2b. Ensure CAPC & PCA develops adequate controls and procedures to accurately calculate members hours and safeguard documentation, especially members timesheets;
- 2c. Provide guidance to CAPC & PCA with respect to AmeriCorps provisions and requirements for compelling personal circumstances and partial education awards; and
- 2d. Ensure doctor's notes are obtained to support medical reasons for leaving a program early.

Child Abuse Prevention Council of Sacramento, Inc. & Prevent Child Abuse California' Response:

The grantee did not fully agree with the finding on members with insufficient hours. For member #1, the grantee did not approve the member's education award and, therefore, the member should not have received an award. For members #3 and #4, the grantee indicated it has obtained and submitted to the Corporation additional signed timesheets to support the missed hours. The grantee agrees with the missed hours for members #2 and #5.

The grantee disagrees with the finding on non-compelling circumstances. For member #5, the member was unable to make up the hours and did serve until the end of the program year. For member #6, the grantee indicated the regulation does not define "demonstrated by member" and the member in question had a health problem that prevented her from continuing. Member #7 had health issues and wanted to relocate in order to be with her spouse and child.

The grantee agrees with the finding for the ineligible individual.

Corporation's Response:

The Corporation confirmed that member #1 did not receive an education award. It also reviewed the additional timesheets for members #3 and #4 provided by the grantee and accepted them as properly certified. The Corporation agrees with the missed hours for member #2. For the three members with compelling personnel circumstance issues, the Corporation determined that the grantee appropriately followed AmeriCorps regulations. It also disagrees with Auditor's recommendation to obtain a doctor's note.

The Corporation agrees with the finding for the ineligible member.

Independent Accountants' Comment:

We concur with the grantee that an education award was not granted to member #1 and have revised our report to exclude the questioned award. For members #3 and #4, we did not receive the additional timesheets that the grantee provided to the Corporation; therefore, we are unable to determine if they are acceptable. We recommend that the Corporation ensure that the additional timesheets provided are the originals and not recertification by the members. If they are recertification, the Corporation should consider the validity of the hours since the member might not be able to recall the actual hours served a few years ago.

Member #5 missed two weeks for a medical reason and had four months remaining after returning to complete the program. Based on our review of timesheets, the member was 333.50 hours short of the minimum full-time requirement. Therefore, the member's two-week medical leave, the equivalent of 80 service hours, was not a major factor in the member's lack of service hours for an education award.

According to a note from member #6, the compelling personal circumstance was a health issue. We believe requests for partial awards caused by health reasons should include a note from the health professional to justify the award.

Member #7 indicated she was temporarily moving and would return to complete her education. The grantee could have suspended the member and allowed her to complete her service term with the same or a similar AmeriCorps program at a later time.

Finding 3. Non-compliance with AmeriCorps provisions, including late submission of member forms; members serving before being enrolled; missing documentation for attending orientation or orientation not performed; and evaluations not performed.

Late submissions of member forms

Our testing found that the following required forms were submitted late (1 to 112 days):

- 37 of 164 Enrollment Forms (1 to 105 days); and
- 12 of 164 Member Exit Forms (to 112 days).

According to the grantee, the late submission of member-related forms was due to various factors, including data conversion issues between the WBRS and My AmeriCorps Portal

systems, inaccurate slot allocation in eGrants, and incorrect grantee profile information in eGrants. In addition, some forms were submitted late because the grantee's partners submitted their members' information late to the grantee.

Criteria

AmeriCorps 2008 Grant Provisions, Section IV AmeriCorps Special Provisions, Sub Section C - Member Recruitment, Selection, and Exit § 1 - Notice to the Corporation' National Service Trust, states in part:

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. Suspension of service is defined as an extended period during which the member is not serving, nor accumulating service hours or receiving AmeriCorps benefits.

Members served prior to being enrolled

Ten of the 164 members tested incurred a total of 243.25 service hours prior to signing their AmeriCorps contracts in Program Year 2008-2009. The grantee indicated that, during that period, signing member contracts before beginning service was not part of its Quality Assurance practice.

Criteria

AmeriCorps 2008 Grant Provisions, Section IV AmeriCorps Special Provisions, Sub Section D – Supervision and Support § 2 – Member Contracts, states in part:

The grantee should ensure that the contract is signed before commencement of service so that members are fully aware of their rights and responsibilities.

Missing documentation for orientation attendance or orientation not performed

Three members in 2009-2010 did not have proof they had attended AmeriCorps orientation. The grantee stated two of the members received orientation from their program manager; however, the sessions were not documented via a sign-in sheet or similar method. The other member did not attend orientation session, but had notified her supervisor of the oversight.

Criteria

45 CFR, Part 2522 – AmeriCorps Participants, Programs, and Applicants, Subpart A – Minimum Requirements and Program Types, Section 2522.100(g)(2) states in part;

In addition, all programs are required to comply with any pre-Service orientation or training period requirements established by the Corporation to assist in the selection of motivated participants...

In addition Section 2522.100(j) states;

Provide participants in the program with the training, skills, and knowledge necessary to perform the tasks required in their respective projects, including,

if appropriate, specific training in a particular field and background information on the community, including why the service projects are needed

Evaluations not performed

During our testing of member evaluations for 164 members, we noted two members from CAPC and two members from PCA who did not receive a midterm evaluation. In addition, one member from PCA did not receive an end-of-term evaluation. The grantee indicated that, during Program Year 2008-2009, evaluations were performed by site supervisors and maintained by the partners. This hampered the grantee's ability to ensure that every member had undergone required evaluations.

AmeriCorps 2008 Grant Provisions, Section IV AmeriCorps Special Provisions, Sub Section D – Supervision and Support § 4 - Performance Reviews, states:

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 and an end-of-term written evaluation for less than Half-time members. The evaluation should focus on such factors as:

- (a). Whether the member has completed the required number of hours;
- (b). Whether the member has satisfactorily completed assignments;
- and
- (c). Whether the member has met other performance criteria that were clearly communicated at the beginning of the term of service.

Recommendations

We recommend that the Corporation:

- 3a. Ensure that CAPC & PCA: (1) develops alternative procedures for updating member status in My AmeriCorps Portal or other applicable systems, (2) strengthen procedures for submission of documentation during the enrollment process, and (3) uses alternative means to submit member forms when technical problems arise; and
- 3b. Instruct CAPC & PCA to enforce its current quality assurance policies and procedures to ensure: (1) members have signed a contract before beginning service and CAPC & PCA performs all required evaluations; (2) members receive orientation and that the grantee maintains documentation; (3) members receive all evaluations.

Child Abuse Prevention Council of Sacramento, Inc. & Prevent Child Abuse California's Response

The grantee concurs with the finding and has implemented updated policies and procedures to address the conditions.

Corporation's Response:

The Corporation concurs with the finding.

Independent Accountants' Comment

Auditor concurs with the corrective action plan. The Corporation should follow up with the grantee to ensure its actions have been implemented.

This report is intended for the information and use of the Office of Inspector General, Corporation management, Child Abuse Prevention Council of Sacramento, Inc. & Prevent Child Abuse California, and the U.S. Congress. However, this report is a matter of public record and its distribution is not limited.

Mayer Hoffman McCann P.C.

Irvine, California
January 18th, 2011

APPENDIX A

**CHILD ABUSE PREVENTION COUNCIL OF SACRAMENTO, INC. &
PREVENT CHILD ABUSE CALIFORNIA RESPONSE TO DRAFT REPORT**



EXECUTIVE COMMITTEE

Ray McNally
Chairman
McNally Temple Associates, Inc.

Roger Dreyer
Dreyer Babich Buccola Callahan Wood LLP

Hon. Talmadge Jones
Co-Chair, Board Governance Committee
CA Superior Court Judge, Sacramento County (Ret.)

John Lambeth
Chair, State Policy Committee
Civitas Advisors

Laura Lyon
Co-Chair, Community Connections Committee
Lyon Real Estate

Laurie Rose
Co-Chair, Board Governance Committee
Sutter Medical Center, Sacramento

Alfred Rowlett
Co-Chair, Community Connections Committee
Turning Point Community Programs, Inc.

MEMBERS AT LARGE

Ken Blomsterberg
Marcus & Millichap

Judie Boehmer, RN, MN
UC Davis Medical Center, Children's Hospital

Anthony Burg
Sutter Health

Debra Evans
Thomson Reuters

Daniel A. Falco, M.D.
Sutter Medical Center, Sacramento

Tamar M. Garrett
Intel Corporation

Donald Hudson
Catholic Healthcare West, Mercy Folsom

Steve Jeffrey
Structural Integrity Associates, Inc.

Kathleen McKenna
Kaiser Permanente

James Morante
Pacific Gas & Electric Corporation

Celia Esposito-Noy
Cosumnes River College

Nicole Rogers
Chipotle Mexican Grill

Lisa Skylar
Econ ONE Research, Inc.

Don Stocker
Bank of America

Stephen Walker
California Correctional Peace
Officers Association

Chantelle Washington
Wells Fargo

Joe Wilson
Lyon Real Estate

Wesley Witt
Retired Architect

Sheila Boxley
President & CEO
Child Abuse Prevention Center

March 15, 2011

Richard Samson
Audit Manager
Office of Inspector General
Corporation for National and Community Service
1201 New York Avenue, NW, Suite 830
Washington, DC 20525

Dear Mr. Samson;

Enclosed please find comments from The Child Abuse Prevention Council of Sacramento (CAPC), and Prevent Child Abuse California (PCA) to the Office of Inspector General on the agreed-upon procedures for the grants awarded to CAPC and PCA by the Corporation for National and Community Service.

If you would like to request additional information, please feel free to contact our CFO Lori Divine at (916) 244-1982 or Stephanie Biegler our Director at (916) 244-1975.

Sincerely,

Sheila Boxley
President and CEO

Enclosure

Cc: Claire Moreno, Audit Resolution, CNCS
Stephanie Biegler, Director, CAPC
Lori Divine, CFO, CAPC

Finding 1: CAPC & PCA lacked sufficient support for mortgage interest and other program match costs claimed.

1. a. Resolve the questioned costs and recover any disallowed costs;
1. b. Ensure CAPC & PCA adheres to its existing policies or creates policies and procedures to obtain and maintain documentation to support Federal and match funds claimed;
1. c. Ensure CAPC & PCA develop a recovery or back-up plan in the event of a natural disaster; and
1. d. Ensure CAPC & PCA develop more effective management controls to ensure all costs claimed, including Federal and match, are properly supported.

The Child Abuse Prevention Council of Sacramento (CAPC) and Prevent Child Abuse California (PCA) response to Finding 1:

Mortgage Interest: CAPC and PCA disagree with the finding that mortgage interest should not be allowable for the following reasons. CAPC began their initial building analysis in 1999 when their Board of Directors and CEO realized that to continue the growth in services utilizing AmeriCorps' members, a larger facility that had substantial space for training rooms would be needed. The Board appointed a committee to study the feasibility of either purchasing or leasing a larger space. In conjunction, a public relations firm was commissioned to perform a study to determine the feasibility of a building campaign that would raise a substantial portion of a purchase price for a new facility, thus making the cost more economical.

In September 2000 toxic mold was found in the facility that CAPC was leasing at that time. Due to health concerns, all staff was immediately evacuated from the building and CAPC was not allowed to remove any records or equipment. Therefore all Board committee reports, analysis, minutes, etc. were lost and unrecoverable. As a result of the unavailability of the original documents, CAPC recreated a Lease versus Purchase analysis which is attached hereto and marked as Exhibit A. This analysis is based on the cost per square foot in 1999 for similar office space. This analysis clearly demonstrates that it was less expensive to purchase than to lease.

As part of CAPC and PCA's current disaster recovery procedures, the file server performs a full backup weekly and an incremental backup each day. Each Monday, after the full backup has been performed on Sunday, the USB hard drive containing the full and incremental backups for the prior week is taken offsite and stored in a safe deposit box at a local bank. The hard drive for the prior week is removed from the safe deposit box and returned to the CAPC and PCA office. This process ensures that all electronic files are recoverable in the event of a disaster such as toxic mold.

Match costs claimed in Program Year 2008/2009 that lacked invoices or original receipts: CAPC and PCA concur with this finding. During the 2008/2009 Program Year, PCA awarded service sites funding from grants with the Corporation for National and Community Service (CNCS). The amount of the funding passed down to the

partners was based on whether their members were serving 1700 hours or 900 hours. Service sites submitted claims to PCA which PCA invoiced to its AmeriCorps grants. Supporting documentation for the claims were maintained at the partner service site. During the 07/08 and 08/09 Program Years, PCA's fiscal staff did random sample audits, but did not require complete documentation of all costs at the time of submission of a claim as the cost of staffing to manage that process would have been excessive and unrecoverable given the low fixed administrative rate on California Volunteers (CV) and CNCS grants. During the OIG audit, some service sites were not able to locate all of the receipts to support the costs claimed. Beginning in the 2009/2010 Program Year PCA changed its method of contracting with partners to a cash match arrangement. All of the costs associated with the program are paid by PCA thereby eliminating the risk of the partner sites not having adequate fiscal systems in place. The cash match method of contracting with partner sites also eliminated the member file audit issues discussed later in this response.

Living allowance over-claimed match costs: PCA concurs with this finding. As with 1.2 above, changing the method of contracting with partners to cash match has eliminated partner claims. All costs for AmeriCorps' members are paid by CAPC and PCA and partners do not submit claims. This allows CAPC and PCA fiscal staff to ensure that appropriate documentation is maintained. The risk of data entry errors while processing partner claims to meet CV and CNCS fiscal reporting deadlines has been eliminated.

Finding 2. Members did not always meet minimum program requirements to earn an education award and to have their accrued interest paid.

- 2a. Disallow and, if already used, recover education awards and accrued interest on awards made to ineligible members.
- 2b. Ensure CAPC and PCA develop adequate controls and procedures to accurately calculate members hours and safeguard documentation, especially timesheets, and
- 2c. Provide guidance to CAPC and PCA with respect to AmeriCorps provisions and requirements for compelling personal circumstances and partial education awards.
- 2d. Ensure doctor's notes are obtained to support medical reasons for leaving a program early.

The Child Abuse Prevention Council of Sacramento (CAPC) and Prevent Child Abuse California (PCA) response to Finding 2:

Member

Sample #1 PCA disagrees with the finding and the resulting questioned costs. PCA did not approve Member Sample #1 for an education award due to a

conflict between the date when the member ended her AmeriCorps term of service and when she began her employment with the partner agency. After numerous requests from PCA, the partner agency failed to provide the requested documentation so PCA could ascertain/verify that the member did not receive service hours for employment. In order to be fully compliant with AmeriCorps provisions and requirements, PCA did not approve the member for an education award. Supporting documentation and a detailed timeline have been provided to the Corporation.

Member
Sample #2

PCA concurs with the finding that the exit form hours differ from the timesheet hours. Member #2 was awarded an education award based on a mathematical error that calculated 1700 hours instead of the accurate 1682.0 hours. This is an isolated incident. As of Program Year 2009/10, member hours that are entered into exit forms are generated from the electronic time keeping system and verified by CAPC program managers. PCA's enforcement of quality assurance policies and procedures ensures accurate calculation of member service hours.

Member
Sample #3

PCA disagrees with the finding and the resulting questioned costs. PCA is in receipt of the member's signed timesheets for the hour differences between 775.60 hours and 900.0 hours. PCA calculated all timesheets, including those received in time for this response, and the member hours total to 914.10. Supporting documentation including the additional timesheets has been provided to the Corporation. As of Program Year 2009/10, member hours are entered and calculated via an electronic time keeping system eliminating calculation errors. Member hours that are entered into exit forms are generated from the electronic time-keeping system and verified by PCA program managers. Timesheets are placed in member files and member files are kept in a locked and secure file cabinet.

Member
Sample #4

PCA disagrees with the finding and the resulting questioned costs. PCA is in receipt of the member's signed timesheets for the hour differences between 862.0 hours and 900.0 hours. PCA calculated all timesheets, including those received in time for this response, and the member hours total to 905.00. Supporting documentation including the additional timesheets has been provided to the Corporation. As of Program Year 2009/10, member hours are entered and calculated via an electronic time keeping system eliminating calculation errors. Member hours that are entered into exit forms are generated from the electronic time-keeping system and verified by PCA program managers. Timesheets are placed in member files and member files are kept in a locked and secure file cabinet.

Member

Sample #5 CAPC concurs with the finding that the exit form hours differ from the timesheet hours. The difference in the exit form hours and the timesheet hours is due to a data entry error. During Program Year 2008/09, member service hours were entered on a hard copy timesheet and calculated manually. CAPC staff then verified the hours. As of Program Year 2009/10, member hours are entered and calculated via an electronic time keeping system eliminating calculation errors. Member hours that are entered into exit forms are generated from the electronic time-keeping system and verified by CAPC program managers. Timesheets are placed in member files and member files are kept in a locked and secure file cabinet.

CAPC disagrees with the finding and the resulting questioned costs, that the compelling personal circumstance for Member Sample #5 did not meet the AmeriCorps provision requirements. The regulation does not define ‘demonstrated by member’.

Member

Sample #6 PCA disagrees with the finding and the resulting questioned costs, that the compelling personal circumstance did not meet the AmeriCorps provision requirements. The regulation does not define ‘demonstrated by member’.

Member

Sample #7 PCA disagrees with the finding and the resulting questioned costs, that the compelling personal circumstance did not meet the AmeriCorps provision requirements. The regulation does not define ‘demonstrated by member’.

PCA concurs with the finding that a First 5 Service Corps member did not have proper eligibility documentation. This was an isolated incident. Currently, PCA partners complete a pre-enrollment form indicating that citizenship verification is a mandatory pre-enrollment requirement. As part of the pre-enrollment documentation, partners must submit to PCA a copy of the applicant’s birth certification, current passport, or permanent resident card. PCA reviews the pre-enrollment eligibility documents and approves the applicant for enrollment after the completion of the background check. PCA has quality assurance policies and procedures in place to ensure that eligibility documentation is received and reviewed.

Please note that all nine ‘Member Samples’ in Finding 2 were for Program Year 2008/09. Importantly, there were none for Program Year 2009/10 indicating the accuracy of the CAPC and PCA electronic time keeping system and the enforcement of quality assurance policies and procedures.

Finding 3. Non-compliance with AmeriCorps provisions, including late submissions of member forms; members serving before being enrolled; missing documentation for attending orientation or orientation not performed and evaluations not performed.

- 3a. Ensure that CAPC and PCA (1) develop alternative procedures for updating member status in My AmeriCorps Portal or other applicable systems, (2) strengthens procedures for submission of documentation during the enrollment process, and (3) uses alternative means to submit member forms when technical problems arise.
- 3b. Instruct CAPC and PCA to enforce its current quality assurance policies and procedures to ensure (1) members have signed a contract before beginning service and CAPC and PCA perform all required evaluations; (2) members receive orientation and that the grantee maintains documentation, (3) members receive all evaluations.

The Child Abuse Prevention Council of Sacramento (CAPC) and Prevent Child Abuse California (PCA) response to finding 3:

Late submission of member forms: CAPC and PCA concur with this finding. Twenty-four of the 49 forms were considered a late submission due to data conversion issues between WBRs and My AmeriCorps Portal systems. Thirteen of the 49 forms were considered a late submission due to various problems with WBRs, including but not limited to, errors in WBRs Grantee Information Profile and inaccurate slot allocations. Three of the 49 forms were considered a late submission due to problems with eGrants, including initial slot allocation and eGrants prohibiting the timely exit of a suspended member. CAPC and PCA notified the Help Desk and the State Commission of this problem. CAPC and PCA did not receive technical assistance from either entity regarding the WBRs/eGrants issues. In the future, PCA and CAPC will specifically request alternative means when technical problems arise.

The remaining nine forms were submitted late due to program manager errors, including, the miscalculation of the 30-day deadline, staff out unexpectedly sick, and PCA not receiving required paperwork from member's supervisors within 30 days.

Currently, CAPC and PCA partners are required to forward pre-enrollment documents, including but not limited to, proof of eligibility, government-issued photo identification to the CAPC and PCA program manager. CAPC and PCA then conduct background checks and inform the partner if an applicant has been approved to enroll. Partners then submit to CAPC and PCA all required enrollment documents no less than 5 business days before the member's first day of service. CAPC and PCA review all documents and enters members into eGrants within 30 days of member enrollment date. Currently, CAPC and PCA's quality assurance policies to ensure timely submission of member forms are being followed.

Members served prior to being enrolled: CAPC and PCA concur with this finding. Currently, PCA requires that members sign their member contract no less than 5 business days before the member's first day of service. As stated above, the documents are then forwarded to PCA for review. Currently, CAPC requires that members attend a mandatory enrollment workshop prior to enrollment. During the enrollment workshop, member contracts are reviewed and signed. Currently, CAPC and PCA's quality assurance policies to ensure that member contracts are signed prior to enrollment are being followed.

Missing documentation for orientation attendance or orientation not performed: PCA concurs that documentation of orientation for two PCA members was missing from the member files and contends that members did receive pre-service orientation from the PCA program manager on behalf of PCA staff that was out sick the day of orientation. Currently, PCA program managers conduct mandatory webinar-based member orientations where members' names are entered into a sign-in sheet. PCA program managers compare the sign-in sheets to the electronic timesheets to ensure that members are correctly recording their attendance at orientation. The PCA program managers run a query that verifies all members have attended orientation. The one CAPC member that did not attend orientation was an isolated incident. The service site agency is no longer a CAPC partner. Currently, CAPC and PCA's quality assurance policies to ensure members attend orientation are being followed.

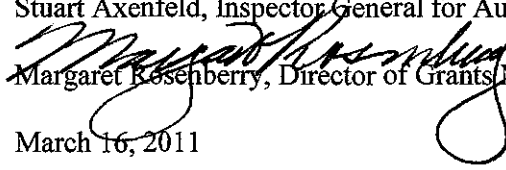
Evaluations not performed: CAPC and PCA concur with this finding. Currently, PCA and CAPC program managers generate a spreadsheet indicating, by member, the due dates of mid-term and end of term evaluations. These dates are then communicated to member supervisors via email or in person, with reminders two weeks and one week prior to evaluation due dates. Supervisors submit completed evaluations to PCA and CAPC program managers. Completed evaluations are placed in member files. Member files are kept in a locked and secure file cabinet. Late submissions are included in partner compliance summaries and taken into consideration for continuing participation in the program. Currently, for members that complete their term of service early, evaluations are one of the required exit documents, prior to exiting the member from the program.

Please note that 62 of the total 67 'Member Samples' in Finding 3, were for Program Year 2008/09. Importantly, there were five for Program Year 2009/10 indicating that CAPC and PCA are enforcing their quality assurance policies and procedures to ensure timely submissions of member forms, member contracts signed prior to enrollment, member orientation attendance and documentation, and completion of member evaluations.

APPENDIX B

**Corporation for National and Community Service's Response to Draft
Report**

Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

To: Stuart Axenfeld, Inspector General for Audit
From: 
Margaret Rosenberry, Director of Grants Management
Date: March 16, 2011
Subject: Response to OIG Draft of Agreed-Upon Procedures of Grants Awarded to the Child Abuse Prevention Council of Sacramento, Inc. (CAPC) & Prevent Child Abuse California (PCA)

Thank you for the opportunity to review the Office of the Inspector General draft Agreed-Upon Procedures report of the Corporation's grants awarded to Child Abuse Prevention Council of Sacramento, Inc. (CAPC) & Prevent Child Abuse California (PCA). The Corporation reviewed the OIG report, met with the OIG Audit Manager and the grantee and reviewed the response to the draft audit from the Child Abuse Prevention Council. We are addressing all draft findings at this time. If the OIG concurs with our decisions, the Corporation will complete confirmation of corrective action on all three compliance findings within 90 days of the audit issue date.

Finding 1: CAPC & PCA lacked sufficient support for mortgage interest and other program match costs claimed.

- 1a. Resolve the questioned costs and recover any disallowed costs;
- 1b. Ensure CAPC & PCA adheres to its existing policies or creates policies and procedures to obtain and maintain documentation to support Federal and match funds claimed;
- 1c. Ensure CAPC & PCA develop a recovery or back-up plan in the event of a natural disaster; and
- 1d. Ensure CAPC & PCA develop more effective management controls to ensure all costs claimed, including Federal and match, are properly supported.

Corporation Response: The Corporation agrees with the finding but based on the lease vs. purchase analysis provided by CAPC & PCA, the Corporation will allow the claimed mortgage interest costs of \$4,780. It is evident that CAPC performed a lease vs. purchase analysis prior to acquiring the property in question but the documents were lost in a toxic mold incident. In response to the audit, CAPC followed the OMB Circulars to reconstruct its comparative analysis and provided this to the OIG. CAPC's analysis confirms financing the purchase was less costly than other leasing alternatives. The Corporation agrees with Recommendations 1b. and 1d. and will verify the procedures CAPC & PCA implemented in PY 2009/2010 to strengthen accurate reporting of claimed federal and match costs. CAPC & PCA will integrate match reporting into its financial management system. We will also confirm the Council implements the contract changes related to cash match arrangements with its partners and establishes disaster recovery procedures.

Finding 2. Members did not always meet minimum program requirements to earn an education award and to have their accrued interest paid.

- 2a. Disallow and, if already used, recover education awards and accrued interest on awards made to ineligible members.
- 2b. Ensure CAPC and PCA develop adequate controls and procedures to accurately calculate members hours and safeguard documentation, especially timesheets, and
- 2c. Provide guidance to CAPC and PCA with respect to AmeriCorps provisions and requirements for compelling personal circumstances and partial education awards.
- 2d. Ensure doctor's notes are obtained to support medical reasons for leaving a program early.

Corporation Response: The auditors questioned the education award for two full-time and two half-time members because the programs had insufficient hours documented to support the award. CAPC & PCA provided detailed responses for the questioned members and demonstrated that the audit findings resulted from misplaced timesheets and mathematical or audit error. The Corporation confirmed with the OIG that one full-time member had not received an education award in PY 2008-2009 and the OIG agreed it will omit this questioned award from the final audit. PCA provided the Corporation the missing timesheets and reconciliations of service hours to demonstrate each served 900 hours. The Corporation considers the two half-time members awards properly certified and will allow the education awards. The Corporation confirmed that the one remaining full-time member was 18 hours short of the 1700 hours required. For the member short 18 hours, the Corporation will reserve our decision on the education and accrued interest awards to allow us to review the circumstances resulting in the error and determine the amount of the debt against the certifying program. The Corporation agrees with the auditor that the final member from First 5 Service Corps did not have proper eligibility documentation and the education award is disallowed. The \$8,001 in living allowance and other benefits for the ineligible First 5 member are disallowed. The Corporation will ensure the electronic timekeeping system implemented in PY 2009-2010 strengthens accuracy of member hours and safeguards timesheets.

The auditors questioned the pro-rated education awards and interest awards provided to three members because they did not believe the rationale for providing pro-rated awards met the requirements for compelling personal circumstances. The auditor noted one member, who was on medical leave for two weeks, should have made up the two missed weeks of service instead of being exiting with a partial award. The auditor did not accept the exit for compelling personal circumstance for another member whose spouse was relocated. The Corporation reviewed the program documentation on the exits for the three members and determined CAPC & PCA appropriately followed AmeriCorps regulations for approving partial awards for compelling personal circumstances. The education awards for two members are allowed. However, we will defer our management decision on the amount of the partial education award and interest award for the third member to allow us time to verify hours served on timesheets and ensure correct computation of the award. Furthermore, the Corporation does not agree with the auditor's recommendation to obtain doctor's notes to support medical reasons for leaving a program early. The decision on when a doctor's note should be required is best determined by program managers on a case-by-case basis. In addition, we have no legal basis to disallow it because neither the Corporation's regulations nor the program's own policies require a doctor's note.

Finding 3. Non-compliance with AmeriCorps provisions, including late submissions of member forms; members serving before being enrolled; missing documentation for attending orientation or orientation not performed and evaluations not performed.

- 3a. Ensure that CAPC and PCA (1) develop alternative procedures for updating member status in My AmeriCorps Portal or other applicable systems, (2) strengthens procedures for submission of documentation during the enrollment process, and (3) uses alternative means to submit member forms when technical problems arise.
- 3b. Instruct CAPC and PCA to enforce its current quality assurance policies and procedures to ensure (1) members have signed a contract before beginning service and CAPC and PCA perform all required evaluations; (2) members receive orientation and that the grantee maintains documentation, (3) members receive all evaluations.

Corporation Response: The Corporation agrees with the audit findings and recommendations and will verify that the policies and procedures presented in the CAPC & PCA detailed response to the draft are implemented and adequately address the compliance issues of timely submission of member forms, obtaining signatures timely on member contracts, documenting attendance at member orientations and timely completion of member evaluations.

Cc: William Anderson, Chief Financial Officer
Wilsie Minor, Acting General Counsel
John Gomperts, Director of AmeriCorps